alamar الآمار

A Saudi closed joint stock company converted pursuant to Ministerial Resolution number (97/S) dated 16/03/1433H (corresponding to 02/08/2012G), and registered in Riyadh under Commercial Registration number 1010168969 dated 20/06/1422H (corresponding to 09/08/2001G).

Offering of ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares, representing 41.699% of Alamar Foods' capital for public subscription at an Offer Price of one hundred and fifteen Saudi Riyals (SAR 115) Saudi Riyals per share.

Offering Period: Two (2) days starting from Wednesday on 21/12/1443H (corresponding to 20/07/2022G), until the end of Thursday on 22/12/1443H (corresponding to 21/07/2022G).

Financial Advisor, Bookrunner, Lead Manager and Underwriter

HSBC

Receiving Entities

بنك الرياض riyad bank | SNB | مصرف الراجحي alrajhi bank

Alamar Foods Company (the "**Company**") is a Saudi closed joint stock company that was converted under Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) and registered in Riyadh under Commercial Registration No. 1010168969 dated 20/06/1422H (corresponding to 09/08/2001G), with its registered address at Prince Sultan bin Abdulaziz Street, AlOlaya, P.O. Box 4748, Riyadh, 11412, Kingdom of Saudi Arabia.

The Company initially operated as a branch of the AlJammaz Establishment under the name "Specialized Catering Service Establishment" in Riyadh under Commercial Registration No. 1010008800/004 dated 22/10/1405H (corresponding to 07/11/1985G). On 01/07/1419H (corresponding to 10/21/1998G), the Specialized Catering Service Company was converted from a sole proprietorship into a limited liability company under the name "Specialized Catering Service Company LLC" with a fully paid capital of sixty-two million Saudi Riyals (SAR 62,000,000), divided into sixty-two thousand (62,000) shares, with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. On 20/06/1422H (corresponding to 09/08/2001G), the Specialized Catering Services Company was converted from a limited liability company to a sole proprietorship under the name "AlJammaz Establishment" registered in Riyadh under Commercial Registration No. 1010008800. On 11/04/1432H (corresponding to 03/16/2011G), AlJammaz Establishment was converted from a sole proprietorship into a limited liability company under the name "Alamar Foods Company" with a fully paid capital of one hundred thousand Saudi Riyals (SAR 100,000), divided into one hundred (100) cash shares of equal value with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and registered in Riyadh under Commercial Registration No. 1010168969. On 16/03/1433H (corresponding to 02/08/2012G), the Company was transformed from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) announcing the conversion of the Company into a joint stock company with a fully paid capital of five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased on 02/12/1432H (corresponding to 10/29/2011G) from one hundred thousand Saudi Riyals (SAR 100,000) to five million Saudi Riyals (SAR 5,000,000) paid in full, divided into five thousand (5,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of four million, nine hundred thousand Saudi Riyals (SAR 4,900,000) was covered by capitalizing part of the current account balances of the Shareholders. On 06/11/1442H (corresponding to 06/16/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from five million Saudi Riyals (SAR 5,000,000) to two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) paid in full, divided into twenty-five million, two hundred thousand (25,200,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The capital increase of two hundred and forty-seven million Saudi Riyals (SAR 247,000,000) was covered by capitalizing the amount of ninety-five million, seven hundred and thirty-one thousand, one hundred and forty-one Saudi Riyals (SAR 95,731,141) from the Company's retained earnings and the amount of one hundred and fifty-one million, two hundred and sixty-eight thousand, eight hundred and fifty-nine Saudi Riyals (SAR 151,268,859) from the account of the Company's Shareholders. On 29/03/1443H (corresponding to 11/04/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) to two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The increase of three million Saudi Riyals (SAR 3,000,000) was covered by capitalizing the amount of three million Saudi Riyals (SAR 3,000,000) from the profit account (for further information on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

The Company's current capital is two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with a fully-paid equal nominal value of ten (10) Saudi Riyals per share (collectively, the "**Shares**").

The initial public offering (the "**Offering**") consists of ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares (collectively, the "**Offer Shares**" and each an "**Offer Share**") at an Offer Price of one hundred and fifteen Saudi Riyals (SAR 115) per share, with a nominal value of ten (10) Saudi Riyals per share (the "**Offer Price**"). The Offer Shares represent 41.699% of the Company's capital.

The Offering shall be restricted to the following two groups of investors (hereinafter referred to as the "**Investors**"):

Tranche A: Participating Parties: this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (please refer to Section 1 "**Definition and Abbreviations**" of this Prospectus) (collectively, the "**Participating Parties**" and each a "**Participating Party**"). The number of the Offer Shares that will be initially allocated to the Participating Parties is ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) Offer Shares, representing 100% of the total Offer Shares. The final allotment will be made after the end of the Retail Offering Period. In the event that Retail Investors (as defined in Tranche B below) subscribe for all Offer Shares allocated thereto, the Financial Advisor, in consultation with the Company and the Selling Shareholders, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to at least nine million, five hundred and seventy thousand and fifty-three (9,570,053) Offer Shares, representing 90% of the Offer Shares.

Tranche B: Retail Investors: this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or GCC natural investors, in each case who has a bank account with a Receiving Entity and is allowed to open an investment account (collectively, the "**Retail Investors**" and each a "**Retail Investor**", and together with the Participating Parties, the "**Subscribers**"). A subscription for shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million, sixty-three thousand, three hundred thirty-nine (1,063,339) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors, provided that the Participating Parties subscribe to all the Offer Shares allocated to them. If the Retail Investors do not subscribe for all the Shares allocated to them, the Financial Advisor, in consultation with the Company and the Selling Shareholders, may reduce the number of Shares allotted to them in proportion to the number of Shares to which they subscribed.

The Offer Shares will be offered to some Qualified Foreign Financial Institutions and/or Foreign Investors incorporated outside the United States of America through swap agreements. The subscription of this category will take place outside the territory of the United States of America pursuant to Regulation "S" under the United States Securities Act of 1933, as amended (the "**US Securities Act**"). The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or under any other US law. This Offering may not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful.

Prior to the Offering, Meadow Saudi Arabia and Meadow Holdings Limited (Cayman) (the "**Selling Shareholders**") own 41.699% of the Company's shares. The Selling Shareholders will sell the Offer Shares in accordance with "**Table 1.2: Direct Substantial Shareholders, their Number of Shares and Shareholding before and after the Offering**" of this Prospectus. Upon the completion of the Offering, Abdulaziz Ibrahim AlJammaz and Brothers Company will own 57.124% of the Shares and will consequently retain a controlling interest in the Company. The Offering proceeds, less the Offering expenses, (the "**Net Proceeds**") will be distributed to the Selling Shareholders pro-rata to the number of Offer Shares that will be sold by each of them in the Offering. The Company will not receive any part of the Net Proceeds (for further information, please refer to Section 8 "**Use of Proceeds**" of this Prospectus). The Offering is fully underwritten by the Underwriter (for further information on the underwriting, please refer to Section 13 "**Underwriting**" of this Prospectus). As a Substantial Shareholder in the Company after the Offering, Abdulaziz Ibrahim AlJammaz and Brothers Company may not dispose of its shares for a period of six (6) months (the "**Lock-up Period**") as of the date the trading of the Company's shares commences on the Saudi Exchange ("**Tadawul**" or the "**Exchange**"), as set out on page xiii of this Prospectus. The Company's Substantial Shareholders, holding 5% or more of the Shares, are Abdulaziz Ibrahim AlJammaz and Brothers Company, Meadow Saudi Arabia, and Meadow Holdings Limited (Cayman) (the "**Substantial Shareholders**"). "**Table 1.2: Direct Substantial Shareholders, their Number of Shares and Shareholding before and after the Offering**" of this Prospectus shows their ownership percentage in the Company's capital.

The Offering Period will commence on Wednesday on 21/12/1443H (corresponding to 20/07/2022G), and remain for a period of two (2) days up to and including the closing day on Thursday on 22/12/1443H (corresponding to 21/07/2022G) (the "**Offering Period**"). Subscription to the Offer Shares by the Retail Investors can be made on the websites of the Receiving Entities listed on page xiii of this Prospectus (the "**Receiving Entities**") during the Offering Period or through the internet, telephone banking or ATMs of the Receiving Entities providing all or some of these services to their customers (for further information, please refer to Section 17.3.2 "**Subscription by Retail Investors**" of this Prospectus). Participating Parties can bid for the Offer Shares through the Bookrunner during the book building process taking place prior to the Offering to Retail Investors and subscribe to the Offer Shares during the Offering to Retail Investors.

Each of the Retail Investors who subscribe to Shares shall apply for a minimum number of ten (10) Shares and a maximum of three hundred thousand (300,000) Shares. The minimum allocation per Retail Investor is ten (10) Shares, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Retail Investor. In the event that the number of Retail Investors exceeds one hundred and six thousand and three hundred and thirty three (106,333) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the allocation shall be made as deemed appropriate by the Financial Advisor, in coordination with the Company and the Selling Shareholders, using the voluntary shares allocation mechanism. Excess subscription monies (if any) will be refunded to the Retail Investors without any charge or commission being withheld by the related Receiving Entities. Notification of the final allocation and the refund of excess subscription money will be made no later than 27/12/1443H (corresponding to 26/07/2022G) (for further information, please refer to "**Key Dates and Subscription Procedures**" on Page xiv and Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (the "**Shareholder**") has the right to attend and vote at the shareholders' general assemblies (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will be entitled to receive dividends declared by the Company as of the date of this Prospectus (the "**Prospectus**") and subsequent financial years (for further information on the Dividend Distribution Policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of the Shares, and an application to the Exchange for the Listing of such Shares. All required documents have been submitted to the relevant authorities. All requirements have been met and all approvals pertaining to the Offering have been obtained, including this Prospectus. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of all relevant regulatory requirements (please refer to "**Key Dates and Subscription Procedures**" on page xiv of this Prospectus).

After the Company is registered and its Shares are listed on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in Saudi Arabia, Saudi and GCC companies, banks, and mutual funds, as well as GCC nationals, will be permitted to trade in the Shares once they are traded on the Exchange. Moreover, a Qualified Foreign Investor (a "**QFI**") will be permitted to trade in the Shares in accordance with the QFI Rules (all as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom ("**Foreign Investors**") are also entitled to acquire economic benefits in the shares by entering into swap agreements with a Capital Market Institution licensed by CMA ("**Capital Market Institutions**") to buy and trade in shares listed on the Exchange for the benefit of foreign Investors. Under such swap agreements, the Capital Market Institutions will be treated as the legal owner of such Shares.

Investment in the Offer Shares involves certain risks and uncertainties. Persons willing to subscribe for the Offer Shares must read and consider the Section "**Important Notice**" on page i and Section 2 "**Risk Factors**" of this Prospectus prior to making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (the "**CMA**") and the application for the Listing of securities in compliance with the Exchange's Listing Rules. The Directors, whose names appear on Page viii, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 08/11/1443H (corresponding to 07/06/2022G)

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Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, Participating Parties and Retail Investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available at the Receiving Entities or on the websites of the Company (www.alamar.com), the CMA (www.cma.org.sa), the Exchange (Tadawul) (www.saudiexchange.com) or the Financial Advisor, Lead Manager, Bookrunner and Underwriter (www.hsbcsaudi.com).

With respect to the Offer Shares described in this Prospectus, HSBC Saudi Arabia has been appointed by the Company as the Financial Advisor for the Offering (the "**Financial Advisor**"), Lead Manager (the "**Lead Manager**"),Bookrunner (the "**Bookrunner**") and Underwriter (the "**Underwriter**").

This Prospectus includes information provided in accordance with the OSCOs issued by the CMA. The Directors, whose names appear on page iv, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the validity of the information contained in this Prospectus as at the date hereof, substantial portions of information regarding the market and industry have been derived from third-party sources. While neither the Company nor any of the Directors, Selling Shareholders, or Advisors, whose names appear on Pages vi and vii of this Prospectus, have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors have independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained herein is believed to be accurate as at the date hereof and is subject to change. In particular, the financial position of the Company and the value of the Shares may be adversely affected by future developments in fluctuation, interest rates, taxation, or other economic, political and other factors over which the Company has no control (for further information, please refer to Section 2 "**Risk Factors**" of this Prospectus). Neither the preparation of this Prospectus nor any verbal, written or printed communication in relation to the Offer Shares is intended to be, or should be construed as, or relied upon in any way as a promise or representation as to future earnings, results or future events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Selling Shareholders, or the Advisors to subscribe to the Offer Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situations or particular investment needs of persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs. An investment in the Offer Shares may be appropriate for some investors but not others. Prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity or such party's circumstances.

Subscription to the Offer Shares in the Offering is restricted to investors in the following two tranches:

Tranche A - Participating Parties: this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B - Retail Investors: This comprises Saudi natural persons including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit, in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC natural investors, in each case who have a bank account with one of the Receiving Entities and may open an investment account. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy securities by any person in a jurisdiction where such offer or solicitation by this person would be unlawful. These Offer Shares are offered outside of the United States of America through offshore transactions in accordance with the relevant securities laws.

The distribution of this Prospectus or the sale of Offer Shares to any person in any country other than the Kingdom is expressly prohibited, except for the Participating Parties entitled to participate in the book-building process as specified under the Book-Building Instructions and/or Foreign Investors by entering into swap agreements, taking into account the applicable laws and instructions. The Company, Selling Shareholders, and Financial Advisor ask the recipients of the Prospectus to observe any regulatory restrictions on the Offering and sale of Offer Shares. Both eligible Retail Investors and Participating Parties shall read this Prospectus in full and seek advice from their attorneys, financial advisors, and any of their professional advisors regarding statutory, tax, regulatory, and economic considerations related to their investment in the Shares, and they will personally bear the fees associated with that advice regarding all matters related to investment in the Offer Shares. Realization of profits cannot be guaranteed by the Company and its advisors in any way.

Market and Industry Information

The information and data in Section 3 "**Market and Industry Information**" of this Prospectus, relating to the market and the industry in which the Company operates, were obtained from the market report prepared on 16/01/1443H (corresponding to 08/24/2021G) by the Market Consultant, Arthur D. Little Middle East FZ-LLC ("**Market Consultant**").

Arthur D. Little Middle East FZ-LLC is an independent company that provides strategic market research services. It was founded in 1886G and is headquartered in Brussels, Belgium, and has a wide range of customers.

The Directors believe that the information and data from third party sources contained in this Prospectus, including those derived from the Market Study report prepared by the Market Consultant, are reliable. However, this information has not been independently verified by the Company, its Directors, Advisors (except for the Market Consultant) or the Selling Shareholders, and therefore they cannot provide any representation or assurance regarding its accuracy, validity or completeness.

Neither the Market Consultant nor any of its shareholders, directors or their Relatives holds any shareholding or any interest of any kind in the Company or any of its Subsidiaries. The Market Consultant has given and, as at the date of this Prospectus, not withdrawn, its written consent to the use of the information supplied by it to the Company in the manner and form set out in this Prospectus.

Financial and Statistical Information

The Company's audited financial statements for the financial years ended December 31, 2019G, 2020G, and 2021G, together with notes thereto, have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements for the financial years ended December 31 2019G, 2020G, and 2021G have been audited by KPMG Professional Services (the "**Auditor**"). These financial statements have been included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

Some financial and statistical information contained in this Prospectus has been rounded off to the nearest integer; therefore, if figures contained in the tables are added, the total may not match with what has been mentioned in the Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company's information as derived from its market experience and public market information. Future operating conditions may differ from the assumptions used and, consequently, no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain forecasts in this Prospectus constitute or can constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans," "determines", "intends", "estimates", "expect", "is expected", "may", "possibly", "will", "would be" or the negative thereof or other variation of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see Section 2 "**Risk Factors**" of this Prospectus). Should any one or more of these factors materialize or any underlying forecasts prove to be inaccurate or incorrect, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the OSCOs, the Company shall submit a supplementary prospectus if, at any time after the date of publication of this Prospectus and prior to the completion of the Offering, the Company becomes aware that: (a) there has been a significant change in material matters contained in this Prospectus, or (b) additional significant matters have become known which would have been required to be included in this Prospectus. Except for these two cases, the Company does not intend to update or revise any information regarding the industry and market information included in the Prospectus, whether as a result of new information, future events or otherwise. Based on the foregoing risks, assumptions and other uncertainties, forward-looking events and conditions described in this Prospectus may not occur as expected by the Company or at all. Consequently, prospective investors should review all forward-looking statements based on these explanations and should not rely solely on forward-looking statements.

General

Certain figures included in this Prospectus have been rounded up to the nearest integer; accordingly, figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Hijri dates are mentioned in this Prospectus along with the corresponding Gregorian dates. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month. As a result, conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one or a few days. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

Definitions and Abbreviations

For an explanation of certain terms and abbreviations included in this Prospectus, please see Section 1 "**Definitions and Abbreviations**" of this Prospectus.

Corporate Directory

Directors

Table (1.1): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Capacity	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Ibrahim Abdulaziz Ibrahim AlJammaz	Chairman	Saudi	44 years	Non-Independent/ Non-Executive	N/A	N/A	3.9747%	3.9747%	29/03/1443H (corresponding to 11/04/2021G)
2	Lubna Mansour Ahmed Qunash***	Vice Chairman	British	42 years	Non-Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
3	Assem Saud Ibrahim AlJammaz	Director	Saudi	45 years	Non-Independent/ Non-Executive	N/A	N/A	0.1142%	0.1142%	29/03/1443H (corresponding to 11/04/2021G)
4	Louise Dumican Hlinovsky***	Director	British	39 years	Non-Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
5	Faisal Omar Abbas AlSaggaf	Director	Saudi	60 years	Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
6	Mai Muhammad Hamad Al Hoshan	Director	Saudi	43 years	Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
7	Deem Salah Muhammad Al-Bassam	Director	Saudi	36 years	Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)

*Dates listed in this table are the dates of appointment to the current positions on the Board of Directors. The biographies of the Directors state the dates at which the Directors were appointed to the Board or any other position (for more information, please see Section 5.3.6 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

**The indirect ownership of Directors results from the following: (1) Ibrahim Abdulaziz AlJammaz owns 7% of Dlayil Investment Company, which in turn owns 1% of each of Farzan Investment Company, Tala Najd Investment Company, Ramtan Investment Company and Rawabi Shahar Investment Company, which own 40%, 20%, 20% and 20%, respectively, of Abdulaziz Ibrahim AlJammaz and Brothers Company, in addition to his direct ownership of 17.325% of Farzan Investment Company, which owns 40% of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares. (2) Assem Saud Ibrahim AlJammaz owns 1% of Ramtan Investment Company, which owns 20% of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares.

***The two Directors, Lubna Mansour Ahmed Qunash and Louise Dumican Hlinovsky, will submit their resignations from the Board of Directors upon the completion of the Offering and Listing. The Company will invite the Ordinary General Assembly to elect replacement directors after the Listing (for further information on the steps to be taken by the Company in this regard, please refer to Section 15 "**Company's Post-Listing Undertakings**" of this Prospectus).

Source: The Company

Company's Address

Alamar Foods
Prince Sultan bin Abdulaziz Street - AlOlaya 4748
P.O. Box 4748, Riyadh - 11412
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Tel: +966 2504747
Fax: +966 2504748
Website: www.alamar.com
Email: info@alamar.com

Company Representatives

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Filippo Luciano Sgattoni
Chief Executive Officer
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Board Secretary

Wadih Shakib Qortbawi
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Stock Exchange

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Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa

Depository Center

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Website: www.edaa.com.sa
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Advisors

Financial Advisor, Lead Manager, Bookrunner and Underwriter

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Website: www.hsbcsaudi.com
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Legal Advisor to the Company

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Fax: +966 11 2734730
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Auditor

KPMG Professional Services
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Kingdom of Saudi Arabia
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Fax: +966 11 874 8600
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Market Consultant

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Kingdom of Saudi Arabia
Tel: +966 11 2930023
Fax: +966 11 2930490
Website: www.adl.com.sa
E-mail: gm_ksa@adlittle.com

Note:

The above Advisors and the Auditor have given and, as at the date of this Prospectus, not withdrawn, their written consent to the publication of their names, logos and statements in the form and manner appearing herein. Moreover, they do not themselves, nor their employees who form part of the team serving the Company, or any of their Relatives, have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which would impair their independence.

Receiving Entities

Saudi National Bank (SNB)
King Fahad Road - Al-Aqiq
King Abdullah Financial District
P.O. Box 3208, Unit No. 778
Kingdom of Saudi Arabia
Tel: +966 (92) 0001000
Fax: +966 (11) 4060052
Website: www.alahli.com
E-mail: contactus@alahli.com

Al Rajhi Bank
King Fahd Road - Al-Murouj District - Al Rajhi Bank Tower
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 11 828 2515
Fax: +966 11 279 8190
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Riyad Bank
Eastern Ring Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 11 401 3030
Fax: +966 11 403 0016
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

Offering Summary

This Summary is intended to provide a brief overview of the information on the Offering contained in this Prospectus. As such, it does not contain all the information that may be important to prospective investors in making a decision to invest in the Offer Shares. Accordingly, prospective investors should read this entire Prospectus in full, and any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the Section "**Important Notice**" on page i and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Company Name, Description and Incorporation	Alamar Foods Company is a Saudi closed joint stock company that was converted under Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) and registered in Riyadh under Commercial Registration number 1010168969 dated 20/06/1422H (corresponding to 09/08/2001G), with its registered address at Prince Sultan bin Abdulaziz Street, AlOlaya, P.O. Box 4748, Riyadh, 11412, Kingdom of Saudi Arabia. The Company initially operated as a branch of the "**AlJammaz Establishment**" under the name "**Specialized Catering Service Establishment**" in Riyadh under Commercial Registration number 1010008800/004 dated 22/10/1405H (corresponding to 07/11/1985G). On 01/07/1419H (corresponding to 10/21/1998G), the "**Specialized Catering Service Company**" was converted from a sole proprietorship into a limited liability company under the name "**Specialized Catering Service Company LLC**" with a fully paid capital of sixty-two million Saudi Riyals (SAR 62,000,000), divided into sixty-two thousand (62,000) shares, with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. On 20/06/1422H (corresponding to 09/08/2001G), the Specialized Catering Services Company was converted from a limited liability company into a sole proprietorship under the name "**AlJammaz Establishment**" registered in Riyadh under Commercial Registration No. 1010008800. On 11/04/1432H (corresponding to 03/16/2011G), AlJammaz Establishment was converted from a sole proprietorship into a limited liability company under the name "**Alamar Foods Company**" with a fully paid capital of one hundred thousand Saudi Riyals (SAR 100,000), divided into one hundred (100) cash shares of equal value with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and registered in Riyadh under Commercial Registration No. 1010168969. On 16/03/1433H (corresponding to 02/08/2012G), the Company was transformed from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) announcing the conversion of the Company into a joint stock company with a fully paid capital of five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased on 02/12/1432H (corresponding to 10/29/2011G) from one hundred thousand Saudi Riyals (SAR 100,000) to five million Saudi Riyals (SAR 5,000,000) paid in full, divided into five thousand (5,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of four million, nine hundred thousand Saudi Riyals (SAR 4,900,000) was covered by capitalizing part of the current account balances of the Shareholders. On 06/11/1442H (corresponding to 06/16/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from five million Saudi Riyals (SAR 5,000,000) to two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) paid in full, divided into twenty-five million, two hundred thousand (25,200,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The capital increase of two hundred and forty-seven million Saudi Riyals (SAR 247,000,000) was covered by capitalizing the amount of ninety-five million, seven hundred and thirty-one thousand, one hundred and forty-one Saudi Riyals (SAR 95,731,141) from the Company's retained earnings and one hundred and fifty-one million, two hundred and sixty-eight thousand, eight hundred and fifty-nine Saudi Riyals (SAR 151,268,859) from the account of the Company's Shareholders. On 29/03/1443H (corresponding to 11/04/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) to two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The increase of three million Saudi Riyals (SAR 3,000,000) was covered by capitalizing the amount of three million Saudi Riyals (SAR 3,000,000) from the profit account (for further information on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).
Company Activities	In accordance with the Company's Bylaws, the Company's current activities comprise the following: 1- Restaurants with service; 2- Fast-food activities, including pizza stores.

Subsidiaries	The Company has eleven (11) Subsidiaries, namely: 1- **Kasual Plus LLC,** a limited liability company established and existing in the Kingdom and registered under Commercial Registration No. 1010179745 dated 09/06/1423H (corresponding to 08/18/2002G) with a capital of two million Saudi Riyals (SAR 2,000,000) ("**Kasual Plus**"). The Company owns 45% of the capital of Kasual Plus, while the rest is owned by Innovative Foods Company (45%) and Commercial Food Investments Company (10%). 2- **Alamar Foods LLC,** a limited liability company established and existing in Dubai, United Arab Emirates ("**UAE**") and registered under Commercial Registration No. 1051049 dated 27/11/1430H (corresponding to 11/15/2009G) with a capital of three hundred thousand UAE dirhams (AED 300,000) ("**Alamar Foods UAE**"). Alamar DMCC owns 99% of the capital of Alamar Foods UAE. The remaining percentage was registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of the Company, which is the actual owner thereof. 3- **Alamar Foods-Egypt LLC,** a limited liability company established and existing in Cairo, Egypt, and registered under Commercial Registration No. 56466 dated 15/03/1433H (corresponding to 02/07/2012G) with a capital of one hundred and twenty-two million Egyptian pounds (EGP 122,000,000) ("**Alamar Foods Egypt**"). Alamar DMCC owns 99.45% of the capital of Alamar Foods Egypt. The remaining percentage is held by Abdulrahman Rustoum and Partners Trading Company. 4- **HEA Trade and Services,** a limited liability company established and existing in Rabat, Morocco, and registered under Commercial Registration No. 49875 dated 25/07/1419H (corresponding to 11/15/1998G) with a capital of three million Moroccan dirhams (MAD 3,000,000) ("**HEA Trade and Services (Morocco)**"). Alamar DMCC owns 49% of the capital of HEA Trade and Services (Morocco), and the remaining percentages of 50.003%, 0.46%, 0.267%, 0.267%, 0.003%, 0.003%, 0.003% and 0.003, are owned by El-Abbas Hakam, Salwa Hammoud, Nabila Hakam, Majdouline Hakam, Intermob S.A.R.L., Ibrahim Abdulaziz AlJammaz, Filippo Luciano Sgattoni, and Walid Adly Hassan Muhammad Ibrahim, respectively. 5- **Alamar DMCC,** a limited liability company established and existing in Dubai, UAE, and registered under Commercial Registration No. JLT-2480 dated 05/10/1432H (corresponding to 06/07/2011G) with a capital of five hundred thousand UAE dirhams (AED 500,000) ("**Alamar DMCC**"). The Company owns 100% of the capital of Alamar DMCC. 6- **Alamar Foods,** a limited liability company established and existing in Qatar, and registered under Commercial Registration No. 56559 dated 14/08/1433H (corresponding to 07/04/2012G), with a capital of two hundred thousand Qatari Riyals (QAR 200,000) ("**Alamar Foods Qatar**"). Alamar Foods Bahrain owns 49% of the capital of Alamar Foods Qatar. The ownership of the remaining percentage is registered in the name of Links Management Services Company on behalf of Alamar Foods Bahrain, which is the actual owner thereof. 7- **Alamar Foods LLC,** a limited liability company established and existing in Bahrain, and registered under Commercial Registration No. 79465, dated 18/12/1432H (corresponding to 11/14/2011G), with a capital of twenty thousand Bahraini dinars (BHD 20,000) ("**Alamar Foods Bahrain**"). Alamar DMCC owns 99% of the capital of Alamar Foods Bahrain. The ownership of the remaining percentage is registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner thereof. 8- **Alamar Foods for Restaurants Management,** a limited liability company established and existing in Kuwait, and registered under Commercial Registration No. 378018 dated 15/11/1438H (corresponding to 08/07/2017G), with a capital of one thousand Kuwaiti dinars (KWD 1,000) ("**Alamar Foods Kuwait**"). Alamar DMCC owns 40% of the capital of Alamar Foods Kuwait. The ownership of the remaining percentage is registered in the name of Peregrine General Trading and Contracting Company on behalf of Alamar DMCC, which is the actual owner thereof. 9- **Alamar Foods LLC,** a limited liability company established and existing in Oman, and registered under Commercial Registration No. 102065 dated 16/05/1428H (corresponding to 06/02/2007G), with a capital of one hundred thousand Omani Riyals (OMR 100,000) ("**Alamar Foods Oman**"). Alamar DMCC owns 30% of the capital of Alamar Foods Oman. The remaining percentages of 25%, 25% and 20% are owned by Abdulkarim Hassan Suleiman Al Lawati, Ali Hassan Suleiman Al Lawati and Manal Muhammad Hassan Suleiman Al Lawati, respectively. 10- **Alamar Foods SARL,** a limited liability company established and existing in Lebanon, and registered under Commercial Registration No. 2005253 dated 28/12/1425H (corresponding to 02/08/2005G), with a capital of six billion, one hundred and sixty-six million Lebanese pounds (LBP 6,166,000,000) ("**Alamar Foods Lebanon**"). Alamar DMCC owns 95% of the capital of Alamar Foods Lebanon. Marwan Mahmoud Saqr owns 4.8%, and a 0.2% stake was registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner thereof. 11- **Alamar Foods/Jordan Ltd.,** a limited liability company established and existing in Jordan, and registered under Commercial Registration No. 21025, dated 11/03/1431H (corresponding to 02/25/2010G), with a capital of one million, one hundred thousand Jordanian dinars (JOD 1,100,00) ("**Alamar Foods Jordan**"). Alamar DMCC owns 75% of the capital of Alamar Foods Jordan. Osama Tawfiq Khalil Halasa owns 4.55%, and a 20.45% stake is registered in the name of Zahrat Al-Yasmeen Restaurant Management Company on behalf of Alamar DMCC, which is the actual owner thereof.

Substantial Shareholders

The Company's Substantial Shareholders, each of whom directly owns 5% or more of the Company's shares, are Abdulaziz Ibrahim AlJammaz and Brothers Company, Meadow Saudi Arabia, and Meadow Holdings Limited (Cayman). The following table sets out the number of shares directly owned by the Substantial Shareholders and their ownership percentage in the Company pre- and post-Offering:

Table (1.2): Direct Substantial Shareholders, their Number of Shares and Shareholding before and after the Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Nominal Value (SAR)	Percentage	Number of Shares	Nominal Value (SAR)	Percent-age
Abdulaziz Ibrahim AlJammaz and Brothers Company	14,566,608	145,666,080	57.124%	14,566,608	145,666,080	57.124%
Meadow Holdings Limited (Cayman)	5,974,416	59,744,160	23.429%	-	-	-
Meadow Saudi Arabia LLC	4,658,976	46,589,760	18.270%	-	-	-
Total	**25,200,000**	**252,000,000**	**98.823%**	**14,566,608**	**145,666,080**	**57.124%**

Source: The Company

Company's Capital	Two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) fully paid.
Total Number of the Company's Shares	Twenty-five million, five hundred thousand (25,500,000) fully paid ordinary shares.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per share.
Offering	Offering ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares, representing 41.699% of the Company's capital for public subscription at an Offer Price of one hundred and fifteen Saudi Riyals (SAR 115) per share.
Total Number of Offer Shares	Ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) fully paid ordinary shares.
Percentage of the Offer Shares to the Company's Capital	The Offer Shares represent 41.699% of the Company's shares.
Offer Price	One hundred and fifteen Saudi Riyals (SAR 115).
Total Offering Amount	One billion, two hundred and twenty two million, eight hundred and forty thousand and eighty Saudi Riyals (SAR 1,222,840,080).
Use of Proceeds	The Offering Proceeds amounting to one billion, two hundred and twenty two million, eight hundred and forty thousand and eighty Saudi Riyals (SAR 1,222,840,080), upon deducting all the Offering costs and expenses, estimated at forty-three million four hundred ninety-three thousand four hundred and seventy-five Saudi Riyals (SAR 43,493,475), will be paid to the Selling Shareholders. The Company will not receive any part of the Net Proceeds (for further information, please refer to Section 8 "**Use of Proceeds**" of this Prospectus).
Number of Offer Shares Underwritten	Ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares.
Total Offering Amount to be Underwritten	One billion, two hundred and twenty two million, eight hundred and forty thousand and eighty Saudi Riyals (SAR 1,222,840,080).
Target Investors	The subscription is directed at, and may be accepted only by, Investors in the following two tranches: **Tranche A: Participating Parties:** this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). **Tranche B: Retail Investors:** this tranche comprises Saudi natural persons including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit, in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or GCC natural investors, in each case who have a bank account with one of the Receiving Entities and may open an investment account.
Total Offer Shares Available for Each Category of Targeted Investors	
Number of Offer Shares to be Applied for by the Participating Parties	Ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) Offer Shares, representing 100% of the total Offer Shares. In the event that the Retail Investors subscribe for all the Offer Shares allocated thereto, the Financial Advisor, in consultation with the Company and the Selling Shareholder, shall have the right to reduce the number of shares allocated to the Participating Parties to at least nine million, five hundred and seventy thousand and fifty-three (9,570,053) Offer Shares, representing 90% of the Offer Shares.

Number of Offer Shares for Retail Investors	A maximum of one million, sixty-three thousand, three hundred and thirty-nine (1,063,339) Offer Shares, representing 10% of the Offer Shares.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties Registered in the Kingdom	Participating Parties registered in the Kingdom may submit subscription applications during the book-building process period through the application forms to be made available by the Bookrunner in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. Participating Parties registered in the Kingdom must complete the Participating Parties' Subscription Application Form after the allocation of Offer Shares based on the number of Offer Shares initially allocated to them.
Subscription Method for Participating Parties not Registered in the Kingdom	Participating Parties that are not registered in the Kingdom may submit subscription applications during the book-building process period through applying with the Lead Manager by phone or e-mail, without the need to complete and sign an application form, in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. Participating Parties that are not registered in the Kingdom must complete the Participating Parties' Subscription Application Form after the allocation of Offer Shares based on the number of Offer Shares initially allocated to them.
Subscription Method for Retail Investors	Subscription Application Forms will be available for Retail Investors during the Offering Period at the websites of the Receiving Entities. Subscription Forms shall be completed in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**" of this Prospectus and submitted to the Receiving Entities. Retail Investors can also subscribe through the internet, telephone banking, or ATMs of the Receiving Entities that offer any or all such services to its customers, provided that: (a) the Retail Investor shall have a bank account at a Receiving Agent which offers such services; and (b) there should have been no changes in the personal details of the Retail Investor since his subscription in a recent Offering.
Minimum Number of Offer Shares to be Applied for by Each Targeted Investor Category	
Minimum Number of Offer Shares to be Applied for by the Participating Parties	One hundred thousand (100,000) shares.
Minimum Number of Offer Shares to be Applied for by the Retail Investors	Ten (10) shares.
Minimum Subscription Amount for Each Category of Target Investors	
Minimum Subscription Amount for Participating Parties	Eleven million five hundred thousand Saudi Riyals (SAR 11,500,000).
Minimum Subscription Amount for Retail Investors	One thousand one hundred and fifty Saudi Riyals (SAR 1,150).
Maximum Number of Offer Shares to be Applied for by each Targeted Investor Category	
Maximum Number of Offer Shares to be Applied for by Participating Parties	One million, two hundred and seventy-four thousand, nine hundred and ninety-nine (1,274,999) shares.
Maximum Number of Offer Shares to be Applied for by Retail Investors	Three hundred thousand (300,000) shares.
Maximum Subscription Amount for each Targeted Investor Category	
Maximum Subscription Amount for Participating Parties	One hundred and forty six million, six hundred and twenty four thousand and eight hundred and eighty five Saudi Riyals (SAR 146,624,885).
Maximum Subscription Amount for Retail Investors	Thirty four million and five hundred thousand Saudi Riyals (SAR 34,500,000).
Allocation and Refund of Excess Subscription Monies for each Targeted Investor Category	
Allocation Method for Participating Parties	The initial allocation will be made as the Financial Advisor deems appropriate in coordination with the Company and the Selling Shareholders, using the discretionary stock allocation mechanism. The final allocation of the Offer Shares to Participating Parties shall be made through the Bookrunner after the end of the Retail Investors' subscription. The number of Offer Shares to be initially allocated to the Participating Parties is ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) shares, representing 100% of the Offer Shares. If there is sufficient demand by Retail Investors, the Financial Advisor, in consultation with the Company and the Selling Shareholders, shall have the right to reduce the number of shares allocated to the Participating Parties to at least nine million, five hundred and seventy thousand and fifty-three (9,570,053) shares, representing 90% of the Offer Shares, upon the completion of the Retail Investors' subscription.

Allocation Method for Retail Investors	Allocation of the Offer Shares is expected to be completed no later than Tuesday, 27/12/1443H (corresponding to 26/07/2022G). The minimum allocation per Retail Investor is ten (10) shares and the maximum allocation per Retail Investor is three hundred thousand (300,000) shares. The remaining Offer Shares, if any, will be allocated on a pro-rata basis of the number of Offer Shares applied for by each Subscriber. In the event that the number of Retail Investors exceeds one hundred and six thousand and three hundred and thirty three (106,333) Retail Investors, the Company does not guarantee the minimum allocation, in which case the shares will be allocated as determined by the Company and the Financial Advisor (for further information, please see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).
Refund of Excess Subscription Monies	The Lead Manager and Receiving Entities, as the case may be, will notify the Subscribers of the final number of Offer Shares allocated to each of them, together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation and refund of subscription monies will be made no later than Tuesday, 27/12/1443H (corresponding to 26/07/2022G).
Offering Period	The Offering Period will commence on Wednesday, 21/12/1443H (corresponding to 20/07/2022G) and end on Thursday, 22/12/1443H (corresponding to 21/07/2022G).
Entitlement to Dividends	The Offer Shares will be entitled to their portion of any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for further information, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).
Voting Rights	The Company has one class of Ordinary Shares only. None of the Shares carry any preferential voting rights. Each Share entitles its holder to one vote. Each Shareholder has the right to attend and vote at the General Assembly meetings, and may delegate another Shareholder that is not a Director to attend the General Assembly meetings and vote on its behalf (for further information about voting rights, please refer to Section 12.40 "**Summary of the Company's Articles of Association**" of this Prospectus).
Restrictions on Shares (Lock-up Period)	As a Substantial Shareholder, Abdulaziz Ibrahim AlJammaz and Brothers Company is subject to a lock-up period of six (6) months from the date on which the trading of the Company's shares commences on the Exchange. During the Lock-up Period, the Substantial Shareholder may not dispose of the Shares (for further information on the ownership percentage of Abdulaziz Ibrahim AlJammaz and Brothers Company in the Company, please refer to "**Table 1.2: Direct Substantial Shareholders, their Number of Shares and Shareholding before and after the Offering**" of this Prospectus.
Shares Previously Listed by the Company	Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. An application has been made by the Company to the CMA for registration and offer of the shares in accordance with the OSCOs. The Company also submitted an application to the Exchange for admission to Listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been granted, and all supporting documents required by the CMA have been obtained. Trading in the Shares is expected to commence on the Exchange shortly after the final allocation of the Offer Shares (for further information, please see "**Key Dates and Subscription Procedures**" on page xiv of this Prospectus).
Risk Factors	There are certain risks related to investment in the Offer Shares. Such risks can be classified as follows: 1- Risks related to the Company's Activity and Operations. 2- Risks Related to the Market and Industry in which the Company Operates. 3- Risks Related to the Offer Shares. These risks are described in Section 2 "**Risk Factors**" of this Prospectus, and should be considered carefully prior to making a decision to invest in the Offer Shares.
Offering Expenses	The expenses and costs related to the Offering will be fully borne by the Selling Shareholders, and deducted from the Offering Proceeds. The Offering expenses are estimated at approximately forty-three million four hundred ninety-three thousand four hundred and seventy-five Saudi Riyals (SAR 43,493,475), including the fees of the Financial Advisor, Underwriter, Legal Advisor, Legal Advisor to the Underwriter, Chartered Accountant, and Market Consultant, in addition to the Receiving Entities' fees and marketing, printing and distribution and other expenses related to the Offering.
Financial Advisor, Lead Manager, Bookrunner and Underwriter	**HSBC Saudi Arabia** HSBC Building 7267 Olaya Road, AlMurooj District Riyadh 2255-12283 Kingdom of Saudi Arabia Tel: +966 920005920 Fax: +966 11 2992385 Website: www.hsbcsaudi.com E-mail: saudiarabia@hsbcsa.com

Note: The Section "**Important Notice**" on page i and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to deciding to invest in the Offer Shares.

Key Dates and Subscription Procedures

Key Dates

Table (1.3): Expected Offering Timetable

Event	Date
Bidding and book-building period for Participating Parties	A period of eight (8) days starting from Monday 21/11/1443H (corresponding to 20/06/2022G), until Monday 28/11/1443H (corresponding to 27/06/2022G).
Offering Period for Retail Investors	A period of two (2) days starting from Wednesday 21/12/1443H (corresponding to 20/07/2022G), until Thursday 22/12/1443H (corresponding to 21/07/2022G).
Deadline for the submission by Participating Parties of Subscription Application Forms based on the number of Offer Shares provisionally allocated for them	Sunday 04/12/1443H (corresponding to 03/07/2022G).
Deadline for the payment of the subscription monies for Participating Parties based on the number of provisionally allocated Offer Shares	Tuesday 20/12/1443H (corresponding to 19/07/2022G).
Deadline for submission of Subscription Application Forms and payment of subscription monies for Retail Investors	Thursday 22/12/1443H (corresponding to 21/07/2022G).
Announcement of the final allotment of the Offer Shares	Tuesday 27/12/1443H (corresponding to 26/07/2022G).
Refund of excess subscription monies (if any)	Tuesday 27/12/1443H (corresponding to 26/07/2022G).
Expected date of commencement of trading on the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after all relevant regulatory requirements are satisfied. Trading will be announced through Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are rounded. Actual dates will be communicated through announcements appearing on the websites of the Exchange (www.saudiexchange.sa), the Financial Advisor (www.hsbcsaudi.com) and the Company (www.alamar.com).

How to Apply for the Offering

The subscription is directed at, and may be accepted only by, Investors in the following two tranches:

A. Participating Parties:

this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (please see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Participating Parties registered in the Kingdom may submit subscription applications during the book-building process period through the application forms to be made available by the Bookrunner. Participating Parties that are not registered in the Kingdom may submit subscription applications during the book-building process period through applying with the Lead Manager by phone or e-mail, without the need to complete and sign an application form, in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. Participating Parties can also obtain subscription forms from the Financial Advisor after the provisional allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to the Participating Parties only during the Book-Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes the Retail Investors, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunner, which represents a legally binding agreement between the Selling Shareholders and the Participating Party submitting the application.

B. Retail Investors:

This tranche comprises Saudi natural persons including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit, in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or GCC natural investors, in each case who have a bank account with one of the Receiving Entities and may open an investment account.

Subscription Application Forms for Retail Investors will be available during the Offering Period on the websites of the Receiving Entities. Retail Investors can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Entities that offer all or some of such services to the Retail Investors who have participated in recent offerings, provided that:

- a Retail Investor must have a bank account with the Receiving Entity which offers such services; and
- there should have been no changes in the personal information or data of the Retail Investor (by way of removal or addition of any member of his family) since he/she last participated in a recent initial public offering.

Subscription Application Forms must be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. An applicant must complete all relevant items of the Subscription Form. The Company reserves the right to decline any subscription application, in part or in whole, in the event that any of the subscription terms and conditions are not met. Amendments to and withdrawal of the subscription application shall not be permitted once the subscription application has been submitted. The submission of a Subscription Application Form is considered a binding agreement between the relevant Subscriber and the Selling Shareholders (for more information, please see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary Investor's account held with the Receiving Entity from which the subscription value has been debited in the first place, without any commissions or withholding by the Lead Manager or the Receiving Entities. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further information regarding subscription by Retail Investors and the Participating Parties, please see Section 17 "**Subscription Terms and Conditions**" of this Prospectus.

Summary of Key Information

This summary is intended to provide a brief overview of the information contained in this Prospectus in detail; however, this summary does not include all information which may be important to prospective investors and must be taken into consideration before deciding to invest in the Offer Shares. Therefore, those willing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the Section "**Important Notice**" on page i and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Overview of the Company

Alamar Foods Company is a Saudi closed joint stock company that was converted under Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) and registered in Riyadh under Commercial Registration number 1010168969 dated 20/06/1422H (corresponding to 09/08/2001G), with its registered address at Prince Sultan bin Abdulaziz Street, AlOlaya, P.O. Box 4748, Riyadh, 11412, Kingdom of Saudi Arabia.

The Company initially operated as a branch of the "**AlJammaz Establishment**" under the name "**Specialized Catering Service Establishment**" in Riyadh under Commercial Registration number 1010008800/004 dated 22/10/1405H (corresponding to 07/11/1985G). On 01/07/1419H (corresponding to 10/21/1998G), the Specialized Catering Service Company was converted from a sole proprietorship into a limited liability company under the name "**Specialized Catering Service Company LLC**" with a fully paid capital of sixty-two million Saudi Riyals (SAR 62,000,000), divided into sixty-two thousand (62,000) shares, with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. On 20/06/1422H (corresponding to 09/08/2001G), the Specialized Catering Services Company was converted from a limited liability company into a sole proprietorship under the name "**AlJammaz Establishment**" registered in Riyadh under Commercial Registration No. 1010008800. On 11/04/1432H (corresponding to 03/16/2011G), AlJammaz Establishment was converted from a sole proprietorship into a limited liability company under the name "**Alamar Foods Company**" with a capital of one hundred thousand Saudi Riyals (SAR 100,000), divided into one hundred (100) cash shares of equal value with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and registered in Riyadh under Commercial Registration No. 1010168969. On 16/03/1433H (corresponding to 02/08/2012G), the Company was transformed from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) announcing the conversion of the Company into a joint stock company with a fully paid capital of five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased on 02/12/1432H (corresponding to 10/29/2011G) from one hundred thousand Saudi Riyals (SAR 100,000) to five million Saudi Riyals (SAR 5,000,000) paid in full, divided into five thousand (5,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of four million, nine hundred thousand Saudi Riyals (SAR 4,900,000) was covered by capitalizing part of the current account balances of the Shareholders. On 06/11/1442H (corresponding to 06/16/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from five million Saudi Riyals (SAR 5,000,000) to two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) paid in full, divided into twenty-five million, two hundred thousand (25,200,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The capital increase of two hundred and forty-seven million Saudi Riyals (SAR 247,000,000) was covered by capitalizing the amount of ninety-five million, seven hundred and thirty-one thousand, one hundred and forty-one Saudi Riyals (SAR 95,731,141) from the Company's retained earnings and one hundred and fifty-one million two hundred and sixty-eight thousand, eight hundred and fifty-nine Saudi Riyals (SAR 151,268,859) from the account of the Company's Shareholders. On 29/03/1443H (corresponding to 11/04/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) to two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The increase of three million Saudi Riyals (SAR 3,000,000) was covered by capitalizing the amount of three million Saudi Riyals (SAR 3,000,000) from the profit account (for further information on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

The Group, through the Company and its Subsidiaries, is the master and exclusive franchisee and operator of the Domino's Pizza trademark in the MENAP region and the Dunkin' trademark in Egypt and Morocco. The Group's business is an extension of the works of the "**Specialized Catering Service Establishment,**" which was established in Riyadh in 1985G as a branch of "**AlJammaz Establishment**" under Commercial Registration No. 1010008800/004 dated 22/10/1405H (corresponding to 07/11/1985G). The Group opened its first Domino's store in Riyadh in 1992G and its first Dunkin' store in Cairo in 2015G, and in Rabat in 2021G. As of December 31, 2021G, the Group operates a total of five hundred and sixty-seven (567) stores, of which Domino's stores in MENAP region constitute 92.2%, and Dunkin' stores in Egypt and Morocco constitute 7.8%.

The Group is one of the leading quick service restaurant (QSR) operators in the MENAP region. As of December 31, 2021G, the Group's total sales amounted to SAR 868.1 million. The Group's total sales from Domino's stores operated by the Group in the MENAP region and Dunkin' stores in Egypt and Morocco accounted for 92.7% and 7.3%, respectively. As of December 31, 2021G, the Group's sales from Domino's stores in the Kingdom alone amounted to SAR 585.2 million, which represented 67.4% of the Group's total sales.

The Group conducts its activities through two main entities, the Company, which owns and manages the Group's operations in the Kingdom, and Alamar Foods DMCC, a wholly owned subsidiary of the Company which owns and manages the Group's international operations in the MENAP region (excluding the Kingdom). The Company has acquired Alamar Foods DMCC in the year of 2020G. The Company has eleven (11) Subsidiaries in different countries in the MENA region (for further information on the Subsidiaries, please refer to Section 12.2.3 "**Subsidiaries**" of this Prospectus).

Principal Activities of the Company

The principal activities of the Company are concentrated in the food sector. Pursuant to its Articles of Association, the Company's principal activities include:

1- Restaurants with service;
2- Fast-food activities, including pizza stores.

The Company's Vision, Mission and Strategy

Vision

To be an international leader in the areas in which the Group operates by utilizing best market practices and continually innovating to provide excellent services to both customers and the community.

Mission

To create value for the Group's shareholders and respect the community in a socially responsible way.

Strategy and Future Growth

The Group's vision on growth is to be a multi-brand operator, with well-established brands in its portfolio and aiming to achieve long-term and profitable growth. In an industry facing increasing disruption, the Group's management saw an opportunity to build a quick service restaurant (QSR) company unlike any other, one that brings together distinct yet complementary brands. The Group has a strong eye on growth and is investing in world-class services to enable efficient operations and drive competitive advantages for its customers, all while each brand maintains its own distinct identity and dedicated business structures.

The Group pursues a sustainable and profitable growth strategy oriented toward a long-term vision, based on the needs of its customers, stakeholders and the opportunities of the global market. The Group's strategy is composed of five (5) building blocks: (i) technology; (ii) product; (iii) operational excellence; (iv) customer service; and (v) growth. The Group's ability to understand current and future trends is an essential element in its approach to innovation, which enables it to maintain a competitive, sustainable and long-lasting advantage in each of the markets in which it operates.

The Group has a host of avenues for future growth including the following:

- offering healthier options to cater to consumer behavior;
- increasing the Group's footprint in existing markets;
- expanding into new and untapped markets covered by the Domino's Master Franchise Agreement;
- tapping into changes in lifestyles and demographics, particularly taking into consideration the Kingdom's Vision 2030; and
- increasing focus on customer relationship management and loyalty.

In addition, the Group adopts a scalable platform with strong potential to incorporate new complementary quick service restaurant (QSR) brands which can capitalize on the Group's reputation and economies of scale.

Strengths and Competitive Advantages

- **Globally Recognized Trademarks and Leading Market Position in the Quick Service Restaurant (QSR) Market**

By virtue of the Domino's Master Franchise Agreement, the Group has the exclusive right to develop, operate and sub-franchise Domino's stores in the MENAP region (for further information on the Domino's Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The globally recognized Domino's trademark was founded in Michigan, the United States of America, in 1960G, and has since grown into a global network of over 18.7 thousand stores across the globe. Domino's is considered one of the largest companies operating in the pizza sector in the world, as it includes 18.7 thousand stores globally as in 2021G, and achieved USD 17.8 billion in global retail sales. Offering consistent quality and familiar flavors, Domino's has grown to become one of the largest and most-recognized trademarks across the globe.

In addition, the Dunkin' Franchise Agreements with the Dunkin' Master Franchisor grant the Group the right to develop, open and operate Dunkin' stores in Egypt and Morocco on a limited exclusivity basis (for further information on the Dunkin' Master Franchise Agreements, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The globally recognized Dunkin' trademark was founded in Massachusetts in the United States of America in 1950G, and has since become one of the world's most iconic quick service restaurant (QSR) trademarks. With a simple but reliable menu, the Dunkin' trademark has grown to become the go-to for coffee and donut lovers.

The Domino's Master Franchise Agreement and Dunkin' Master Franchise Agreements enable the Group to use the Domino's and Dunkin' globally recognized trademarks to grow its business and reach across the MENAP region, all while leveraging the technical, marketing and operational expertise associated with the Domino's and Dunkin' trademarks. Given the global recognition of the Domino's and Dunkin' trademarks, opening new stores does not entail large expenditures on the Group on advertising, marketing or information technology development.

- **Highly Attractive, Underpenetrated Markets with Substantial Growth Potential**

The Group believes that it operates in large, addressable markets characterized by resilience to economic cycles and with significant further growth potential driven by positive fundamental socioeconomic trends. The market in which the Group operates, namely the fast-food segment, including the pizza and coffee sub-segments, integrated with digital and delivery platforms, benefits from one of the world's largest and youngest (on average) populations and economic growth prospects (for further information on the Group's growth strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus).

- **Track Record of Resilient and Profitable Growth**

The Group store count has increased by eighty-three (83) stores between 2019G and 2021G. In the same period, it achieved a compound annual growth rate of 37.8% and 66.5% of the Group's sales and adjusted EBITDA, respectively. Growth in the Group's addressable markets, its strong digital and delivery capabilities, its relationships with international and local suppliers, and strict control over food costs and operational leverage are all factors that have contributed to the resilience of the Group's performance throughout times of instability such as the COVID-19 Pandemic and geopolitical instability throughout some of the markets in which it operates.

- **Integrated Omni-Channel Platform with a Dynamic Portfolio of Store Formats**

Seeking to deliver a seamless experience to its customers, the Group has adopted a strong and proven omni-channel platform of digital and in-store offering, as well as picking up food from restaurants. The Group's robust omnichannel business model enabled resiliency during the COVID-19 Pandemic, allowing the Group to emerge stronger therefrom.

- **Experienced Management Team Supported by Shareholders**

The Group believes that its management team has been instrumental in realizing its store roll-out plans and delivering revenue growth and increased profitability in its markets. The management team in the Company has received multiple Domino's sponsored recognitions including the coveted Gold Franny Award in the years 2018G, 2019G and 2020G. The Gold Franny Award is the most prestigious honor bestowed on Domino's Pizza franchisees. The awards are based on several key factors, including sales growth, operational audit scores, community involvement, store safety and security as well as team members' morale. The Gold Franny Awards were created more than 25 years ago and are designed to honor excellence among franchisees.

On average, the Group's senior management team has spent approximately seven (7) years with the Group. The Group believes that its leading market position, strong trademark and clear growth strategy should enable it to continue to attract, develop and retain high-caliber managers in the future.

- **Centralized Production and Supply Chain Facilities to Support Group and Sub-Franchised Stores**

In order to achieve consistent quality of its products, competitive supplier prices and timely delivery of items to its stores, the Group centralizes its supply and procurement functions.

The Group's stores receive all ingredients (such as fresh pizza dough, sauces and toppings for Domino's, and, donuts, coffees and milk for Dunkin'), supplies and materials (such as pizza boxes, menus, uniforms and cleaning products) from the Group's warehouses.

For both the Domino's and Dunkin' trademarks, and for all of its stores across the territories in which it operates, the Group operates in each market with a centralized supply center model that manages the following stages of supply chain management:

- Procurement.
- Production of dough for Domino's and donuts for Dunkin'.
- Warehousing.
- Distribution.

The Group has established a strong supply chain plan to continue investing in its warehouses to grow and enhance its production, warehousing, logistic capacities and capabilities which will help the Group in managing and supporting the profitable growth of its business in the future.

This centralized model serves as a critical strength for the Group, assisting it in managing the quality, consistency and efficiency and in maintaining profitable growth. The Group has established a strong supply chain and plans to continue to invest in supply chain operations to grow its capabilities, which will help the Group in managing and supporting the growth of its business in the future.

- **Menu Innovation and Localization of International Trademarks**

The Group is reinvigorating its food innovation in Domino's (for both its pizza and non-pizza products) and in Dunkin'. To maintain the attractiveness to the menus it offers, and to continue capturing new trends, the Group launches new products regularly. For example, over the past three years, the Group has offered an array of new products for its Domino's stores, including stuffed crusts, the New Yorker pizza, the Paneer Tikka, tortillas, cinnamon rolls, and chicken rolls. For its Dunkin' stores, the Group has also introduced a number of product variations over the past three years, such as iced macchiatos, éclairs, orange and lemon donuts, filled donut rings, Oreo donuts, and mocha donuts.

Taking the distinct conditions of its target markets into consideration and in order to meet customers' needs and demands in diverse markets, the Group always aims to find the right balance between standardization and localization of the menus. For example, for its Domino's stores, the Group offers a variety of localized products for its different markets, including the "Pakistani Hot," the "Creamy Mughlai" and the "Creamy Peri Peri" for its stores in Pakistan, "Hunaini" and "Dynamite Chicken Pizza" for its stores in the Kingdom, and the "Cheese Burst Pizza" and the "Chicken Tikka Pizza" for its stores in the UAE. Moreover, for its Dunkin' stores in Egypt, the Group offers "Qamar ElDin" and "Sobia" donuts during the Holy Month of Ramadan.

- **Well-Invested Delivery and Digital Infrastructure Capabilities**

One of Group's key strengths is its ability to utilize digital expertise to strengthen and enhance the operational business models of both Domino's and Dunkin'. A strong and speedy delivery service is synonymous with the Domino's trademark, and plays a key role in attracting and retaining customer loyalty. For Domino's, both digital sales and delivery are at the forefront of its business, which represent one of its value-added offerings. The Group has access to the Domino's "Pulse" point of sale system and "GOLO," the global online ordering system mobile application and website, in all of its stores across the MENAP region. The utilization of both "Pulse" and "GOLO" streamlines the ordering process for the benefit of the Group's customers and operations (for further information on the agreement granting the Group the right to use the "Pulse" and "GOLO" systems, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus).

In addition to "Pulse" and "GOLO," the Group has invested in developing "PathOne," a mobile application developed and owned by the Group, which further enhances the Group's delivery capabilities and takes its delivery operations to the next level with advanced route optimization, automated dispatch, real-time fleet tracking and powerful analytics. Features such as automatic SMS notification, real-time driver tracking, proof-of-delivery and feedback collections are all key tools which help the Group to enhance every delivery experience (for further information on the Group's delivery technology, please refer to Section 4.13 "**Information Technology**" of this Prospectus).

For Dunkin', the Group has responded to the new norms imposed by the COVID-19 Pandemic by developing and owning an "**On-Line Ordering**" (OLO) system in the form of both a mobile application and a website, for its operations in Egypt and Morocco. In addition to enabling online orders, the "**OLO**" system also includes loyalty rewards and E-wallet features. The Group's target is to be the spearhead of the digital coffee market within the territories in which it operates the Dunkin' trademark.

The Group also collaborates with food delivery aggregators in the MENAP region to display the Domino's and Dunkin' menus and generate further orders for the Group. However, the last stage of delivery for orders placed through such food delivery aggregators is executed by the Group's own delivery fleet and advanced delivery systems, therefore allowing for the Group to generate higher margins, obtain greater customer data and insight, in addition to improving customer loyalty and order frequency.

Market and Industry Overview

Food service markets across the Kingdom, UAE, Egypt and Morocco are expected to recover after COVID-19 induced slowdown in 2020G. Growth will be driven by economic recovery after the pandemic, favorable demographics, tourism growth, increased female participation in the workforce, adoption of technology, supportive government policies/regulations and innovative business models. A set of common trends are observed across all countries—increased use of online channels, adoption of cloud kitchens business model, the emergence of "home grown" brands, health awareness, menu localization, usage of promotions/deals, the popularity of new cuisines, etc. As an impact of the COVID-19 Pandemic, the food service regulators in each country have increased their emphasis on food safety and hygiene. Overall, the quick service restaurant (QSR) market is competitive in the MENA countries with major international quick service restaurants (QSRs)/cafe chains (McDonald's, KFC, Subway, Domino's, Pizza Hut, Papa John's, Starbucks, Dunkin' Donuts, Costa Coffee, etc.) present across all markets. The KSA and UAE have a relatively higher concentration of chain restaurants, whereas quick service restaurant (QSR) markets in Egypt and Morocco are more fragmented with the presence of several local independent players. quick service restaurant (QSR) players are trying to differentiate themselves based on food quality, menu diversity, pricing, order capabilities via digital channels, delivery infrastructure, food safety, etc.

The Kingdom is the largest food service market in the Middle East. The Kingdom's quick service restaurant (QSR) market is estimated to be SAR 29.1 billion in terms of GMV in 2021G and is expected to grow at a CAGR of 10.1% during 2021G-2025G to reach SAR 42.7 billion in 2025G. quick service restaurants (QSRs) endured the COVID-19 Pandemic better than players in other categories due to the reliance on digital channels and infrastructure for home delivery. Future growth in the quick service restaurant (QSR) market will be driven by economic recovery, favorable demographics, tourism growth, technology adoption, innovative business models and continued promotional activities/loyalty programs, etc. Two-thirds of the KSA quick service restaurant (QSR) market is served by chain (both local and international) brands, and players are actively trying to differentiate themselves based on food quality, menu diversity, price, online order capabilities, delivery infrastructure, customer experience, and new models such as cloud kitchen, fast casuals, etc. Within the quick service restaurant (QSR) category, McDonald's is a market leader in terms of GMV and number of stores, whereas Domino's is a market leader in the pizza sub-category and has grown in recent years due to its food quality and delivery infrastructure.

The UAE quick service restaurant (QSR) market is estimated to be SAR 11.7 billion in 2021G and is expected to grow at a compound annual growth rate of 10.7% during 2021G-2025G to reach SAR 17.6 billion by 2025G in the GMV. Future growth in the UAE quick service restaurant (QSR) market will be driven by economic recovery, favorable demographics, tourism growth, adoption of technology, and innovative business models. The EXPO 2020 may further boost sales in 2020G-2021G due to the increased number of tourists in the country. The share of digital channels in the quick service restaurant (QSR) sales has been rising and this trend has been further accelerated by the COVID-19 Pandemic. In the UAE, the cloud kitchen model is gaining traction for delivery-only restaurants that are looking to opt for a low-risk and low-investment model. The quick service restaurant (QSR) market is competitive due to the presence of large restaurant groups, oversupply and competition from other food service segments. In general, the market is concentrated by large businesses that have built a strong presence in the quick service restaurant (QSR) category. McDonald's is the market leader with an estimated 165 branches in UAE. Pizza Hut, Papa John's and Domino's are the top three players in the pizza sub-category, with Pizza Hut as the market leader. Domino's has expanded rapidly in terms of sales and number of branches based on savvy marketing, innovative ordering methods and delivery infrastructure.

As one of the largest and fastest growing economies in the MENA region, Egypt is on track for macroeconomic stability and growth after the country floated its currency and embarked on a homegrown economic reform program. Compared to other countries, the COVID-19 Pandemic impact on Egypt's food service sector was lower due to relaxed restrictions on people's movement and economic activities. Quick service restaurant (QSR) market is estimated to be SAR 9.3 billion in terms of GMV in 2021G and is expected to grow at a compound annual growth rate of 11.1% during 2021G-2025G to reach SAR 14.2 billion in 2025G. Café contribution in Egypt is relatively higher (35%) due to the popularity of hot beverages, juices, smoothies, etc. Café market size is estimated to be SAR 7.1 billion in 2021G and is expected to grow at 8.1% compound annual growth rate during 2021G-2025G to reach SAR 9.7 billion in 2025G. Market growth in the quick service restaurant (QSR) category will be driven by a large and growing population (101 million), young demographics, favorable tourism outlook, investments in product innovations and improvements in delivery infrastructure, etc. Despite the quick service restaurant (QSR) market being competitive, strong growth potential exists as brands expand outside main cities and target first-time consumers. Local brand chains such as Buffalo Burger and Cook Door are strengthening their positioning in this market. McDonalds and KFC lead the quick service restaurant (QSR) market in Egypt with around 150 branches each whereas Domino's, Pizza Hut and Papa John's have a strong presence in the pizza chain category with approximately 170 branches between them. Domino's operates approximately 26 branches across Egypt and has strong expansion plans. In the café category, the market is dominated by Costa Coffee, Starbucks, Dunkin' Donuts and other local chains such as Beano Café and Espresso Labs. Costa Coffee and Starbucks are leading players in the café category in Egypt in terms of the number of branches (43 and 42 branches, respectively). Dunkin' Donuts operates 35 branches and is the third largest café chain.

A major player in African economic affairs, Morocco is the 5th largest African economy by GDP (PPP). The Moroccan quick service restaurant (QSR) market is estimated to be SAR 4.4 billion in terms of GMV in 2021G and is expected to grow at a compound annual growth rate of 10.7% during 2021G-2025G to reach SAR 6.7 billion in 2025G. Although chain quick service restaurants (QSRs) are gaining ground, the category continues to be dominated by independent players who offer food at lower prices, a critical differentiating factor in a price-sensitive market. Café market size is estimated to be SAR 6.7 billion in 2021G and is expected to grow at 10.0% CAGR during 2021G-2025G to reach SAR 9.9 billion in 2025G. Market growth will be driven by favorable demographics, recovery from the pandemic and low cost of food ingredients and labor. Tourism plays an important role in the food service sector as a huge number of Europeans and North Africans visit the country every year. With increasing smartphone penetration and the growth of online food delivery aggregators such as Glovo and Jumia Food, the online food delivery penetration (8.1% currently) in Morocco is expected to rise. Food aggregators are increasing their presence in the market by teaming up with leading players. McDonald's and KFC are leading non-pizza quick service restaurant (QSR) brands in Morocco whereas Pizza Hut (~54 branches), Domino's (~24 branches) and Papa John's (~6 branches) are top players in the pizza category. All major quick service restaurant (QSR) players have adopted some degree of food menu localization to appeal to local consumers. In the café category, Starbucks (~15 branches) is the leading operator in terms of the number of stores, followed by Paul (~14 branches) and Coffeeshop Company (~7 branches). Dunkin' Donuts plans to open its branches by end of 2021G in Morocco and is investing in branch design for better customer experience.

Research Methodology

Market size evolution is based on 2018G constant prices to normalize the different levels of inflation across analyzed countries. All market estimates in the study are in Saudi Riyal with following exchanges rates: 1 AED = 1.02 SAR, 1 EGP = 0.24 SAR, 1 MAD = 0.43 SAR.

Food service restaurants have been classified into three (3) main categories:

- Full-service restaurant (FSR) – a dine-in restaurant with a broad menu and food service directly to the customers' table. It includes fine dining and casual restaurants.
- Quick service restaurant (QSR) – a type of restaurant that serves fast-food cuisine, has minimal table service and where the bill is usually paid before the service.
- Café – a type of restaurant where beverages are the primary product. In addition, cafés serve light refreshments such as baked food or snacks.

Summary of Risk Factors

Below is a summary of risk factors involved in investment in the Offer Shares; however, this summary does not contain all the information that may be important to investors. Therefore, investors who are willing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on consideration of this Prospectus as a whole. In particular, the Section "**Important Notice**" on page i and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Risks Related to the Group's Business

- Risks related to dependence on the Domino's Master Franchise Agreement.
- Risks related to dependence on the Dunkin' Master Franchise Agreements.
- Risks related to Domino's Sub-Franchisees.
- Risks related to agency arrangements in some jurisdictions in which the Group operates.
- Risks related to retaining existing customers or attracting new ones.
- Risks related to the ability of the Group's infrastructure and internal systems to adequately support its planned growth and strategy.
- Risks related to reliance on key suppliers and service providers.
- Risks related to the Group's ability to accurately forecast demand for food products.
- Risks related to the Group's reliance on leased properties.
- Risks related to the fluctuations of the real estate sector in the geographies and jurisdictions in which the Group operates.
- Risks related to identifying suitable locations for new stores.
- Risks related to the dependence of the Group's growth strategy in part on opening profitable new stores.
- Risks related to the renovations of the Group's stores.
- Risks related to the delivery of products to customers on time and safely.
- Risks related to reliance on the timely manufacture and delivery of pizza dough by the Group's catering officials.
- Risks related to quality or health risks of the products offered in the Company's stores.
- Risks related to quality control systems and protocols.
- Risks related to an increase in costs of food ingredients and raw materials.
- Risks related to unexpected operational interruptions to the Group's business.
- Risks related to achieving growth and profitability at the desired rate in the future.
- Risks related to failure to implement future business strategies successfully, on time, or at all.
- Risks related to joint ventures and acquisitions.
- Risks related to marketing and advertising initiatives and programs.
- Risks related to the Group's reputation and dependence on the continued success and reputation of Domino's and Dunkin' trademarks.
- Risks related to the protection of the Group's intellectual property rights.
- Risks related to the protection of proprietary information about products, recipes and pricing.
- Risks related to the Group's information technology systems.
- Risks related to the ability to adapt to technological and rapid developments in the food and beverage sector.
- Risks related to data protection and cyber-attacks.
- Risks relating to financing.
- Risks related to inventory levels.
- Risks related to working capital management.
- Risks related to future capital expenditures.
- Risks related to compliance with laws and regulations in all jurisdictions in which the Group operates.
- Risks related to non-compliance with the New Franchise Law.
- Risks related to licenses, certificates, permits, and approvals.
- Risks related to Zakat and tax.
- Risks related to insurance coverage.

- Risks related to employee misconduct and errors.
- Risk related to claims and litigation.
- Risks related to corporate governance.
- Risks related to compliance with the Companies Law and the Corporate Governance Regulations.
- Risks related to reliance on transactions with Related Parties.
- Risks related to dependence on the senior management team and key employees.
- Risks related to the Group's ability to attract and train new talents or retain current competencies.
- Risks related to lack of experience in managing a joint stock company listed on the Exchange.
- Risks related to the resignation of two Directors after the Listing and the exit of the Selling Shareholders.

Risks related to the Market and Industry

- Risks related to competition.
- Risks related to consumer behavior and spending.
- Risks related to consumer preferences and perceptions.
- Risks related to seasonality.
- Risks related to changes in the regulatory environment.
- Risks related to the global economy and the economies of the countries in which the Group operates.
- Risks related to political instability and security concerns in the countries in which the Group operates or may conduct its activities.
- Risks related to the outbreak of COVID-19 or any other infectious disease.
- Risks related to reliance on imported products.
- Risks related to compliance with Saudization requirements.
- Risks related to labor costs.
- Risks related to prices of energy, electricity, water and related services.
- Risks related to foreign exchange rates.
- Risks related to floods, earthquakes and other natural disasters or disruptive acts.

Risks related to the Offer Shares

- Risks related to effective control post-Offering by Abdulaziz Ibrahim AlJammaz and Brothers Company.
- Risks related to the lack of an active and liquid market for the Shares.
- Risks relating to fluctuations in the market price of the Shares.
- Risks related to the Group's ability to distribute dividends.
- Risks related to selling a large number of shares in the market post-Offering.
- Risks related to the issuance of additional shares in the market following the expiration of the Lockup Period.
- Risks related to research published about the Group or any other company operating under the same trademarks as the Group.
- Risks related to non-qualified foreign investors not being able to directly hold shares.

Summary of Financial Information

The financial statements for the Group listed below have been extracted from the audited consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G. The specific financial statements and key performance indicators should be read in conjunction with the information in Section (2) "**Risk Factors**" and Section (6) "**Management's Discussion and Analysis of the Financial Position and Results of Operations**" and the audited consolidated financial statements for the financial years ending 31 December 2019G, 2020G and 2021G in Section (19) "**The financial statements and the auditor report thereon**" with any other financial information in any other section of the prospectus. The consolidated financial statements were prepared by the Group and audited in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Table (1.4): Summary of financial information and consolidated key performance indicators for the group for the financial years ending on 31 December 2019G, 2020G and 2021G

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Statement of profit and loss and other comprehensive income			
Revenue	457,271	695,448	868,136
Cost of sales	(322,795)	(464,699)	(561,036)
Gross profit	**134,476**	**230,749**	**307,100**
Selling and distribution expenses	(49,684)	(63,948)	(84,583)
General and administrative expenses	(66,859)	(93,192)	(95,935)
Other income	9,762	12,067	19,187
Impairment loss of cash and cash equivalents	-	(3,750)	-
Impairment loss of trade and other receivables	-	(36)	(2,712)
Operating profit	**27,695**	**81,890**	**143,057**
Reversal of impairment loss on property and equipment	-	1,900	1,121
Finance costs and bank charges	(6,786)	(14,857)	(16,038)
Share of losses of equity-accounted investee	(1,340)	(816)	796
Impairment loss on equity-accounted investee	-	(6,617)	1,533
Profit before zakat and tax	**19,569**	**61,500**	**130,470**
Zakat and income tax	(3,296)	(5,578)	(13,061)
Profit for the period from continued operations	**16,273**	**55,922**	**117,408**
Discontinued operations			
Profit / (loss) from discontinued operations, net of zakat and income tax	7,850	-	-
Profit for the period	**24,123**	**55,922**	**117,408**
Statement of other comprehensive income			
Remeasurement gain / (loss) of employee defined benefit liabilities	37	(1,025)	(2,814)
Item that are reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	-	2,529	(8,658)
Other comprehensive (loss) / income for the year	**37**	**1,504**	**(11,472)**
Total comprehensive income for the year	**24,160**	**57,426**	**105,936**

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Summary of the statement of financial position			
Total equity	**238,230**	**226,992**	**340,365**
Total non-current assets	247,075	374,219	412,190
Total current assets	226,377	237,384	337,716
Total assets	**473,452**	**611,603**	**749,906**
Total non-current liabilities	113,438	170,941	188,215
Total current liabilities	121,784	213,670	221,326
Total liabilities	**235,222**	**384,611**	**409,541**
Total liabilities and equity	**473,452**	**611,603**	**749,906**
Summary of the statement of cash-flows			
Net cash generated from operating activities	13,716	193,624	193,040
Net cash generated from / (used in) investing activities	52,664	(21,885)	(48,732)
Net cash used in financing activities	(92,630)	(56,389)	(76,202)
Others including foreign exchange differences	(1,568)	(518)	(5,644)
Cash and cash equivalents at 1 of January	44,842	17,024	128,105
Cash and cash equivalents - gross at 31 of December	**17,024**	**131,856**	**190,567**
Less: Impairment loss	-	(3,750)	-
Cash and cash equivalents - net at end of year	**17,024**	**128,106**	**190,567**
KPI's			
Revenues - Domino's Pizza	439,269	644,158	788,423
Revenues - Dunkin Donuts	-	35,816	63,174
Revenue - Others	18,003	15,471	16,537
Number of stores - Domino's Pizza	248	359	383
Number of stores - Dunkin Donuts	-	33	44
Average revenue per store - Domino's Pizza	1,771	1,794	2,058
Average revenue per store - Dunkin Donuts	-	1,085	1,436
Gross profit margin	29.4%	33.2%	35.4%
Net income margin	5.3%	8.0%	13.5%
Current ratio	1.9	1.1	1.5
Total liabilities to total assets	49.7%	62.9%	54.6%

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

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1. Definitions and Abbreviations

Advisors	The Company's advisors in relation to the Offering whose names appear on pages vi and vii of this Prospectus.
Alamar DMCC	A limited liability company established and existing in Dubai, UAE, and registered under Commercial Registration No. JLT-2480 dated 05/10/1432H (corresponding to 07/06/2011G), with a capital of five hundred thousand UAE dirhams (AED 500,000). The Company owns 100% of the capital of Alamar DMCC.
Alamar Foods Bahrain	Alamar Foods LLC, a limited liability company established and existing in Bahrain and registered under Commercial Registration No. 79465 dated 18/12/1432H (corresponding to 11/14/2011G), with a capital of twenty thousand Bahraini dinars (BHD 20,000). Alamar DMCC owns 99% of the capital of Alamar Foods Bahrain. The ownership of the remaining percentage is registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner thereof.
Alamar Foods Egypt	Alamar Foods-Egypt LLC, a limited liability company established and existing in Cairo, Egypt, and registered under Commercial Registration No. 56466 dated 15/03/1433H (corresponding to 02/07/2012G) with a capital of one hundred and twenty-two million Egyptian pounds (EGP 122,000,000). Alamar DMCC owns 99.45% of the capital of Alamar Foods Egypt. The remaining percentage is held by Abdulrahman Rustoum and Partners Trading Company.
Alamar Foods Jordan	Alamar Foods/Jordan Ltd., a limited liability company established and existing in Jordan, and registered under Commercial Registration No. 21025, dated 11/03/1431H (corresponding to 02/25/2010G), with a capital of one million, one hundred thousand Jordanian dinars (JOD 1,100,000). Alamar DMCC owns 75% of the capital of Alamar Foods Jordan. Osama Tawfiq Khalil Halasa owns 4.55%, and a 20.45% stake is registered in the name of Zahrat Al-Yasmeen Restaurant Management Company on behalf of Alamar DMCC, which is the actual owner thereof.
Alamar Foods Kuwait	Alamar Foods for Restaurants Management, a limited liability company established and existing in Kuwait and registered under Commercial Registration No. 378018 dated 15/11/1438H (corresponding to 08/07/2017G), with a capital of one thousand Kuwaiti dinars (KWD 1,000). Alamar DMCC owns 40% of the capital of Alamar Foods Kuwait. The ownership of the remaining percentage is registered in the name of Peregrine General Trading and Contracting Company on behalf of Alamar DMCC, which is the actual owner thereof.
Alamar Foods Lebanon	Alamar Foods SARL, a limited liability company established and existing in Lebanon, and registered under Commercial Registration No. 2005253 dated 28/12/1425H (corresponding to 02/08/2005G), with a capital of six billion, one hundred and sixty-six million Lebanese pounds (LBP 6,166,000,000). Alamar DMCC owns 95% of the capital of Alamar Foods Lebanon. Marwan Mahmoud Saqr owns 4.8%, and a 0.2% stake was registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner thereof.
Alamar Foods Oman	Alamar Foods LLC, a limited liability company established and existing in Oman and registered under Commercial Registration No. 102065 dated 16/05/1428H (corresponding to 06/02/2007G), with a capital of one hundred thousand Omani riyals (OMR 100,000). Alamar DMCC owns 30% of the capital of Alamar Foods Oman. The remaining percentages of 25%, 25% and 20% are owned by Abdulkarim Hassan Suleiman Al Lawati, Ali Hassan Suleiman Al Lawatiand Manal Muhammad Hassan Suleiman Al Lawati, respectively.
Alamar Foods Qatar	Alamar Foods, a limited liability company established and existing in Qatar, and registered under Commercial Registration No. 56559 dated 14/08/1433H (corresponding to 07/04/2012G), with a capital of two hundred thousand Qatari riyals (QAR 200,000). Alamar Foods Bahrain owns 49% of the capital of Alamar Foods Qatar. The ownership of the remaining percentage is registered in the name of Links Management Services Company on behalf of Alamar Foods Bahrain, which is the actual owner thereof.
Alamar Foods UAE	Alamar Foods LLC, a limited liability company established and existing in Dubai, United Arab Emirates and registered under Commercial Registration No. 1051049 dated 27/11/1430H (corresponding to 11/15/2009G) with a capital of three hundred thousand UAE dirhams (AED 300,000). Alamar DMCC owns 99% of the capital of Alamar Foods UAE. The remaining percentage was registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of the Company, which is the actual owner thereof.
Assignment Agreement	An Assignment Agreement and approval of the assignment entered into between Alamar Foods DMCC, Dunkin' Master Franchisor and Alamar Foods Egypt on 15/10/1441H (corresponding to 06/07/2020G).
Bid Form	The bid form to be used by Participating Parties to bid for the Offer Shares during the Book-Building Period. This term (as applicable) includes the appended bid form when the price range is changed.
Board or Board of Directors	The board of directors of the Company.
Book Building Instructions	Instructions on Book Building and Allocation of Shares in Initial Public Offerings issued by CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 7/20/2016G), as amended by CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 09/17/2019G).
Bookrunner	HSBC Saudi Arabia.
Business Day	Any day on which the Receiving Entities are open for business in the Kingdom (excluding Fridays, Saturdays and any official holidays).
Bylaws	The Company's Bylaws approved by the General Assembly.
Capital Market Institution	A Capital Market Institution authorized by CMA to engage in the securities business.

Carton Boxes Supply Agreement	The Carton Boxes Supply Agreement concluded with Al-Medan Project Factory For Carton on 28/04/1441H (corresponding to 12/25/2019G).
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA Board, pursuant to the Companies Law, by virtue of Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 02/13/2017G), as amended by CMA Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 01/14/2021G).
Chartered Accountant or Auditor	KPMG Professional Services.
Cheese Supply Agreement	A supply agreement concluded with Leprino Foods Dairy Products Company on 22/03/1438H (corresponding to 12/21/2016G), which was renewed on 18/07/1440H (corresponding to 03/25/2019G).
CEO	The Chief Executive Officer of the Company.
CFO	The Chief Financial Officer of the Company.
CMA	The Capital Market Authority in the Kingdom.
CML	The Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 07/31/2003G), as amended.
Companies Law	The Companies Law issued under Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/10/2015G), as amended.
Company or Issuer	Alamar Foods Company.
COVID-19 Pandemic	The pandemic resulting from the outbreak of the novel coronavirus (SARS-COV-19), known as COVID-19.
Directors	Members of the Company's Board of Directors.
Domino's Master Franchise Agreement	The Master Franchise Agreement concluded between the Company and the Domino's Master Franchisor on 28/06/1443H (corresponding to 01/31/2022G), by which Domino's Master Franchisor shall grant the Company the exclusive right to develop and operate, and grant sub-franchises to develop and operate, Domino's stores in the Kingdom, Bahrain, Kuwait, Oman, Qatar, UAE, Tunisia, Algeria, Morocco, Libya, Egypt, Yemen, Jordan, Lebanon, Iraq and Pakistan.
Domino's Master Franchisor	Domino's Pizza Overseas Franchising B.V.
Domino's Stores Development Agreement in Makkah and Altaif	Domino's Stores Development and Operation Agreement concluded between the Company and Yazid Ahmed Ali Al-Aqeel (owner of the First Future Catering Corporation) on 16/11/1435H (corresponding to 09/11/2014G), by which it granted him a sub-franchise to develop and operate Domino's stores in Makkah and Altaif regions in the Kingdom.
Dunkin' Development Agreement in Morocco	The Area Development Agreement in Morocco concluded between Alamar DMCC and HEA Trade and Services (Morocco) on 02/04/1443H (corresponding to 11/07/2021G), by which Alamar DMCC shall grant to HEA Trade and Services (Morocco) the exclusive right to open, develop and operate Dunkin' stores in Morocco.
Dunkin' Development Period in Egypt	The period during which the development rights under the Dunkin' Franchise Agreement in Egypt are effective. It starts on 02/11/1435H (corresponding to 08/28/2014G) until 14/06/1446H (corresponding to 12/15/2024G).
Dunkin' Development Period in Morocco	The period during which the development rights under the Dunkin' Concession Agreement for Morocco are effective. It starts on 15/10/1441H (corresponding to 06/07/2020G) until 14/06/1446H (corresponding to 12/15/2024G).
Dunkin' Egypt Trademark License Agreement	Trademark licensing agreement entered into between Alamar Foods Egypt and Dunkin' Master Franchisor on 07/09/1436H (corresponding to 06/24/2015G).
Dunkin' Master Franchise Agreement in Morocco	The Master Franchise Agreement between Alamar DMCC and Dunkin' Master Franchisor on 15/10/1441H (corresponding to 06/07/2020G) and amended on 19/03/1443H (corresponding to 10/25/2021G), by which Dunkin' Master Franchisor shall grant Alamar DMCC the right to develop and operate Dunkin' stores in Morocco.
Dunkin' Master Franchise Agreements	Dunkin' Master Franchise Agreement in Egypt and Dunkin' Master Franchise Agreement in Morocco.
Dunkin' Master Franchise Agreement in Egypt	The Master Franchise Agreement concluded between Alamar Foods Egypt and Dunkin' Master Franchisor on 02/11/1435H (corresponding to 08/28/2014G) and amended on 10/10/1441H (corresponding to 06/02/2020G), by which Dunkin' Master Franchisor shall grant to Alamar Foods Egypt the right to develop and operate Dunkin' stores in the Arab Republic of Egypt.
Dunkin' Master Franchisor	Dunkin' Donuts Franchising.
Emporium	Food Emporium LLC.
Exchange or Tadawul	The Saudi Stock Exchange (Tadawul).
Expansion Period of the Dunkin' Development Agreement in Morocco	Period starting from 21/11/1442H (corresponding to 07/01/2020G) to 05/01/1447H (corresponding to 06/03/2025G).
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Articles of Association.

Financial Advisor	HSBC Saudi Arabia.
Financial Year/Fiscal Year	The Company's financial year, which starts from January 1 to December 31 of each financial year.
Food Supply and Distribution Agreement	A distribution service agreement concluded with Food Emporium LLC on 06/10/1440H (corresponding to 06/09/2019G).
G	Gregorian calendar.
GCC	The Cooperation Council for the Arab States of the Gulf.
General Assembly	An Extraordinary General Assembly or Ordinary General Assembly, and "**General Assembly**" shall mean any general assembly of the Company.
Government	The Government of the Kingdom of Saudi Arabia; the word "**governmental**" shall be construed accordingly.
Group	The Company and its Subsidiaries. For the purposes of Section 4 "**Company Overview**" of this Prospectus, any reference to the "**Group**" shall mean Alamar Foods Company (the issuer) with respect to Domino's operations in the Kingdom and Alamar Foods DMCC in connection with the international operations of Domino's and Dunkin' in the MENAP Region (excluding the Kingdom) preceding the year of 2020G. However, after the year 2020G, any reference to the "**Group**" shall mean Alamar Foods Company (the issuer) and its Subsidiaries.
Group's Domino's Stores	Domino's stores that the Group operates in Bahrain, Egypt, Morocco, Oman, Qatar, UAE and Lebanon through Domino's Stores Development and Operation Agreements concluded with its affiliates in these regions.
H	Hijri calendar.
HEA Trade and Services (Morocco)	A limited liability company established and existing in Rabat, Morocco, and registered under Commercial Registration No. 49875 dated 25/07/1419H (corresponding to 11/15/1998G), with a capital of three million Moroccan dirhams (MAD 3,000,000). Alamar DMCC owns 49% of the capital of HEA Trade and Services (Morocco), and the remaining percentages of 50.003%, 0.46%, 0.267%, 0.267%, 0.003%, 0.003%, 0.003% and 0.003, are owned by El-Abbas Hakam, Salwa Hammoud, Nabila Hakam, Majdouline Hakam, Intermob S.A.R.L., Ibrahim Abdulaziz AlJammaz, Filippo Luciano Sgattoni, and Walid Adly Hassan Muhammad Ibrahim, respectively.
IFRS	The International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
Investment Fund Regulations	The Investment Fund Regulations issued by the Capital Market Authority pursuant to Resolution No. 1-219-2006 and dated 03/12/1427H (corresponding to 12/24/2006G), as amended by CMA Board's Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 02/24/2021G).
Kasual Plus	Kasual Plus LLC, a limited liability company established and existing in the Kingdom and registered under Commercial Registration No. 1010179745 dated 09/06/1423H (corresponding to 8/18/2002G), with a capital of two million Saudi Riyals (SAR 2,000,000). The Company owns 45% of the capital of Kasual Plus, while the rest is owned by Innovative Foods Company (45%) and Commercial Food Investments Company (10%).
Kingdom or KSA	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51 dated 23/8/1426H (corresponding to 09/27/2005G), as amended.
Lead Manager	HSBC Saudi Arabia.
Legal Advisor	Law Firm of Salman M. Al-Sudairi.
Leprino	Leprino Foods Dairy Products Company.
Listing	Admission to the Listing of the Company Shares on the Exchange in accordance with the Listing Rules.
Listing Rules	Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 12/27/2017G), as amended by CMA Board Resolutions Nos. 1-104-2019 dated 01/02/1441H (corresponding to 09/30/2019G) and 1-52-2022 dated 12/09/1443H (corresponding to 04/13/2022G).
Lock-up Period	The period during which Abdulaziz Ibrahim AlJammaz and Brothers Company, as a Substantial Shareholder in the Company, is subject to a lock-up period of six (6) months from the date on which the trading of the Offer Shares commences on the Exchange, during which, it may not dispose of its shares.
Market Consultant	Arthur D. Little Middle East FZ-LLC.
Market Study	Market study prepared by Arthur D. Little Middle East FZ-LLC.
Master Franchise Agreement	Master Franchise Agreement entered into between the Company and the Domino's Master Franchisor (Domino's Pizza Overseas Franchising B.V.) dated 05/08/1432H (corresponding to 07/07/2011G), and was assigned by Domino's Pizza Overseas Franchising to the Domino's Master Franchisor on 22/04/1433H (corresponding to 03/15/2012G) in relation to granting the Company the exclusive right to develop and operate-and grant sub-franchises to develop and operate-Domino's stores in the Kingdom.

Terminated Domino's MENAP Master Franchise Agreement	Master Franchise Agreement entered into between Alamar DMCC, a UAE company wholly owned directly by the Company, with the Domino's Master Franchisor (Domino's Pizza Overseas Franchising B.V.) dated 04/01/1433H (corresponding to 08/29/2011G) in relation to granting Alamar DMCC the exclusive right to develop and operate-and grant sub-franchises to develop and operate-Domino's stores in Bahrain, Kuwait, Oman, Qatar, the UAE, Tunisia, Algeria, Morocco, Libya, Egypt, Yemen, Syria, Jordan, Lebanon, Iraq and Pakistan.
Material Subsidiaries	Alamar Foods UAE, Alamar Foods Egypt, and HEA Trade and Services (Morocco).
Meat and Poultry Supply Agreement with Al Awael Food Industries Factory	A non-exclusive supply agreement concluded with Al Awael Food Industries Factory on 30/08/1440H (corresponding to 05/05/2019G).
Meat and Poultry Supply Agreement with Nabil Foods	A non-exclusive supply agreement concluded with Nabil Foods on 18/12/1440H (corresponding to 08/19/2019G).
MENAP Region	It includes the Kingdom, Bahrain, Kuwait, Oman, Qatar, UAE, Lebanon, Jordan, Iraq, Yemen, Egypt, Morocco, Algeria, Tunisia, and Pakistan.
Ministry of Commerce	The Ministry of Commerce in the Kingdom.
Ministry of Human Resources	The Ministry of Human Resources and Social Development in the Kingdom.
Offer Price	One hundred and fifteen Saudi Riyals (SAR 115) per share.
Offer Shares	Ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares, representing 41.699% of the Company's capital.
Offering	The Offering of ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares, representing 41.699% of the Company's capital for public subscription on the Exchange.
Offering Period	The period will commence on Wednesday on 21/12/1443H (corresponding to 20/07/2022G), and remain for a period of two (2) days up to and including the closing day on Thursday on 22/12/1443H (corresponding to 21/07/2022G).
Official Gazette	Um Al Qura, the official gazette of the Kingdom of Saudi Arabia.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to its Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 12/27/2017G) as amended by the CMA Board's Resolution No. 5-5-2022 dated 02/06/1443H (corresponding to 01/05/2022G).
Participating Parties	These parties are entitled to participate in the book-building process, namely: a- Public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book Building Instructions; b- Capital Market Institutions authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting the Bid Form; c- Clients of a Capital Market Institution authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; d- Legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center. Except for non-resident foreign Investors, other than Qualified Foreign Investors as per the QFI Rules, in compliance with CMA Circular No. 6/05158, dated 11/08/1435H (corresponding to 06/09/2014G), issued pursuant to the CMA Board's Resolution No. 9-28-2014, dated 20/07/1435H (corresponding to 05/19/2014G); e- Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; f- Government-owned companies, directly or through a private portfolio manager; g- GCC companies, and GCC funds if permissible according to the terms and conditions of such funds; h- Qualified Foreign Financial Institutions; and i- An ultimate beneficiary of legal personality in a swap agreement with a Capital Market Institution under the terms and conditions of the swap agreements.
Prospectus	This Prospectus which is prepared by the Company in relation to the Offering.
QFI	A qualified foreign investor that can invest in listed securities in accordance with the QFI Rules. A qualification application shall be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the QFI Rules.
QFI Rules	Rules for Qualified Foreign Financial Institution Investment in Listed Securities passed under CMA Board Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 5/4/2015G), as amended by CMA Board Resolution No. 3-65-2019 dated 14/10/1440G (corresponding to 06/17/2019G).
Receiving Entities	The Receiving Entities whose names are mentioned in page viii of this Prospectus.
Regulation S	The provisions of Regulation S of the United States Securities Act of 1933G, as amended.

Related Party	In this Prospectus, in accordance with the Glossary of Defined Terms Used in the Regulations and Rules of the Authority issued by CMA Board under Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 10/04/2004G), as amended by the CMA Board's Resolution No. 5-5-2022 dated 02/06/1443H (corresponding to 01/05/2022G), a "**Related Party**" or "**Related Parties**" includes any of the following: a- affiliates of the Issuer; b- major Shareholders in the Issuer; c- Directors and Senior Executives of the Issuer; d- directors and senior executives of the affiliates of the Issuer; e- directors and senior executives of the Issuer's Substantial Shareholders; f- any Relatives of the persons referred to in points A, B, C, D, and E above; or g- Any company controlled by any person referred to in points A, B, C, D, E, or F above. For the purpose of Paragraph G, "**control**" shall mean the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (a) holding 30% or more of the voting equity in a company, and (b) having the right to appoint 30% or more of the members of the administrative staff; and the word "**controlling**" shall be construed accordingly.
Relatives	Husband, wife and minor children; For the purpose of the Corporate Governance Regulations: • fathers, mothers, grandparents, grandmothers, and ascendants thereof; • children, grandchildren, and descendants thereof; • full brothers and sisters, parental and maternal half brothers and sisters; and • husbands and wives.
Retail Investors	Saudi natural persons including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit, or in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC natural nationals who have a bank account with one of the Receiving Entities and may open an investment account.
Rules of Listed Companies	Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies passed by CMA's Board pursuant to Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 10/17/2016G), as amended pursuant to CMA's Board Resolution No. 4-122-2020 dated 03/04/1442H (corresponding to 11/18/2020G).
SAR or Saudi Riyal	Saudi Arabian Riyal, the lawful currency of the Kingdom.
Saudization	Saudization requirements applicable in the Kingdom in relation to the labor market.
Secretary	The secretary of the Company's Board of Directors.
Selling Shareholders	As of the date of this Prospectus, the Selling Shareholders are: 1- Meadow Saudi Arabia LLC; and 2- Meadow Holdings Limited (Cayman).
Senior Executives	Any natural person assigned, individually or jointly with other persons, by the Company's Board or by a Director to oversee and manage tasks, and directly reports to the Board, Director or CEO.
SFDA	The Saudi Food and Drug Authority.
Shareholders	Any owner of shares in the Company.
Shares	Twenty-five million, five hundred thousand (25,500,000) fully paid ordinary shares in the Company with a nominal value of ten Saudi Riyals (SAR 10) per share.
Soft and Non-Soft Drinks Supply Agreement	A supply agreement concluded with PepsiCo-Cork on 10/10/1439H (corresponding to 06/24/2014G).
Sub-Franchised Domino's Stores	Domino's stores in Kuwait, Pakistan, Makkah and Altaif that are operated through Domino's Stores Development and Operation Agreements concluded with sub-franchisees of third parties.
Subscribers	Include the Participating Parties and Retail Investors.
Subscription Application Form	The Subscription Application Form that Individual Investors and Retail Investors and Participating Parties (as applicable) must fill in to subscribe to the Offer Shares.
Subsidiaries	Alamar Foods Qatar, Alamar Foods UAE, Alamar Foods Egypt, Alamar DMCC, Alamar Foods Bahrain, Alamar Foods Oman, Alamar Foods Kuwait, Alamar Foods Lebanon, Alamar Foods Jordan, Kasual Plus, and HEA Trade and Services (Morocco).
Substantial Shareholders	Each person owning 5% or more of the Company's shares, and they are, as of the date of this Prospectus, Abdulaziz Ibrahim AlJammaz Company, Meadow Saudi Arabia, and Meadow Holdings Limited.
Territory of the Dunkin' Development Agreement in Morocco	The lands of the Kingdom of Morocco, except for some non-traditional store locations including, but not limited to, airports, military, diplomatic or governmental facilities, academic institutions, train stations or highway service areas existing at the present time or in future in Morocco.

Public	The persons other than those listed below: 1- affiliates of the Issuer; 2- major Shareholders in the Issuer; 3- Directors and Senior Executives of the Issuer; 4- directors and senior executives of the affiliates of the Issuer; 5- directors and senior executives of the major Shareholders of the Issuer; 6- any Relatives of the persons referred to in points 1, 2, 3, 4, or 5 above; 7- any company controlled by any person referred to in points 1, 2, 3, 4, 5 or 6 above; and 8- persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
UAE	United Arab Emirates.
Underwriter	HSBC Saudi Arabia.
Underwriting Agreement	The underwriting agreement to be entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
US Securities Act	The US Securities Act of 1933G, as amended.

2. Risk Factors

Prospective investors should carefully consider all information provided in this Prospectus, particularly the following risks, prior to deciding to invest in the Offer Shares. The risks described below are those that the Company currently believes could affect the Company and any investment in the Offer Shares. The risks described below do not necessarily comprise all the risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that are not currently known to the Company, or that the Directors currently believe to be immaterial. The occurrence of any such risks may materially and adversely affect the Company's business, financial condition, results of operations, and future prospects, the trading price of the Shares and the Company's ability to pay dividends, which may cause investors to lose all or a portion of their investment in the Shares.

The Directors confirm that, to the best of their knowledge and belief, there are no material risks, besides those mentioned in this Section, that may affect investors' decisions to invest in the Shares as at the date of this Prospectus. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks and benefits of such investment and Offer Shares in general and the economic and regulatory environment in which the Group operates in particular.

An investment in the Offer Shares is appropriate only for those investors who are able to evaluate the risks of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should refer to a financial advisor duly licensed by the CMA for advice about investing in the Offer Shares.

The risks described below are not presented in order of priority based on their importance or expected effect on the Group. There may be additional risks that the Group is currently not aware of, or that it currently believes to be immaterial, which may in the future have the same effects or consequences stated in this Prospectus. Accordingly, the risks described in this Section or in any other section of this Prospectus may not: (a) include all risks that may affect the Group or its operations, activities, assets, or the markets in which it operates, and/or (b) include all of the risks relating to the investment in the Offer Shares.

2.1 Risks Related to the Group's Business

2.1.1 Risks Related to Dependence on Domino's Master Franchise Agreement

The Group's Domino's-related business is dependent on the terms of Domino's Master Franchise Agreement concluded between the Company and Domino's Pizza Overseas Franchising B.V. (hereinafter referred to as "**Domino's Master Franchisor**"), dated 28/06/1443H (corresponding to 01/31/2022G) (hereinafter referred to as "**Domino's Master Franchise Agreement**"), under which Domino's Master Franchisor grants, among other things, the Group with the exclusive right to develop and operate, to sub-franchise the right to develop and operate, and to grant sub-franchises to develop and operate Domino's stores in the Kingdom, Bahrain, Kuwait, Oman, Qatar, Emirates, Tunisia, Algeria, Morocco, Libya, Egypt, Yemen, Jordan, Lebanon, Iraq and Pakistan (hereinafter referred to as the "**MENAP region**"). The Domino's Master Franchisor has also granted the Group the operation rights for each Domino's store within the MENAP region pursuant to the Store Franchise Agreements entered into separately for each Domino's store (for further information on Domino's Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The sales generated from this Agreement represented 96.1%, 92.6% and 90.8% of the Group's consolidated sales in the financial years ended in 2019G, 2020G and 2021G, respectively. Sales in the Kingdom, UAE and Egypt accounted for 86.2%, 85.1% and 88.6% of the total sales of Domino's stores for the financial years ended 2019G, 2020G and 2021G, respectively.

The current term of Domino's Master Franchise Agreements expires on the earlier of (i) the date on which all Store Franchise Agreements and Domino's Stores Development and Operation Agreements entered into pursuant to Domino's Master Franchise Agreement with the Group or its sub-franchisees, as applicable, have expired or terminated, or (ii) fifteen (15) years after the date of the Agreement (i.e., on 14/12/1458H (corresponding to 01/31/2037G). Domino's Master Franchise Agreement will automatically renew for one additional ten (10) year term after the expiration of the initial term unless the Company, at its discretion, notifies the Domino's Master Franchisor of its desire not to renew at least six (6) months and no more than twelve (12) months prior to the expiration date of the initial term, provided that the Group has complied with certain commercial, legal and operational conditions as set out in Domino's Master Franchise Agreement, including the Group and the Domino's Master Franchisor having agreed a further development schedule for the renewed period. A renewed Domino's Master Franchise Agreement may include higher costs and have terms that substantially differ from the terms of the existing Domino's Master Franchise Agreement. As a result, the Group's ability to renew Domino's Master Franchise Agreement is dependent upon the good standing of the Group with respect to its contractual relationship with the Domino's Master Franchisor (including under the Store Franchise Agreements) and its ability to agree to a further development schedule in the relevant territories. It is worth noting that the Group, in accordance with Domino's Master Franchise Agreement, shall enter into a Store Franchise Agreement with Domino's Master Franchisor regarding any Domino's store opened, and the term of the Store Franchise Agreement shall be ten (10) years starting from the date of signing the relevant agreement and shall be automatically renewed for a period of ten (10) years, unless the Group is notified by Domino's Master Franchisor of its unwillingness to renew six (6) months prior to the expiration of the relevant agreement. Therefore, if Domino's Master Franchise Agreement expires in accordance with its terms and conditions, this does not necessarily mean the expirations of the Store Franchise Agreements concluded thereunder. The Group may not be able to renew Domino's Master Franchise Agreement or the Store Franchise Agreements on favorable terms and conditions to the Group or at all. In addition, the Group may not be able to agree on the further development schedule which will affect its ability to renew Domino's Master Franchise Agreement. If the Group fails to renew Domino's Master Franchise Agreement or the Store Franchise Agreements, or if renewed on unfavorable terms and conditions to the Group, this will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group's ability to continue operating its Domino's business, as currently operated, is dependent on its compliance with the terms of Domino's Master Franchise Agreement. Domino's Master Franchise Agreement contains payment obligations of the Group as well as operational conditions which the Group must meet, including the obligation to obtain the consent of the Domino's Master Franchisor to open any Domino's store and to enter into a franchise agreement for the relevant store with the Domino's Master Franchisor for each Domino's store opened (for further information on these conditions, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). As of the date of this Prospectus, the Group has not received any formal notice of a breach from the Domino's Master Franchisor. If the Group breaches any of the conditions of Domino's Master Franchise Agreement, the Domino's Master Franchisor may terminate it. However, pursuant to Domino's Master Franchise Agreements, if the Group is unable to comply with certain obligations, including, for example, failure by the Group to make payments when due or to comply with its obligations in respect of the quality of pizza or the cleanliness or sanitation of any Domino's store, the Domino's Master Franchisor shall, in lieu of terminating Domino's Master Franchise Agreement, be entitled to either: (i) reduce the territory within which the Group currently has the exclusive right to develop and operate, and to sub-franchise the right to develop and operate Domino's stores as deemed appropriate by the Domino's Master Franchisor; or (ii) require the Group to assign its rights under all or any of its agreements with sub-franchisees to the Domino's Master Franchisor (for further information on the termination rights of the Domino's Master Franchisor, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). To the extent that the Domino's Master Franchisor exercises any such rights, the Group will be required to cease its Domino's-related operations, either fully or partially, and transfer such operations to the Domino's Master Franchisor, which will result in the Group losing a significant portion of its revenue. In addition, this may result in the Company defaulting on paying the amounts due to its lessors and/or suppliers who may subsequently raise claims for such amounts, or being forced to sell some of its assets at less than their market value, any of which could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

On the other hand, Domino's Master Franchise Agreement includes restrictions imposed on the Group and its direct Shareholders that prevent them, for the duration of Domino's Master Franchise Agreement, from competing directly or indirectly in any work or any business primarily engaged in the provision or delivery of pizza or participating in any activity or entity that has franchises, licenses, or grants to others the right to operate a pizza provision or delivery business in the geographical territory subject to the applicable agreement, without the prior consent of Domino's Master Franchisor. Therefore, in the event that the Group wishes to carry out any of these activities, the Group may not be able to obtain the prior consent of the Domino's Master Franchisor for that activity, which may result in the Group's inability to expand its business. Moreover, the Group's conduct of such activity without the prior consent of the Domino's Master Franchisor may lead to the termination of Domino's Master Franchise Agreement as a case of breach of that restriction, which will have an adverse effect on the Group's business, results of operations, financial position and future prospects. In addition, pursuant to Domino's Master Franchise Agreement, the Group and its Shareholders (existing as at the time of termination or expiration of Domino's Master Franchise Agreement) agree that, upon termination or expiration of Domino's Master Franchise Agreement, they shall not for a period of two (2) years (commencing on the effective date of termination or expiration), directly or indirectly, engage in any activities primarily involved in the provision or delivery of pizza or engage in any activity or entity that has franchises or licenses, or grants to others the right to operate or deliver a pizza delivery business in the geographical territory subject to the Agreement, without the consent of Domino's Master Franchisor. Consequently, upon the expiration or termination of Domino's Master Franchise Agreement, the Group will not be able, for a period of two (2) years, to engage in any activities primarily involved in serving or delivering pizza or engaging in any activity or entity that has franchises or licenses, or grants to others the right to operate or deliver a pizza delivery business in the MENAP region unless consented by Domino's Master Franchisor, which are activities that form a significant portion of the Group's business. Consequently, this will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.2 Risks Related to Dependence on Dunkin' Master Franchise Agreements

The Group's Dunkin-related business is based on the terms of the two Dunkin' Franchise Agreements concluded with Dunkin' Donuts Franchising (the "**Dunkin' Master Franchisor**"), which are a Master Franchise Agreement between Alamar Foods Egypt and Dunkin' Master Franchisor dated 02/11/1435H (corresponding to 08/28/2014G) and amended on 10/10/1441H (corresponding to 06/02/2020G) in connection with the franchise of Dunkin' stores in Egypt (the "**Dunkin' Egypt Master Franchise Agreement**"), and the Master Franchise Agreement concluded between Alamar DMCC and Dunkin' Master Franchisor on 15/10/1441H (corresponding to 06/07/2020G) and amended on 19/03/1443H (corresponding to 10/25/2021G) in relation to the franchise of Dunkin' stores in Morocco (referred to as the "**Dunkin' Morocco Master Franchise Agreement**", and together with the Dunkin' Egypt Master Franchise Agreement as the "**Dunkin' Master Franchise Agreements**"), under which Dunkin' Master Franchisor grants a number of rights, which include the right to develop, open and operate Dunkin' stores in Egypt and Morocco. Dunkin' Master Franchisor also granted the Group limited exclusive rights, under which Dunkin' Master Franchisor will not grant a license to any third party other than the Group to develop and open Dunkin' stores in Egypt or Morocco, other than with respect to "**non-traditional**" store locations, such as train stations, airports, entertainment and sports complexes, convention centers, and limited-access highway food facilities (for further information on the two Dunkin' Master Franchise Agreements, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The basic sales generated from these agreements represented 5.2% and 7.3% of the Group's total sales in the financial years ended in 2020G, and 2021G, respectively. The Group achieved the entire Dunkin' revenue from Egypt during the financial years ended 2019G, 2020G, 2021G.

The development rights granted under each of the two Dunkin' Master Franchise Agreements expire on 14/06/1446H (corresponding to 12/15/2024G). As for the Dunkin' Egypt Master Franchise Agreement, the two parties shall, subject to the Group's compliance with its obligations, meet at or before the lapse of ten (10) years from the effective date of the Agreement (i.e., 24/02/1446H (corresponding to 08/28/2024G)) to negotiate the terms and conditions under which the Dunkin' Egypt Franchise Agreement may be renewed. Such renewal shall be approved at the discretion of Dunkin' Master Franchisor. The Dunkin' Morocco Master Franchise Agreement does not contain a similar term. Accordingly, the parties will have to reach an agreement on any terms and conditions for the renewal. As a result, the Group's ability to renew the two Dunkin' Master Franchise Agreements depends on its ability to agree on the terms and conditions of such renewal. It should be noted that in accordance with Dunkin' Master Franchise Agreements, the Group's right to operate any Dunkin' store opened thereunder shall continue for a period of twenty (20) years from the opening date of the relevant store. Upon the expiration of such period, Dunkin' Master Franchisor shall have the right to extend, or refrain from extending, the operating period of the relevant store. Therefore, if Dunkin' Master Franchise Agreements expire in accordance with its terms and conditions, this does not necessarily mean the expirations of the operation period of the stores opened thereunder. The Group may not be able to renew Dunkin' Master Franchise Agreements or the operating period of the Dunkin' stores opened thereunder on favorable terms and conditions to the Group or at all. If the Group fails to renew Dunkin' Master Franchise Agreements or the Store Franchise Agreements or the operating period of the Dunkin' stores opened thereunder on unfavorable terms and conditions to the Group, this will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group's ability to continue operating its Dunkin' business, as currently operated, is dependent on its compliance with the terms of Dunkin' Master Franchise Agreements. Each of Dunkin' Master Franchise Agreements includes payment obligations of the Group as well as operational conditions that the Group must meet. As of the date of this Prospectus, the Group has not received any formal notice of the breach from Dunkin' Master Franchisor. In the event that the Group is unable to fulfill its obligations under Dunkin' Master Franchise Agreements, Dunkin' Master Franchisor shall have the right to terminate the agreements in accordance with their terms. Dunkin' Master Franchisor may terminate the Dunkin' Egypt Master Franchise Agreement in the event that Alamar Foods Egypt breaches the terms of the Agreement with thirty (30) days' written notice without the remedy of the breach. Dunkin' Master Franchisor may terminate the Dunkin' Morocco Master Franchise Agreement with ten (10) days' written notice where Alamar DMCC fails to pay the amounts due to Dunkin' Master Franchisor under the Dunkin' Morocco Master Franchise Agreement or with thirty (30) days' written notice for other remediable breaches that are not remedied during such period. As for breaches that cannot be remedied, Dunkin' Master Franchisor may terminate the Dunkin' Morocco Master Franchise Agreement immediately upon written notice (for further information on Dunkin' Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of the Prospectus). Upon termination due to a breach of either of Dunkin' Master Franchise Agreements, Dunkin' Master Franchisor may require the Group to immediately cease its Dunkin' operations or transfer such operations to Dunkin' Master Franchisor, which would result in the Group losing a portion of its revenue. In addition, this may result in the Company defaulting on paying the amounts due to its lessors and/or suppliers who may subsequently raise claims for such amounts, or being forced to sell some of its assets at less than their market value, any of which could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

In accordance with the Dunkin' Morocco Master Franchise Agreement, Alamar DMCC entered into an agreement to develop an area in Morocco with HEA Trade and Services (Morocco) on 02/04/1443H (corresponding to 11/07/2021G) (the "**Dunkin' Development Agreement in Morocco**"), by which Alamar DMCC grants HEA Trade and Services (Morocco) the exclusive right to open, develop and operate Dunkin' stores in Morocco starting from 21/11/1442H (corresponding to 07/01/2021G) (for further information on this agreement, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). Alamar DMCC may terminate the Dunkin' Development Agreement in Morocco immediately in certain cases stipulated in the agreement, including, but not limited to, in the event that HEA Trade and Services (Morocco) stops operating the Dunkin' stores in Morocco, the occurrence of any operational accidents at Dunkin' stores in Morocco that threaten public health and safety, or the opening of any new Dunkin-branded locations without obtaining the approval of Dunkin' Master Franchisor. Alamar DMCC and Dunkin' Master Franchisor may terminate the Dunkin' Development Agreement in Morocco in cases other than those provided for under the right of immediate termination with ten (10) days' written notice in case of failure to pay the amounts due to Dunkin' Master Franchisor, or with thirty (30) days' written notice for other remediable breaches that are not remedied during such period. Upon termination due to a breach of the Dunkin' Morocco Master Franchise Agreement, HEA Trade and Services (Morocco) shall immediately cease its Dunkin-related operations in Morocco. The Group may not be able to find a replacement to operate Dunkin' stores in Morocco, which would result in the Group losing a portion of its revenue. Moreover, this may result in HEA Trade and Services (Morocco) failing to pay the amounts owed to the lessors and/or suppliers it contracts with and failing to demand such amounts from them, or having to sell some of its assets at less than their market value, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

In addition, pursuant to Dunkin' Master Franchise Agreements, the Group must annually open and maintain a specific number of Dunkin' stores in Egypt and Morocco, respectively (for further information on this, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). If the Group fails to comply with these obligations, Dunkin' Master Franchisor will have the right to: (i) terminate the limited exclusivity right granted to the Group; (ii) terminate its right to develop, open and operate Dunkin' stores; and/or (iii) develop (or license others to develop) Dunkin' stores, in Egypt or Morocco (as applicable). To the extent that Dunkin' Master Franchisor exercises any such rights, the Group's Dunkin'-related operations in Egypt or Morocco (as applicable) will be adversely affected, which, in turn, will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

Pursuant to Dunkin' Master Franchise Agreements, the Group must fully indemnify Dunkin' Master Franchisor, its subsidiaries, affiliates, successor and assignors, and their respective directors, officers, shareholders, partners, agents, representatives, servants and employees in connection with any losses incurred by them as a result of any initial public offering of any of the Group's companies. To the extent that any such losses are incurred as a result of an offering, Dunkin' Master Franchisor will be entitled to an indemnity from the Group, which will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The Company also provided guarantees under the two Dunkin' Master Franchise Agreements. On 02/11/1435H (corresponding to 08/28/2014G), the Company provided a guarantee that the obligations of Alamar Foods Egypt shall be fully implemented and all financial obligations under Dunkin' Egypt Franchise Agreement shall be made to Dunkin' Master Franchisor. On 14/10/1441H (corresponding to 06/07/2020G), the Company provided a guarantee that the obligations of Alamar DMCC shall be fully implemented and all financial obligations under the Dunkin' Morocco Master Franchise Agreement shall be made to Dunkin' Master Franchisor (for further information, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). In the event that either Alamar Foods Egypt or Alamar Foods DMCC breaches their obligations under Dunkin' Franchise Agreements, Dunkin' Master Franchisor will have the right to require the Company to fulfill its obligations in full and perform all financial obligations related to such two agreements. This could lead to the Company incurring additional costs to implement the obligations of Alamar Foods Egypt or Alamar DMCC under Dunkin' Master Franchise Agreements, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

On the other hand, Dunkin' Master Franchise Agreements, the Dunkin' Development Agreement in Morocco and the Company's guarantees contain restrictions on the Group that, for the term of Dunkin' Master Agreements and the Dunkin' Development Agreement in Morocco, prevent them from competing in any business that involves the manufacture, distribution or sale of products similar to Dunkin' products in the geography subject to the relevant agreement. This does not include a business with 10% or less of its revenue being generated from the sale of these products (for the Company, under the guarantees it provided under Dunkin' Master Franchise Agreements and Dunkin' Development Agreement in Morocco) as well as restrictions on the Company that prevent it from using or disclosing any confidential information obtained from Dunkin' Master Franchisor under these guarantees or the Company's activities. Therefore, in the event that the Group wishes to carry out any of these activities in Egypt and Morocco, the Group may not be able to obtain a waiver of such restrictions from Dunkin' Master Franchisor, which may result in the Group's inability to expand its business. Moreover, the Group's conduct of such activity without the prior consent of Dunkin' Master Franchisor may lead to the termination of Dunkin' Master Franchise Agreements or Dunkin' Development Agreement in Morocco as a case of breach of that restriction, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects. Additionally, in accordance with Dunkin' Master Franchise Agreements and the Dunkin' Development Agreement in Morocco, the Group may not, for a period of two years after the transfer or expiration of the relevant Dunkin' Master Franchise Agreement, own directly or indirectly, either for itself or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, engage in or have any interest in any business in the relevant territory involving the manufacture, distribution or sale of coffee, bagels and/or bakery products other than any business of which 10% or less of such business's revenue is derived from the sale of such products. Consequently, upon the expiration or termination of the relevant Dunkin' Master Franchise Agreement or Dunkin' Development Agreement in Morocco, the Group will be contractually restricted for a period of two years from operating any business involving the manufacture, distribution or sale of coffee, bagels and/or bakery products in the relevant territory, which are activities that form a significant portion of the Group's business. Consequently, this will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.3 Risks Related to Domino's Sub-Franchisees

Pursuant to Domino's Master Franchise Agreement, the Group has entered into sub-franchise arrangements with third-party sub-franchisees in Makkah and Altaif provinces in the Kingdom, Kuwait and Pakistan. SAR 18.0 million, SAR 15.5 million and SAR 16.5 million of the Group's sales in the financial years ended December 31, 2019G. 2020G, and 2021G, respectively, were generated from the sale of supplies to its Domino's sub-franchisees (for further information on Domino's Stores Development and Operation Agreements, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). Accordingly, the Group is reliant on the performance of its Domino's sub-franchisees in successfully opening and operating franchised stores and paying for supplies, royalties and other fees to the Group on a timely basis. Any failure by the Domino's sub-franchisees to observe their obligations under the relevant Domino's Stores Development and Operation Agreements, including as a result of any financial difficulty on the part of the Domino's sub-franchisees, may impact the Group's ability to collect due payments from Domino's sub-franchisees, which in turn, may damage the Group's relations with the Domino's Master Franchisor and harm the goodwill associated with the Domino's brand and the Group's reputation. Consequently, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

Domino's sub-franchisees are independent operators, and their employees are not the Group's employees. Accordingly, their activities are outside of the Group's control. The Group cannot be certain that the Domino's sub-franchisees will have the business acumen or financial resources necessary to operate successful franchises. Moreover, Domino's sub-franchisees may not successfully operate franchised stores in a manner consistent with the Group's standards, requirements or strategy, and/or the standards imposed by the Domino's Master Franchisor, and may not hire and adequately train qualified managers and other store personnel and it may not have the financial resources to renovate stores consistent with the Group's strategy. From time to time, the Domino's sub-franchisees may disagree with or resist elements of the Group's strategy including new pricing initiatives or investments in their stores, such as renovation, or may otherwise put pressure on the Group to change or abandon certain policies or procedures. Pursuant to the Domino's Stores Development and Operation Agreements with sub-franchisees, the Company may terminate any of these agreements in certain cases, including, but not limited to, where the sub-franchisees stop operating Domino's stores subject to the agreements or are unable to operate them continuously, or if they provide false reports on sales at Domino's stores subject of these agreements. In the event that any of the sub-franchisees breach any of the agreements to develop and operate Domino's stores, the Company may have to terminate such agreements and the Company may not be able to find other operators to conclude contracts with in order to operate Domino's stores that are the subject of the terminated agreements. In addition, the Group may incur additional costs and its business may be interrupted due to the operation or transfer of Domino's stores to another sub-franchisee. In addition, the failure of the Domino's sub-franchisees to operate their franchises successfully or in line with the Group's strategy and standards, including actions taken by their employees, would have an adverse effect on the Group's reputation, its relations with the Domino's Master Franchisor, trademark and ability to attract prospective sub-franchisees and, consequently, the Group's business, results of operations, financial position and future prospects.

It is also worth noting that the Company entered into a Domino's Stores Development and Operation Agreement on 16/11/1435H (corresponding to 09/11/2014G) with Yazid Ahmed Ali Al-Aqeel (owner of First Future Catering Corporation), according to which it granted him a sub-franchise to develop and operate Domino's stores in Makkah and Altaif regions in the Kingdom (hereinafter referred to as "**Domino's Stores Development Agreement in Makkah and Altaif**"). Domino's Stores Development Agreement in Makkah and Altaif terminates with immediate effect in the event of death, mental disability or permanent disability of the sub-franchisee (Yazid Ahmed Ali AlAqeel). Therefore, in the event of any of these cases, the Group may not be able to enter into an alternative agreement with another sub-franchisee in Makkah and Altaif. In addition, the Group may incur additional costs and interruptions in its business in order to operate or transfer Domino's stores located in Makkah and Altaif to another sub-franchisee, which will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.4 Risks Related to Agency Arrangements in Some Jurisdictions in which the Group Operates

The Group operates in a number of countries by registering a certain percentage of the Company's shares in the names of agents, noting that the Company is the actual owner of the shares registered in the name of the agents, for the purpose of fulfilling legal requirements in some countries, such as restrictions on single-person companies. These arrangements include registering 1% of the shares of Alamar Foods UAE in the name of Ibrahim Abdulaziz AlJammaz on behalf of the Company; 51% of the shares of Alamar Foods Qatar in the name of Links Management Services Company on behalf of Alamar Foods Bahrain; 20.5% of the shares of Alamar Foods Jordan in the name of Zahrat Al-Yasmeen Restaurant Management Company on behalf of Alamar DMCC; 1% of the shares of Alamar Foods Bahrain in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, and 60% of the shares of Alamar Foods Kuwait in the name of Peregrine General Trading and Contracting Company on behalf of Alamar DMCC (for further information about these arrangements, please refer to Section 12.2.3 "**Subsidiaries**" of this Prospectus). The existing agency arrangements may not be consistent with the laws and regulations of the relevant countries. In addition, the Group's agents under agency arrangements may not perform their obligations towards the Group. In the event that these agency arrangements contradict the laws and regulations of the relevant countries, this may expose the Group to regulatory sanctions. The Group may also be exposed to losses in the event that the agents fail to comply with any of their obligations towards the Group. The Group may not be able to file any claims against them for such losses, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.5 Risks Related to Retaining Existing Customers or Attracting New Ones

The growth of the Group's business and revenues depends on its ability to continue to retain its existing customers and attract new customers at appropriate costs. If the Group is unable to increase the number of its stores at an adequate pace or at all, it may not be able to attract more customers. Moreover, the Group will not be able to retain existing customers if they are not satisfied with the products, prices, variety of options or the quality and timeliness of the services provided. The Group may also not be able to retain existing customers or attract new ones if it is unable to remain relevant with its customer base or if the identity or reputation of the brands operated by the Group is tarnished for any reason (for further information on the risks related to reputation, please refer to Section 2.1.24 "**Risks Related to the Group's Reputation and Dependence on the Continued Success and Reputation of Domino's and Dunkin' Brands**" of this Prospectus). Failure to retain existing customers or attract new ones would have an adverse effect on the Group's business, results of operations, financial position and future prospects. Additionally, the Group may incur significant costs in order to attract customers away from competitors, especially when entering into new geographical markets (for further information on the risks related to competition, please refer to Section 2.2.1 "**Risks Related to Competition**" of this Prospectus). This would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.6 Risks Related to the Ability of the Group's Infrastructure and Internal Systems to Adequately Support its Planned Growth and Strategy

The Group's existing internal systems and controls, distribution and delivery networks and information technology systems may not be adequate to support its planned growth and strategy (for further information on the Group's planned growth and strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus). In order to be able to manage its growth effectively, the Group must continuously improve and develop its systems, procedures and control capabilities, in addition to attracting, training and maintaining specialized operating personnel. The Group may not be able to respond on a timely basis to the demands that its planned growth and strategy will impose on management and on the Group's existing infrastructure, or the Group may prove unable to hire or retain the necessary management and operating personnel. Not meeting such demands could cause the Group to operate its existing business less effectively, which in turn could cause deterioration in the Group's financial performance. If the Group experiences a decline in financial performance, it may decrease the number of stores to be opened or discontinue store openings or limit the growth of its franchise system, or it may decide to close stores that it is unable to operate in a profitable manner. Consequently, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.7 Risks Related to Reliance on Key Suppliers and Service Providers

The Group's operations are dependent on adequate and timely deliveries of basic food ingredients, packaging materials and other necessary supplies that meet its stores' requirements. The Group depends substantially on approved suppliers from which it purchases basic food ingredients and packaging materials. The Group entered into six (6) material supply agreements in relation to its supply of cheese, meat, poultry, food ingredients, soft and non-soft drinks and carton boxes (for further information, please refer to Section 12.5.3 "**Supply Agreements**" of this Prospectus). A failure of any of the Group's suppliers to provide the Group's stores with sufficient quantities of basic food ingredients and packaging materials within the specified time and to agreed standards as a result of shortages, interruptions in their own supplies, or any other factors, may result in a disruption or delay in delivering the ingredients, packaging materials and other necessary supplies that the Group's stores require. Even if there are sufficient numbers of alternative suppliers for the Group's basic food ingredients and packaging materials, shortages or other industry-wide disruptions could occur, such as in connection with the COVID-19 Pandemic, and the Group may not be able to obtain replacement food ingredients, packaging materials of adequate quality or sufficient quantity on commercially acceptable terms and on time, which could require the Group to incur additional costs and, consequently, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group may not be able to directly guarantee the effectiveness and quality of suppliers and service providers when executing contracts. The Group may be indirectly liable if such suppliers and service providers are unable to successfully implement their obligations under such contracts and deliver products or services within the specified timeframe and to the agreed standards. If the Group is unable to recover losses (in whole or in part) as a result of a default by suppliers or service providers, such losses will have to be borne by the Group. Consequently, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

It should be noted that Alamar Foods Company entered into a distribution services agreement with Food Emporium LLC (hereinafter referred to as "**Emporium**") on 06/10/1440H (corresponding to 06/09/2019G), according to which Emporium obtains, purchases, imports, stores and distributes products to the franchisees (hereinafter referred to as the "**Food Supply and Distribution Agreement**"), which may be terminated by either party by a written notice of sixty (60) days. In the event Emporium terminates the Food Supply and Distribution Agreement, the Company may not be able to find an alternative supplier capable of carrying out the supply activities on favorable terms or at all, which may result in the Group incurring additional costs or lead to supply interruption to the franchisees. This would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

In addition, pursuant to Domino's Master Franchise Agreement, the Group may not use, or approve for use by its sub-franchisees, any ingredients, supplies or materials used in the preparation, packaging and delivery of the Domino's products unless such supplier has been previously approved in writing by the Domino's Master Franchisor (for further information on Domino's Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The Group may fail to maintain suppliers which have been previously approved by the Domino's Master Franchisor or new suppliers which meet the standards of the Domino's Master Franchisor in a timely manner or at all. Consequently, this may result in a temporary or permanent suspension of the Group's operations, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.8 Risks Related to the Group's Ability to Accurately Estimate Demand for Food Products

The supply of basic food ingredients and packaging materials for the Group's food products is based primarily on a demand planning process conducted by the Group, which takes into consideration inventory levels, as well as forecasts of the Group's rolling sales for the following twelve-month period. The Group relies on such forecasts in its dealing with its third-party suppliers and distributors (for further information on the Group's supply agreements, please refer to Section 12.5.3 "**Supply Agreements**" of this Prospectus). An inability to accurately forecast demand may occur as a result of a host of factors, including changes in consumer behavior and trends, in addition to unexpected events such as the COVID-19 Pandemic, and could lead to an excess or shortage in the supply of ingredients and packaging materials from third-party suppliers and distributors. Consequently, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.9 Risks Related to the Group's Reliance on Leased Properties

The Group relies on leased locations for its stores (for further information on the Group's leases, please refer to Section 12.7.2 "**Real Estate Leased by the Company and its Material Subsidiaries**" of this Prospectus). Since the Group's lease agreements have a fixed term and are renewed at the request of the parties to the agreement, any rental increase imposed by the lessors on the Group upon renewal will cause the Group to incur additional unforeseen liabilities, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

One lease agreement for the Company's Domino's store and twelve (12) lease agreements for employee accommodation, and offices in the Kingdom have expired within the ordinary course of business, which the Company is in the process of renewing as of the date of this Prospectus. The Company uses rented real estate to accommodate its employees in the Kingdom pursuant to two lease agreements. These lease agreements are not concluded in the name of the Company; however, are under the process of being transferred to the name of the Company as of the date of this Prospectus. In addition, one lease agreement of Domino's store in the UAE operated by Alamar Foods UAE have expired within the ordinary course of business, which Alamar Foods UAE is in the process of renewing as of the date of this Prospectus.

The Group may not be able to renew or transfer all lease agreements to its name, or such agreements may be renewed or transferred to its name under different terms and conditions which may not be commensurate with the Group's plans and strategic objectives. If the Group is required to vacate any of its leased sites due to termination or non-renewal of the relevant lease agreement, the Group will incur additional costs in respect of the relocation to a new site, which may include an increase in the lease value and/or costs associated with necessary renovations of the new site. In addition, as it relocates to a new site, the Group may temporarily lose revenues that would have otherwise been generated by the relevant store. Consequently, any costs associated with the relocation, coupled with any temporary loss of revenue, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.10 Risks Related to Fluctuations of the Real Estate Sector in the Geographies and Jurisdictions in which the Group Operates

The Group's profitability is significantly impacted by lease rates, given that rent expenses represented 10.7%, 10.1% and 8.7% of the Group's total costs in the financial years ended December 31, 2019G, 2020G and 2021G, respectively. In recent years, the real estate sector in some of the countries in which the Group operates has experienced several fluctuations in both real estate prices and rental rates as a result of market factors such as increases in the supply of retail space. The Group's business is directly affected by such fluctuations, where an increase in rental prices above the Group's expectations, even if temporary, may result in losses to the Group which could lead to the reduction or suspension of any or all of its operations. As the Group's business relies directly on the real estate sector, it is exposed to sectoral concentration compared to companies with more diverse business lines. As a result, unfavorable fluctuations in the real estate sector would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.11 Risks Related to Identifying Suitable Locations for New Stores

The Group's performance depends, to a significant extent, on the locations of its stores. When selecting a site for a new store, the Group's management takes into account various factors, including, but not limited to:

- population density and customer traffic;
- proximity and performance of competitors in the surrounding area;
- customer accessibility, including parking areas;
- site characteristics and suitability to the specifications of the Group's building plans;
- ability to negotiate and obtain acceptable lease terms;
- the Group's existing stores in the same vicinity; and
- the Group's existing distribution and supply chain capabilities.

The Group secures the locations through lease agreements, as determined on a case-by-case basis. In the future, the Group will need to secure new locations to support its planned growth and strategy (for further information on the Group's planned growth and strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus). However, the locations available for new stores in proportion to the Group's objectives may not be available. If the Group faces difficulties in securing suitable locations in line with its expansion strategy, the Group's growth opportunities will be adversely affected, which in turn would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.12 Risks Related to the Dependence of the Group's Growth Strategy in Part on Opening Profitable New Stores

As part of the Group's planned growth and strategy, the Group intends to increase its number of stores, including sub-franchised stores, by 50% by 2025G (for further information on the Group's planned growth and strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus). Each new store may take some time from its opening date to reach profitable operating levels due to inefficiencies typically associated with new stores, including lack of market awareness, competition and the need to hire and train new staff. There can be no assurance that any new store will be profitable or will achieve its projected investment returns. Additionally, the Group's new stores could impact the sales of its existing stores in the same vicinity given that some customers may prefer visiting or placing orders at the new stores. Market cannibalization may occur or become more significant in the future as the Group increases its presence in existing markets, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

As of December 31, 2021G, the Group operates three hundred and eighty-three (383) Domino's branches owned by the Company (of which two hundred and forty-seven (247) are located in the Kingdom) and forty-four (44) Dunkin' branches owned by the Company (forty (40) of which are located in Egypt and four (4) are located in Morocco). The new branches contributed SAR 30.4 million, SAR 37.3 million and SAR 39.1 million of the total revenue in 2019G, 2020G and 2021G, respectively, including SAR 20.3 million from the acquisition of operations in Morocco during 2020G.

2.1.13 Risks Related to Renovations of the Group's Stores

The Group's existing stores require continuous renovation, expansion and improvement in order to maintain their attractiveness and continued demand by the Group's customers. Due to the development of the restaurant and cafe sector in the geographies in which the Group operates, the aspirations, tastes and choices of customers may change. This may include, but is not be limited to, anticipation for a change of design that is more innovative and the provision of a more diverse range of product options. The Group's existing stores may not be capable of being renovated in a way that meets such aspirations. In addition, the Group's existing stores may not be able to effectively compete with other new and more diversified stores, even if the Group carries out said renovation. Any store renovations may cause the Group's revenue to be partially and temporarily reduced during the period of such renovations. If the costs of renovations, expansions, improvements and/or redevelopments of the Group's stores are higher than expected or if replacement works in the stores need to be completed earlier than the estimated useful life, the Group may not be able to achieve its revenue target. The higher costs may lead to a decrease in the Group's operating income, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.14 Risks Related to the Delivery of Products to Customers on Time and Safely

The Group is subject to risks associated with order delivery services. As of December 31, 2021G, the Group's sales through order delivery channels represented approximately 37% of the Group's total sales. The Group's operations, therefore, depend on its fleet of vehicles and delivery drivers. Those drivers, and their vehicles, could be, and have been in the past, involved in accidents causing injuries and property damage. Any such accidents expose the Group to financial liabilities and costs, which may not be sufficiently covered by any applicable insurance policies held by the Group, and may affect the Group's reputation and brand. Furthermore, the Group's operations are subject to the state of general road networks which are less developed in some of the countries, or certain areas in those countries, in which it operates. If the Group is not able to maintain its vehicle fleet or employ qualified delivery drivers in sufficient numbers, it may be unable to deliver products to its customers on time and safely, and may fail to maintain or improve its standards of delivery to customers. If the Group is unable to meet and maintain its standards of delivery, and it suffers reputational harm as a result of any of these factors, it would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.15 Risks Related to Reliance on the Timely Manufacture and Delivery of Pizza Dough by the Group's Catering Officials

The Group's central production of its proprietary pizza dough in the Kingdom is key to the Group's ability to maintain consistency of product throughout the Group's stores. A failure in the Group's manufacturing of food items could impact the frequency of deliveries to stores or the quality of products delivered, which would be likely to impact on the ability of stores to service customers in a manner consistent with the Group's customer value proposition or service customers at all. As a result, a failure in the Group's manufacturing processes would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.16 Risks Related to Quality or Health Risks of the Products Provided by the Group's Stores

Concerns regarding the safety of products offered at the Group's stores or the safety and quality of the Group and/or its sub-franchisees' supply chain could cause its customers to avoid purchasing certain products from the stores of the Group and/or its sub-franchisees, or to seek alternative sources, even if the basis for the concern is outside of the Group's control. Adverse publicity about these concerns, whether or not based on factual assertions, and whether or not involving products or their basic components sold at the stores of the Group and/or its sub-franchisees, could discourage customers from buying products from the Group's stores, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

In addition, the Group's operational controls and employee training may not be effective in preventing foodborne illnesses, food tampering and other food safety issues (including the risk of failure to detect expired food items from suppliers) that may affect its operations. Incidents related to the safety and quality of the products or ingredients offered in the Group's stores may occur in the future, which may result in product liability claims or product recall, which would lead to negative publicity, fines from the Saudi Food and Drugs Authority ("**SFDA**") and the Ministry of Municipal Rural Affairs and Housing or other penalties such as the closure of the Group's stores and warehouses. This would affect the Group's reputation and interrupt its business or lead to additional costs, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.17 Risks Related to Quality Control Systems and Protocols

The quality and safety of the food served by the Group's stores are critical to the Group's success. Maintaining consistent food quality depends significantly on the effectiveness of the Group and sub-franchisees' quality control systems, which in turn depends on a number of factors, including the design of the Group's quality control systems and employee implementation and compliance with those quality control systems and protocols. The Group's reputation depends on the quality of its products and the convenience of its offering, its commitment to customers, its strong employee culture and the atmosphere and design of its stores. The Group must protect the quality control systems it currently has in place in order to main its success and continue to attract and retain customers. Any negative incident that affects customer loyalty to the brand could significantly reduce its value and damage the Group's business.

The risks of failing to maintain the expected level of quality control may increase due to actions by each of the Group's sub-franchisees and suppliers, which are outside the Group's control. While the Group tries to ensure that its sub-franchisees and suppliers maintain the quality of the Group's products, the Group's sub-franchisees or suppliers may perform actions that adversely affect the Group's reputation.

In addition, there has been a marked increase in the use of social media platforms and similar outlets, including weblogs and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. Therefore, any deterioration in quality experienced by the Group's customers may be published, often without filters or checks on the accuracy of content, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.18 Risks Related to the Increase in Costs of Basic Food Ingredients and Raw Materials

The Group's business depends on reliable sources of large quantities of food ingredients and raw materials such as protein (including poultry and meat), cheese, oil, flour and vegetables. Food ingredients and raw materials are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as changes in international trade policies and international barriers to trade, the emergence of trade wars, climate and environmental conditions where weather conditions or natural events or disasters may affect expected harvests of such raw materials, as well as the outbreak of viruses and diseases, such as COVID-19. There can be no assurance that the Group will continue to purchase food ingredients and raw materials at reasonable prices, or that food ingredients and raw materials prices will remain stable in the future. This, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.19 Risks Related to Unexpected Operational Interruptions to the Group's Business

The Group's success depends to a large extent on the continuous operation of its stores without hindrance. The Group is exposed to a number of risks in relation to the operation of its stores, including bad weather, physical damage to buildings, power outages, malfunctions, equipment failure or lower-than-expected performance, potential business interruption, criminal acts, natural disasters, fire or any delays or problems that the Group may encounter with its suppliers regarding the receipt of products, basic food ingredients, packaging materials and raw materials by suppliers to the Group's warehouses and stores, which may occur for reasons such as poor handling or transportation of bottlenecks, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products, materially and adversely affecting the Group's business. If significant operational interruptions were to occur at one or more of the Group's stores, the Group's revenues and profitability would be affected, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.20 Risks Related to Achieving Growth and Profitability at the Desired Rate in the Future

The Group's net revenue increased by a CAGR of 37.8% during the period from 2019G to 2021G. However, the Group's rapid revenue growth in recent periods should not be viewed as indicative of its future performance, and there can be no assurance that the Group will be able to sustain, or exceed, the revenue growth or profitability achieved in recent periods. As the Group's revenues increase, its profitability may also decrease as the Group scales up its business operations and delivery services, and diversifies into new products, businesses, markets and sources of revenue, including into business lines with lower margins.

The Group may not be successful in its efforts to increase its revenue growth and profitability. In addition, the Group may not be able to address the risks and difficulties that it may encounter in a rapidly changing and competitive market. If the demand for food and beverage does not develop as the Group expects, or if the Group is unable to address the needs of its customers, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

Despite the outbreak of the COVID-19 Pandemic during 2020G, the net income margin increased from 5.3% in 2019G to 13.5% in 2021G, driven by the Group adopting strong cost-management approaches with a relative decrease in cheese prices and temporary government subsidies in some markets that included employee benefits and salaries. There can be no assurance that the Company will be able to maintain profitable growth in the future. Even if future revenues increase, the Company's profitability may decrease due to higher costs, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.21 Risks Related to the Failure to Implement Future Business Strategies Successfully, on Time or at All

The Group's future performance depends on its ability to implement its plans and growth strategies, which include opening new stores and entering new markets. These activities depend on the Group's ability to continue implementing and improving its operations efficiently in a timely manner, as well as obtaining any required regulatory approvals. There is no assurance that the Group's personnel or its existing operations will be sufficient to support future expansion and growth or that it will be able to obtain any necessary approvals for any future growth plans in a timely manner or at all. Furthermore, the Group's expansion plans are subject to specific timelines and may require additional funding to cover additional costs. Failure to meet such timelines or to obtain additional funding may impede the Group's ability to achieve the intended commercial outcome of such growth and expansion plans. The Group's failure to implement its business plans and growth strategies for any reason and in a timely manner would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

As part of the Group's planned growth and strategy, the Group intends to expand its geographical reach into certain untapped markets. In addition, the Group may decide to launch its own brands or other franchised brands (for further information on the Group's planned growth and strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus). However, the Group may not be successful in achieving this. The occurrence of any of the above would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.22 Risks Related to Joint Ventures and Acquisitions

As part of its growth strategy, the Group may assess new growth opportunities through joint ventures or acquisitions. Depending on the strategic fit and financial profile, the Group may decide to acquire new businesses, services, products and other assets or enter into joint ventures from time to time. This may entail various risks, including that the Group may not be able to accurately assess the value, benefits and risks of the acquisition or joint venture, effectively integrate the purchased businesses or assets with its current business, achieve the expected synergies, or recover the purchase costs of the acquired businesses or assets. The Group may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires or enters into, including the risks related to the retention of key employees and legal contingencies (such as contractual, financial, regulatory, environmental or other obligations and liabilities) in addition to risks related to the business acquired or entered into, and the maintenance and integration of procedures, controls and quality standards. These difficulties could impact the Group's ongoing business, distract its management and employees and increase its expenses which could, in turn, have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.23 Risks Related to Marketing and Advertising Initiatives and Programs

Brand awareness is essential to the Group's continued growth and financial success, and the Group's revenues are heavily influenced by the marketing of its brand and its advertising, as well as the marketing and advertising of its competitors. Thus, the Group incurs significant costs in its marketing efforts. The Group's marketing and advertising expenses represented 7.1%, 4.6% and 5.5% of its consolidated sales in the financial years ended December 31, 2019G, 2020G and 2021G, respectively. However, these initiatives may be unsuccessful in generating higher sales or increasing brand awareness. Many of the Group's current or future competitors are larger in size and may have greater financial, marketing and other resources, devote greater resources to the marketing and sale of their products, generate greater international brand recognition or adopt more aggressive pricing strategies than the Group is able to. Should the Group's marketing and advertising initiatives and programs be less effective than those of its competitors, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.24 Risks Related to the Group's Reputation and Dependence on the Continued Success and Reputation of the Domino's and Dunkin' Brands

The Group's reputation is a significant factor in maintaining its existing customers and attracting new customers. The Group is heavily influenced by the reputation and popularity of the Domino's and Dunkin' brands, particularly given that the Group's current brand portfolio is comprised entirely of these two brands. The reputations of the Group, Domino's and Dunkin' are potentially susceptible to material damage by certain events, such as disputes with customers, quality control deficiencies, delivery failures or non-compliance with the applicable laws and regulations. Similarly, the reputations of the Group, Domino's and Dunkin' may be damaged by actions or statements of current or former customers, employees, competitors, vendors, adversaries in legal proceedings, government regulators, and members of the investment community or the media on the Group, Domino's and Dunkin, which may adversely affect their business. Damage to the reputations of the Group, "**Domino's Pizza**" or "**Dunkin**" may be difficult, expensive and time-consuming to repair or may make potential or existing customers reluctant to select the Group's stores, resulting in a loss of business. Damages to the reputation of the Group, Domino's or Dunkin' may also reduce the value and effectiveness of the Group's brand name and may reduce customers' confidence in it, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.25 Risks related to the protection of the Group's intellectual property rights

The Group has obtained the right to use the Domino's trademark in the MENAP region, and the right to use the Dunkin' trademark in Egypt and Morocco, in accordance with agreements entered into with the owners of such trademarks (for more information on those agreements, please refer to Section 12.5.1 "**Franchise Agreements**" and Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). On that basis, the Group uses thirty-nine (39) trademarks, as a sub-licensee, registered by it inside and outside the Kingdom on which the Group's business depends heavily (for more information on the trademarks used by the Group, please refer to Section 12.8.1 "**Trademarks**" of this Prospectus). It is worth noting that some of the Dunkin' trademarks that the Group is licensed to use under Dunkin' Master Franchise Agreements have expired or been canceled, and therefore the Group cannot use them. On the other hand, as of the date of this Prospectus, the Company has not registered its own trademark "**Alamar Foods**" in any country. In the event that the Group is unable to register or renew its trademarks or the trademarks that it uses, or in the event that a third-party objects to the registration of such trademarks, this would affect the Group's business, results of operations, financial position and future prospects.

The competitive position of the Group depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

In the event that the intellectual property rights related to the Group's trademarks are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may face costly litigation proceedings and the management's time and attention may be diverted away from their core duties. Furthermore, the outcome of a dispute may require the Group to enter into royalty or licensing agreements to use intellectual property rights, which may not be available on terms acceptable to the Group, or at all. The occurrence of any of the above would have an adverse effect on the Group's business, results of operations, financial position and future prospects. On the other hand, the Group has the right to use the Domino's trademark in the MENAP region, and Dunkin' trademark in Egypt and Morocco, but it does not own them. Therefore, the Group is unable to protect these trademarks in the event of any infringement, and if the registered owner of those trademarks does not take the necessary steps to stop any infringement, this will negatively affect the Group's business, results of its operations, financial position and future prospects.

On the other hand, upon the expiration or termination of any of Domino's Master Franchise Agreement or Dunkin' Master Franchise Agreements, the relevant Master Franchisor may require that the Group immediately cease its operations under the Domino's or Dunkin' trademarks (as applicable), including the use of the sub-licensed trademarks, which, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects (for further information on the risks related to the Master Franchise Agreements, please refer to Section 2.1.1 "**Risks Related to Dependence on Domino's Master Franchise Agreement**" and Section 2.1.2 "**Risks Related to Dependence on Dunkin' Master Franchise Agreements**" of this Prospectus). It should be noted that in accordance with Dunkin' Master Franchise Agreements, Dunkin' Master Franchisor grants a limited, non-transferable license to Alamar DMCC to use certain trademarks only in connection with the development, opening and operation of the Dunkin' stores in Egypt and Morocco. The said agreement does not state that this right is exclusive to Alamar DMCC, and accordingly Dunkin' Master Franchisor may grant a license to use Dunkin' trademarks to non-Group companies in both Egypt and Morocco, which will have an adverse effect on the Group's business, results of operations, financial position and future prospects. It is also worth noting that Alamar Foods Egypt has assigned Dunkin' Master Franchise Agreement in favor of Alamar DMCC, which does not specifically include the assignment of the Trademark License Agreement to Dunkin' Egypt (for more information on these agreements, please refer to Section 12.5.1 "**Franchise Agreements**" and Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). Therefore, there is a risk that the assignment of the license to use the Dunkin' trademark registered in the United States of America may not be legal and, therefore, Alamar DMCC may not be able to legally use that trademark, which exposes Alamar DMCC to the risks of unauthorized use of the trademark, which will have an adverse effect on the Group's business, results of its operations, financial position and future prospects.

2.1.26 Risks Related to the Protection of Proprietary Information about Products, Recipes and Pricing

The Group is required, under Domino's Master Franchise Agreements and Dunkin' Master Franchise Agreements, to preserve confidential information about products, recipes and pricing as trade secrets (for more information on the Master Franchise Agreements, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). If the Group is unable to preserve such confidential information for any reason, including leakage by one of the Group's employees, negligence or cyber security attacks, legal proceedings or claims may be initiated against the Group as a result thereof. Any unfavorable result in any future legal and regulatory proceedings would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.27 Risks Related to the Group's Information Technology Systems

The Group's ability to attract and retain customers, to accurately monitor its operations and costs, and to compete effectively depends upon the sophistication and reliability of its information technology systems and the availability of its cloud services, and, in particular, its information technology management system for tracking all transactions completed at the Group's stores (for further information on the Group's information technology systems, please refer to Section 4.13 "**Information Technology**" of this Prospectus).

External and internal risks, such as malware, code anomalies, attempts to penetrate the Group's systems, unavailability of required updates or modifications, and data leakage and human error all pose a direct threat to the Group's services and data. The Group's systems may also be subject to interruption due to unforeseen "**force majeure**" events or power outages. The Group's business may be adversely affected in the event that the confidentiality, integrity or availability of Group and customer information is compromised due to data loss by the Group or a trusted third party. Additionally, the cost and operational consequences of implementing further upgrades to the Group's information technology systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant.

Any disruption to the Internet or the Group's information technology systems and/or technology infrastructure, including those impacting the Group's computer systems and website, or the occurrence of any of the aforementioned risks, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

On the other hand, software providers have recently been increasing the level of control over customers' use of their software to ensure that license terms are complied with, customers pay fees for software users, and such fees match the number of software users. Therefore, if the Group obtains in future a number of software licenses less than the number of actual users or if the Group does not comply with the terms and conditions of its licensed software, the Group may be judicially pursued by the providers of such software, which may lead to the Group incurring additional costs to correct its position, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

It should be noted that the Group has invested in developing "**PathOne**", a mobile application that further enhances the Group's delivery capabilities and takes its delivery operations to the next level with advanced route optimization, automated dispatch, real-time fleet tracking and powerful analytics. PathOne integrated some elements from open-source software. While these elements of open-source software are not licensed in a way that requires a source code of third-party software, the use of open-source software involves other risks such as the lack of any updates, guarantees, support, compensation or control over the source of the software. In addition, some open-source software may contain security weaknesses and other disruptions that may be known or vulnerable to security attacks, which may be difficult for the Group to manage. In the event that the Group does not manage open-source software properly, it may have an impact on the Group's performance, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.28 Risks Related to the Ability to Adapt to Technological and Rapid Developments in the Food and Beverage Sector

Technological and rapid developments in the food and beverage sector, including developments in vending machines or delivery and payment means and digital loyalty programs, may have an adverse effect on the Group if it fails to keep pace with the required speed and quality. The Group may not be able to maintain its competitive position if it does not keep pace with such developments. Failure to successfully respond to such challenges may have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.29 Risks Related to Data Breaches and Cyber-Attacks

The Group's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber-attacks or sabotage, vandalism or theft, computer viruses, loss or corruption of data, programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Group and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Group's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber-attack or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Group's employees may lead to a breach of employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Group. In addition, this could adversely affect the Group's performance due to judicial proceedings or claims initiated against the Group in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on deploying and utilizing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential consumers' behavior in a way that would impact the Group's ability to retain current customers or attract new customers, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

It should be noted that the Group processes customers' personal data in the ordinary course of business such as names, addresses, email addresses and phone numbers. The Group has a number of personal data protection systems, e-commerce systems, and data protection requirements in the Kingdom and other countries in which the Group conducts its business. Laws and requirements regarding personal data processing and protection may lead to implementing privacy policies and the Group incurring higher costs to comply with them, which could limit the Group's ability to conduct its business in an effective manner. The Company's failure to comply with applicable laws and regulations regarding the processing of personal data may also lead to enforcement action against the Company, including regulators imposing fines and penalties on the Group at their discretion or customers requiring the Group to compensate for any damage, which would harm the Company's reputation. The occurrence of any of the above risks would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.30 Risks Related to Financing

A- Current Financing

The Group obtained financing from the Saudi National Bank and Riyad Bank totaling one hundred and forty million Saudi Riyals (SAR 140,000,000) as of the date of this Prospectus (for further information, please refer to Section 12.5.5 "**Financing Agreements**" of this Prospectus). The relevant facility agreements related to these financing arrangements include some covenants and events of default such as an event of bankruptcy, breach of guarantees or the Company's breach of its obligations in a way that negatively affects its financial position. If the Group defaults on any of its obligations under these facility agreements, this will trigger an event of default pursuant to which the lender has the right to terminate the facility agreement and demand payment of all outstanding amounts, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects (for further information on the Group's financing arrangements, please refer to Section 12.5.5 "**Financing Agreements**" of this Prospectus).

B- Future Financing

In the future, the Group may need to obtain financing from commercial banks, government lenders and/or other financiers to cover its working capital requirements or implement future growth plans. The Group's ability to obtain loans and facilities from lenders at lower costs or on favorable terms depends on its future financial position, global economic conditions, financial market conditions, interest rates, credit availability from banks or third-party lenders, and lenders' trust in the Group's creditworthiness. The Group may not be able to obtain such financing at all or on reasonable terms for any reason, including, for example, restrictions under any existing financing, lenders' perception of the Group or the Group's future results of operations, financial position and cash flows. Borrowing at variable interest rates may also make the Group vulnerable to increases in interest and/or commission rates (which may be significantly affected by external factors, such as monetary and tax policies and global economic and political conditions), and the Group may not be able to obtain such financing on reasonable terms or at all when necessary. Any increase in interest rates and commission rates, whether fixed or variable, applied by banks will lead to higher financing costs incurred by the Group, which will adversely affect its future profitability and ability to pay and fulfill its obligations to lenders. As a result, it may not be able to take advantage of business opportunities, such as acquisition opportunities, or to react to changes in market or industry conditions. The occurrence of any of the above events would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

C- Guarantees Provided by Abdulaziz Ibrahim AlJammaz and Brothers Company

The credit facilities granted by SNB and Riyad Bank are subject to personal guarantees provided by Abdulaziz Ibrahim AlJammaz and Brothers Company (for further information about the credit facilities, please refer to Section 12.5.5 "**Financing Agreements**" of this Prospectus). The credit facility agreements provide for events that constitute a breach by the Company of its obligations under those agreements, including matters and events related to the guarantors and their continued acceptance to provide the guarantees. Therefore, if such events occur or these guarantees become inoperative or if there is any change to the guarantors' financial condition, the financing banks may request additional guarantees from the Company that it may not be able to provide. In addition, Abdulaziz Ibrahim AlJammaz and Brothers Company may withdraw its guarantees or may not renew them, which constitutes a breach by the Company of its obligations under the credit facility agreements. Accordingly, the Company will have to pay all the outstanding amounts of the relevant facilities immediately. The Company may also find it difficult to obtain sufficient alternative funding sources to repay the debts, which would have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

As of the date of this Prospectus, none of the banks has waived the personal guarantees provided by Abdulaziz Ibrahim AlJammaz and Brothers Company. Upon completion of the Offering process and after the Company's Shares are listed on the Exchange, the Company intends to request that the banks cancel the guarantees provided by Abdulaziz Ibrahim AlJammaz and Brothers Company and replace them with guarantees provided by the Company. These banks may request additional guarantees from the Company in order to cancel the guarantees of Abdulaziz Ibrahim AlJammaz and Brothers Company, which the Company may not be able to provide. This would increase the financing cost, or the banks may not accept alternative guarantees, which would constitute a breach by the Company of the terms of its agreements. This would have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

2.1.31 Risks Related to Inventory Levels

The Group had a total inventory (net of provisions) of SAR 20.5 million, SAR 33.8 million and SAR 50.8 million representing 4.3%, 5.5% and 6.8% of the Group's total assets as of the years ended December 31, 2019G, 2020G and 2021G, respectively. The average days in inventory were 23.2, 26.6 and 33.1 day in the years ended December 31, 2019G, 2020G and 2021G, respectively. The Group made provisions of SAR 39 thousand as of the year ended December 31, 2020G. the Group has not made any provisions for the year ended December 31, 2021G. The Group's policy is to seek to maintain an optimal level of inventory to control inventory carrying costs and more efficiently deploy working capital, while ensuring timely delivery of quality ingredients and packaging materials. If the Group is not able to maintain optimal stock levels and monitor inventory periodically, this will lead to a severe decrease or an excess in inventory levels, leading to the Group's inability to meet consumer requirements, or sell products, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.32 Risks Related to Working Capital Management

The Group may, in the future, face difficulties in covering the needs in the working capital or managing it properly. The Group's facilities and financing may not be sufficient to cover those needs to the extent required. Difficulties in managing working capital would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.33 Risks Related to Future Capital Expenditures

The Group's capital expenditures could increase as a result of a number of factors (for further information on the financial and operational performance of the Group, please refer to Section 6 "**Management's Discussion and Analysis of the Financial Condition and Results of Operations**" of this Prospectus), including, but not limited to, the costs related to the Group's planned growth and strategy (for further information on the Group's planned growth and strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus). The capital expenditures of the Group amounted to SAR 47.6 million, SAR 30.0 million and SAR 47.8 million for the years ended December 31, 2019G, 2020G and 2021G, respectively. Any increases in the Group's future capital expenditures may also reduce its profit margin and funds available for operation of the Group's existing stores and increase the Group's operating expenses, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.34 Risks Related to Compliance with Laws and Regulations in All Jurisdictions in which the Group Operates

The Group's business is subject to numerous laws and regulations in the countries in which it operates. In the Kingdom, for example, the Group is subject to the Competition Law, the VAT Law, the Companies Regulations, the Customs Law, the Food Law, the Labor Law, municipal regulations, data protection, e-commerce and other laws and regulations imposed by regulatory authorities, including the SFDA and the Ministry of Municipal and Rural Affairs and Housing. The Group's business depends on the ability of the Group to comply with the requirements of these laws when it comes to the management of its operations. Failure of the Group to comply with all the requirements and provisions of the laws applicable to the Group, or to which it is subject, may cause the Group to modify its business practices to comply with these regulations and, accordingly, incur additional costs and fees or even cause the Group to incur fines or penalties. The occurrence of any of the above would result in incurring unexpected or additional expenses, which may be high, and would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

It should be noted that Alamar Foods Egypt incurred net losses of more than 50% of the value of the shareholders' shares during the financial years ended in December 2018G and 2019G. In accordance with the applicable laws in Egypt, the extraordinary general assembly of Alamar Foods Egypt must decide that the Company will continue to exist; otherwise, the company will be considered terminated. As of the date of this Prospectus, Alamar Foods Egypt has not convened the Extraordinary General Assembly to approve such losses and maintain the existence of Alamar Foods, which may mean that it will be terminated. This could adversely affect the business of Alamar Foods Egypt, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

Furthermore, in accordance with the applicable laws in Morocco, the membership of the board of directors of Moroccan companies shall be registered with the Tax Department and the Commercial Registry. In addition, board members of Moroccan joint stock companies shall own at least one share therein within three (3) months of their appointment. As of the date of this Prospectus, the ordinary general assembly of HEA Trade and Services (Morocco) appointed Zuhair Bennani as a board member on 05/11/1441H (corresponding to 06/26/2020G) to replace the former board member, Walid Adly. However, HEA Trade and Services (Morocco) did not register such appointment with the Tax Department, nor did it update the commercial register to reflect the same. In addition, the ownership of the share has not been transferred from its former board member, Walid Adly, to its new board member, Zuhair Bennani. Accordingly, HEA Trade and Services (Morocco) may not be able to count Zuhair Bennani as a member of its board of directors. This may affect the validity of the meetings of HEA Trade and Services (Morocco)' board of directors in the presence of Zuhair Bennani in the event that the required quorum is not met. It may also remain bound by any actions of the former board member, Walid Adly. HEA Trade and Services (Morocco) may also be subject to regulatory sanctions that may be imposed by supervisory authorities in Morocco, which may adversely affect its business and thus adversely affect the Group's business, results of operations, financial position and future prospects.

2.1.35 Risks Related to Non-compliance with the New Franchise Law

The Group's business depends on Domino's Master Franchise Agreement. In 2019G, the Commercial Franchise Law was issued by Royal Decree No. M/22 dated 09/02/1441H (corresponding to 10/08/2019G) and entered into force on 24/02/1441H (corresponding 10/23/2019G). According to the Franchise Law, franchise arrangements in the Kingdom are now subject to the Franchise Law (while they were previously subject to the Commercial Agency Law). For example, under the Franchise Law, a franchisor is required to register any termination or non-renewal of the franchise agreement with the Saudi Authority for Intellectual Property. The Company's failure to comply with the Franchise Law may result in the imposition of a fine not exceeding five hundred thousand Saudi Riyals (SAR 500,000) and/or publication of such details, which could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.36 Risks Related to Licenses, Certification, Permits and Approvals

The Group is subject to a number of laws and regulations that require it to obtain the necessary licenses and permits from the competent regulatory authorities in the countries in which it operates to exercise its business activities, including the required licenses to open Domino's stores, Dunkin' stores and warehouses. For example, these include obtaining licenses, certificates, permits and approvals from the Ministry of Commerce, the Ministry of Investment, the Ministry of Municipal and Rural Affairs and Housing and the SFDA in the Kingdom, municipal licenses without which commercial licenses cannot be renewed in the UAE, licenses issued by the Ministry of Tourism and the Ministry of Housing, Utilities and Urban Communities in Egypt, and municipal licenses in Morocco (for further information on the Group's licenses, please refer to Section 12.3 "**Material Licenses**" of this Prospectus). The process for obtaining such licenses and permits is often lengthy, and most of the licenses and permits are subject to conditions under which they can be suspended or canceled if the licensee fails to comply with certain requirements or conditions. Furthermore, when renewing or modifying the scope of a license or permit, the relevant authority may not renew or modify the relevant license or permit and may impose conditions that would adversely affect the Group's performance if it did renew or modify the relevant license or permit. It should be noted that seven (7) operating licenses for some Domino's stores and nine (9) operating licenses for Dunkin' stores in Egypt have expired in the ordinary course of the Group's business, which it is in the process of renewing as of the date of this Prospectus. It should be also noted that Alamar Foods Egypt did not obtain an industrial registry certificate for its Alexandria Factory. The Industrial Development Authority (Egypt) requires any factory to obtain an industrial registry certificate in order to operate in Egypt. HEA Trade and Services (Morocco) did not obtain three (3) operating licenses for two Domino's stores and one Dunkin' store in Morocco, which it is in the process of obtaining as of the date of this Prospectus. In the event that the Group is unable to obtain or renew the relevant licenses, this may lead to the suspension of its operations or the imposition of regulatory sanctions, including the closure of any stores that violate the license requirements or the imposition of fines thereon, which would have an adverse effect on the Group's business, financial condition, results of operations, financial position and future prospects.

2.1.37 Risks Related to Zakat and Tax

The Company is subject to Zakat and tax requirements in the Kingdom. Any increase of Zakat and/or tax requirements applicable to the Company may adversely affect its profitability. It should be noted that the Company and its Subsidiaries do not submit consolidated Zakat returns. The Company is subject to Zakat and income tax. A consolidated filing can only be submitted if the Saudi companies are wholly owned by GCC shareholders and the filing entity owns 100% of the subsidiaries. In addition, the Company has submitted Zakat and tax returns for the financial years up to 2020G, and paid Zakat and tax dues within the required time. The Company obtained the Zakat certificates from ZATCA for all years up to 2020G. However, there is a risk that ZATCA may return to any of the previous five (5) years if there is no Zakat assessment and may challenge the filed returns. It may require the Company to pay additional Zakat amounts if the Company has not obtained the final Zakat assessments. It should be noted that the Company obtained final Zakat assessments for all years up to 2017G. There is an ongoing Zakat assessment for the financial year 2018G as ZATCA issued a Zakat assessment on the Company in FY 2018G with an additional Zakat liability of SAR 2.2 million. This amount has not been paid as of the date of this Prospectus as the Company challenged the Zakat differences for the said years. The Company also obtained a tax assessment for the financial years up to 2014G and FY 2018G. As for the financial years 2015G to 2017G, ZATCA imposed an additional liability for withholding tax amounting to SAR 1.3 million. The Company filed an appeal against such differences which is currently being considered. As for the financial years 2019G and 2020G, ZATCA has not raised any assessment as of the date thereof. In addition, there are tax and Zakat risks in the Kingdom on the Company with a value of SAR 4.6 million, which relate to wage and salary differences reported in the approved financial statements compared to the social insurance certificate for the financial year 2021G. Based on the calculations made by the financial due diligence advisor, disallowing the total differences amounting to SAR 69.6 million may result in an income tax liability of SAR 3.3 million (excluding late payment penalties) and a Zakat liability of SAR 1.3 million (amounting to a total of SAR 4.6 million). The Company will bear any future claims, Zakat differences, or tax claims for previous years, whether in relation to the Company or its Subsidiaries. The Company has not made any provisions for annual Zakat and tax amounts for the year ended December 31, 2021G. Any differences in the assessment by ZATCA of the Group's Zakat in excess of the provision set by the Company will have an adverse effect on the Company's business, results of operations, financial position and future prospects.

The Kingdom issued the VAT Law, which came into effect on 14/04/1439H (corresponding to 01/01/2018G), which imposes a VAT of 5% on a number of products and services, including the Company's products. On 17/09/1441H (corresponding to 05/10/2020G), and as a response to the economic impact of the COVID-19 Pandemic, the Kingdom announced a VAT increase to 15%, which was effective on 10/11/1441H (corresponding to 07/11/2020G). VAT, by its nature, is borne by the end consumer, and, therefore, the Group expects an increase in the selling price of its products. Such increase or any future increase may affect customer spending and competition in the market, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The implementation of VAT is relatively new, and the Company may make errors in implementing the regulatory requirements, which may result in penalties imposed by ZATCA in accordance with the VAT Law, which, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group is subject to the application of multiple tax laws and multinational tax conventions. Any adverse change to the rules and tax laws and examinations by various tax authorities, or any increase in the rates of taxes, such as income taxes, excise taxes, withholding taxes, indirect taxes and value added taxes may adversely affect the Group's profitability, which, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

It is expected that the value of Zakat liabilities for the financial years ended 31 December, 2019G, 2020G and 2021G will reach SAR 1.2 million, which mainly relate to the application of the IFRS-16, because the standard is recent and there are no clear instructions on the way to deal with right-of-use assets from a Zakat perspective.

During the period between the financial year 2018G to the financial year 2021G, the tax authorities in any of the concerned countries did not issue any tax or Zakat assessments on the following subsidiaries: Kasual Plus, Alamar Foods UAE, Alamar Foods Bahrain, Alamar Foods Egypt, Alamar Foods Kuwait, Alamar Foods Lebanon and Alamar Foods Qatar. With respect to previous periods (i.e., financial year 2018G to financial year 2021G), no tax or Zakat assessments or other tax or Zakat claims have been identified by the relevant tax authorities other than those referred to in this Section in relation to the Company. The following are the details of the tax audit status for Subsidiaries in previous periods:

- Kasual Plus has not historically been subject to any queries or tax assessments by the ZATCA in the Kingdom since its incorporation and there are no current appeals or field audits relating to tax matters.
- Alamar DMCC and Alamar Foods UAE have not undergone any tax audits since their incorporation, and therefore their tax positions for the financial years from 2018G to 2021G are still open for inspection.
- Alamar Foods Bahrain has not been subject to historic tax audits since its incorporation, and its tax status for the financial years from 2019G to 2021G are still open for inspection.
- Alamar Foods Egypt underwent tax inspections with regard to income tax and value added tax until the financial year 2016G, in addition to salary tax inspections up to the financial year 2017G. Therefore, the financial years from 2018G to 2021G are still open for inspection.
- Alamar Foods Jordan has been subject to tax inspections with regard to income tax, goods and services tax and personal income tax by the Jordanian tax authorities until the financial year 2018G. Therefore, the financial years from 2019G to 2021G are still open for inspection.
- Alamar Foods Kuwait has not historically been subject to any tax audits since its establishment, and some tax positions related to the financial years from 2018G to 2021G (including retention tax) may still be open for inspection.
- Alamar Foods Lebanon has been subject to a tax audit for the financial years from 2011G to 2014G. In view of the extension of the tax inspection dates by the tax authorities in Lebanon as a result of the COVID-19 Pandemic, the financial years from 2015G to 2021G may still be open for inspection.
- HEA Trade and Services (Morocco) has been subject to a tax audit for the financial years from 2014G to 2017G. Therefore, the financial years from 2019G to 2021G are still open for inspection.
- Alamar Foods Qatar, since its incorporation, has not been subject to tax inspections, and therefore, its tax positions for the financial years from 2018G to 2021G are still open for inspection.

Alamar Foods Oman was subject to a tax audit up to the financial year 2016G. There is no information related to any tax audit, assessments or tax claims with respect to Alamar Foods Oman relating to tax periods from the financial year 2017G onwards and is therefore open for inspection.As for Alamar DMCC, the UAE Federal Tax Authority issued a fine of 50 thousand UAE dirhams (equivalent to 51.05 thousand Saudi Riyals), which relates to the delay in submitting files of real economic activities for the year 2019G. The Company has appealed against linking the Federal Tax Authority to the UAE, which was rejected by it, and the fine in this regard is currently being paid.

In addition, the Federal Tax Authority in the UAE issued a fine of 20,000 UAE dirhams (equivalent to 20.42 thousand Saudi Riyals) for delaying the submission of files of actual economic activities for the financial year 2020G. Such fine was settled and the case was therefore ended.

With regard to HEA for Trade and Services (Morocco), the Company underwent tax assessments in 2018G for the financial years up to the year of 2017G, and these tax assessments were amicably settled after paying an amount of 618.25 thousand Saudi Riyals.

With regard to Alamar Foods Jordan, the Company was subjected to tax assessments until the financial year 2018G. Accordingly, the tax authorities in Jordan considered part of the expenses in the amount of 50 thousand Jordanian dinars (equivalent to 266.35 thousand Saudi Riyals) as a non-deductible expense, which affected the amount of losses that are carry-forward but have no monetary tax effect and accordingly, the management has adjusted the amount of deferred tax assets in the financial year of 2019G.

2.1.38 Risks Related to Insurance Coverage

Pursuant to Domino's Master Franchise Agreement, the Group is required to maintain sufficient insurance according to industry standards to be taken out on industry standard terms and with reasonable premium costs, including specifically naming Domino's Master Franchisor and its relevant subsidiaries as the insured parties under the policy (to the extent permitted by domestic laws), or as Domino's Master Franchisor may reasonably prescribe based upon the risks associated with businesses of this type, including, but not limited to, liability insurance in an amount of at least five million US dollars (USD 5,000,000) to completely protect and indemnify (to the extent permitted by domestic laws) the Domino's Master Franchisor and its relevant subsidiaries from and against any and all liabilities. In addition, pursuant to Dunkin' Master Franchise Agreements, the Group is required to procure insurance policies for fire, personal injury, theft, death, property damage, or otherwise arising or occurring upon or in connection with the relevant Dunkin' stores (for further information on Domino's Master Franchise Agreements and Dunkin' Master Franchise Agreements, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus).

In light of the insurance coverage requirements mentioned above, coupled with the nature of the Group's operations and business, the Group maintains different types of insurance policies to cover its operations, including all-risk and public liability insurance, electronic equipment insurance, machinery breakdown insurance, plant all-risk insurance, property all-risk insurance, products liability insurance, fidelity guarantee insurance and money insurance (for further information on the Group's insurance policies, please refer to Section 12.9 "**Insurance**" of this Prospectus). The Group's insurance may not be adequate to completely cover any or all of its liabilities or risks to which it may be exposed or to fully comply with the requirements of Domino's Master Franchise Agreement and Dunkin' Master Franchise Agreements that may result in a breach under those agreements (for more information on the risks related to those agreements, please refer to Section 2.1.1 "**Risks Related to Dependence on Domino's Master Franchise Agreement**" and Section 2.1.2 "**Risks Related to Dependence on Dunkin' Master Franchise Agreements**" of this Prospectus). In addition, uninsured losses may occur or their amount may exceed the insurance coverage available to the Group. The Group's insurance policies may include exceptions or limitations to coverage, under which certain types of loss, damage and liability are not covered by the insurance. As a result, the Group may be vulnerable to incurring losses that would have an adverse effect on its business and results of operations. Furthermore, insurance premiums payable by the Group may not be commercially viable or the Group may not be able to renew its current insurance policies at all, including in the event of unavailability of adequate insurance for any area of its operations. The occurrence of any of the above would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.39 Risks related to Employee Misconduct and Errors

Employee misconduct and/or errors may result in violations of the law by the Group, which would lead to regulatory penalties being imposed on the Group by the relevant authorities. Such penalties would vary according to the misconduct or error and would cost the Group financial liability and/or damage its reputation. Such misconduct and/or errors may include:

- unauthorized or unintended dissemination of confidential information or trade secrets to a customer, a competitor or to the market;
- culturally improper behavior;
- engagement in misrepresentation or fraudulent, deceptive or otherwise improper activities while marketing the Group's products to the public;
- non-compliance with applicable laws or internal controls and procedures; and/or
- failure to document transactions properly in accordance with the Group's standardized documentation and processes, failure to take appropriate legal advice in relation to non-standard documentation or failure to obtain proper internal authorization.

The Group's corporate governance and compliance policies may not be sufficient to protect it from the improper conduct of its employees. If the Group's employees were to commit any misconduct or errors that result in incurring financial liabilities and/or penalties, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.40 Risk Related to Claims and Litigation

The Group may, in the future, become exposed to lawsuits, claims, and other judicial proceedings related to its business operations, including from customers, suppliers, sub-franchisees and employees. As of the date of this Prospectus, the Company is subject to four (4) commercial lawsuits in its capacity as a plaintiff with a potential total financial impact of two hundred and seventy-eight thousand, eight hundred and sixty-eight Saudi Riyals (SAR 278,868) in relation to claims related to real estate disputes, traffic violation disputes, and traffic accident disputes. It is also subject to two commercial lawsuits as a defendant, with a potential financial impact of approximately nineteen thousand, five hundred and nineteen Saudi Riyals and one halala (SAR 19,519.01) in relation to claims regarding traffic accidents with the Company's drivers. The Company is also subject to two (2) labor lawsuits as a plaintiff with a potential total financial impact of fifty-seven thousand, eight hundred seventy-three Saudi Riyals (SAR 57,873) and four (4) labor lawsuits in its capacity as a defendant with a potential total financial impact of one hundred and twenty-one thousand, four hundred and ten Saudi Riyals (SAR 121,410). Alamar Foods Egypt is subject to two commercial lawsuits, as a plaintiff, filed by a group of individuals regarding compensation lawsuits for a factory car driver committing manslaughter with a total financial impact of four hundred and ten thousand Egyptian pounds (EGP 410,000) (equivalent to ninety-seven thousand, seven hundred and thirty-five Saudi Riyals and eighty-two halalas (SAR 97,735.82)). It should be noted that HEA Trade and Services (Morocco) is subject to a number of lawsuits relating to its employees, the potential overall financial impact of which has not been determined (for further information on litigation, please refer to Section 12.10 "**Claims and Litigation**" of this Prospectus). The Group cannot predict the outcome of such proceedings, and any unfavorable result would have an adverse effect on the Group's business, results of operations, financial position and future prospects. In addition, the Group anticipates the costs of such actions brought by or against it, or the final outcome of such claims or judgments, including penalties and damages. Therefore, any unfavorable judicial decisions will have a material adverse impact on the Group. In the event that the Group is subject to a negative judicial or quasi-judicial decision that requires the payment of large compensatory amounts beyond the financial capacity of the Group, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.41 Risks Related to Corporate Governance

The Company's Extraordinary General Assembly approved its corporate governance manual on 20/03/1443H (corresponding to 10/26/2021G), as amended by the Extraordinary General Assembly's resolution dated 30/07/1443H (corresponding to 03/03/2022G) (for further information about the Group's corporate governance manual, please refer to Section 5.9 "**Corporate Governance**" of this Prospectus). Such charter includes rules derived from the Corporate Governance Regulations issued by the CMA. The Group's success in properly implementing corporate governance rules and procedures depends on the extent of comprehension and understanding of these rules and proper execution thereof by the Board, its committees and senior management, especially with regards to Board independence requirements, conflict of interests' procedures and disclosure requirements. Failure to comply with the mandatory provisions of the Corporate Governance Regulations issued by CMA would result in regulatory penalties being imposed on the Company, which would have a material adverse effect on the Group's operations, results of operations, financial position and future prospects.

The Company formed the Audit Committee pursuant to the Extraordinary General Assembly's resolution dated 29/03/1443H (corresponding to 11/04/2021G) and the Nomination and Remuneration Committee pursuant to the Board of Directors' resolution dated 11/04/1443H (corresponding to 11/16/2021G) (for further information about the Board's committees, please refer to Section 5.4 "**Board Committees**" of this Prospectus). Failure by members of such committees to perform their duties and adopt a framework that ensures the protection of the Company's interests and those of its Shareholders may affect the Company's compliance with corporate governance and continuing disclosure requirements and the Board's ability to monitor the Group's activities through such committees, which would have a material adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.42 Risks Related to Compliance with the Companies Law and the Corporate Governance Regulations

In its management and the conduct of its various operations and activities, the Company is subject to the provisions of the Companies Law. The Companies Law and the Corporate Governance Regulations also impose some new regulations and corporate governance requirements that the Company must comply with. The Company will have to take some measures to comply with such new requirements. The Companies Law and the Corporate Governance Regulations also imposed stricter penalties for the violation of their mandatory provisions and rules (such as the requirements of the Corporate Governance Regulations in relation to the management of listed companies, as well as the formation of an independent review committee to conduct auditing activities for the Company's General Assembly). Therefore, the Company may be subject to such penalties, including financial fines and/or imprisonment. For example, the Companies Law stipulates that every director, official, board member, auditor or liquidator who records false or misleading data shall be punished with imprisonment of no more than five (5) years and a fine of no more than five million Saudi Riyals (SAR 5,000,000). In the event that the Company does not comply with such provisions and rules, this will have a material adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.43 Risks Related to Related Party Transactions

In its ordinary course of business, the Group enters into various related party transactions on an arm's length basis, including transactions of sales of goods, purchase of assets, sales, expenses, payments, miscellaneous returns, assignment of the Company's liabilities, financing and agreements with Shareholders, transfer of balance and collection of Zakat and tax amounts. The Group may continue to enter into related party transactions in the future (for further information on related party transactions, please refer to Section 12.6 "**Related Party Agreements and Transactions**" of this Prospectus). The total value of related party transactions amounted to eighty-four, eight hundred and fifty-two, five hundred and twenty-two Saudi Riyals (SAR 84,852,522), eleven million, eight hundred and sixty-one, five hundred and fifty-seven Saudi Riyals (SAR 11,861,557), and twenty-nine million, nine hundred and seventy-nine, six hundred and eighty-nine Saudi Riyals (SAR 29,979,689) for the years ended December 31, 2019G, 2020G, and 2021G, respectively, as shown in the below table (based on the nature of such transactions and the percentages thereof).

Table (2.1): Related parties' transactions as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR	2019G Audited	2020G Audited	2021G Audited
Contribution from shareholders	4,688,634	4,574,727	10,436,210
As % of equity	2.0%	2.0%	3.1%
Treasury shares acquired	-	-	3,000,000
As % of equity	-	-	0.9%
IPO costs charged to shareholders	-	-	10,011,343
As % of equity	-	-	2.9%
Dividends	75,780,554	-	730,125
As % of equity	31.8%	-	0.2%
Transactions related to equity	**80,469,188**	**4,574,727**	**24,177,678**
As % of equity	**33.8%**	**2.0%**	**7.1%**
Expenses	2,622,334	1,783,794	5,619,910
As % of total revenues	0.6%	0.3%	0.6%
Sales of goods	1,261,000	-	40,385
As % of total revenues	0.3%	-	0.0%
Other charges	500,000	73,312	141,717
As % of total revenues	0.1%	0.0%	0.0%
Transactions related to sales	**4,383,334**	**1,857,106**	**5,802,012**
As % of total revenues	**1.0%**	**0.3%**	**0.7%**
Purchases	-	57,751	-
As % of cost of sales	-	0.0%	-
Transactions related to cost of sales	**-**	**57,751**	**-**
As % of cost of sales	**-**	**0.0%**	**-**
Waiver of receivables	-	5,371,973	-
As % of assets	-	0.9%	-
Transactions related to assets	**-**	**5,371,973**	**-**
As % of assets	**-**	**0.9%**	**-**
Grand total	**84,852,522**	**11,861,557**	**29,979,690**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

The Group has previously entered into, and may in the future enter into, related party transactions. In accordance with the Companies Law, the Company must obtain the approval of the Ordinary General Assembly for transactions in which the Directors have a direct or indirect interest. The Company may not be able to obtain the approval of the Ordinary General Assembly on future transactions in which the Directors have a direct or indirect interest. Where such transactions are not duly approved, such transactions of the Group may be challenged or invalidated. In addition, in the event that related party transactions are not concluded in the future on an arm's length basis, the Company may be adversely affected. Any of the above risks would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.44 Risks Related to Dependence on the Senior Management Team and Key Employees

The Group's success depends upon its ability to identify, hire, develop, motivate and retain a highly qualified senior management team. The Group's future performance will be affected by any disruptions in the continued service of its executives and other officers. Any departure or transition of key management personnel could disrupt the Group's operations or materially impact its results of operations. Competition for senior management in the food and beverage industry is intense, and the Group may not be able to retain senior management personnel or attract and retain new senior management personnel in the future. The Group's competitors may actively seek to recruit members of the Group's senior management personnel and may succeed in such efforts. The loss of any member of the Group's senior management or inability to recruit new qualified personnel with the requisite experience for reasonable remuneration would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.45 Risks Related to the Group's Ability to Attract and Train New Talent or Retain Current Competencies

The Group's success to date has depended – and will continue to depend – to a significant extent on the Group's ability to attract and retain highly qualified professionals. In particular, the Group must attract, train and retain appropriate numbers of proficient people with diverse skills, including store managers, chefs and other senior personnel, in order to serve customer needs and grow the Group's business.

The Group's ability to maintain existing customers and attract new customers will also depend, in a large part, on its ability to attract, train and retain personnel with the skills to keep pace with continuing changes in food and beverage, evolving industry standards and changing customer preferences. The Group's profitability also depends on its ability to effectively utilize personnel with the right mix of skills and experience to support the Group's operation. Recruiting, training and retaining employees require significant efforts and costs that may exhaust the Group's resources, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.46 Risks Related to Lack of Experience in Managing a Joint Stock Company Listed on the Exchange

Since its incorporation, the Company has operated as a limited liability company until it was converted into a closed joint stock company on 16/03/1433H (corresponding to 12/08/2012G). Therefore, most of the Group's Senior Executives have limited or no experience at all in managing a joint stock company listed on the Exchange in the Kingdom, and complying with the laws and regulations governing such companies. In particular, the internal or external training that Senior Executives receive in managing Saudi public joint stock companies, coupled with the obligations imposed on public companies, such as regulatory supervision and reporting, will require great attention from Senior Executives, which could divert their attention away from the day-to-day management of the Group's business. If the Company does not comply with the regulations and disclosure requirements imposed on listed companies in a timely manner, it will be exposed to regulatory sanctions and fines. The occurrence of any of those events would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.1.47 Risks Related to the Resignation of Two Directors after the Listing and the Exit of the Selling Shareholders

As the Selling Shareholders will sell all of their shares in the Company through the Offering process, the two Directors, Lubna Mansour Ahmed Qunash and Louise Domican Hlinovsky, will submit their resignations from the Board of Directors upon the completion of the Offering and Listing due to them being employees of Carlyle Group with which those Selling Shareholders are affiliated (for further information, please refer to Section 4.1.3 "**Overview of the Company's Shareholders**" and Section 5.3 "**Board of Directors**" of this Prospectus. Upon the completion of the Listing, the Company will invite the Ordinary General Assembly to elect replacement directors according to the schedule in Section 15 "**Company's Post-Listing Undertakings**" of this Prospectus. Consequently, the Company will not be able to benefit from the experience of the two future Directors or benefit from the expertise of the Carlyle Group on the Board of Directors after their resignation. In the event that the Company is unable to find or appoint new directors who are suitably qualified and able to perform their duties as required, the Group's ability to develop new business and implement its strategy may be negatively affected, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2 Risks related to the Market and Industry

2.2.1 Risks Related to Competition

The market for food and beverage is intensely competitive, especially with respect to food quality, price, service, convenience and concept. It is also a market which is highly fragmented and subject to rapid change and evolving industry dynamics, and the Group expects competition to intensify in the future. The Group faces competition from domestic and international operators of restaurants, coffee shops, cafés, and other forms of food and beverage businesses in the areas where the group currently operates and where it may open new stores in the future. In the Kingdom, for example, the Group anticipates that competition from international operators of restaurants, coffee shops and cafés may increase in the future in light of recent regulatory reforms introduced in the Kingdom to encourage foreign investment.

In addition, the Group's business may be adversely affected by the new and long-term trends in the food and beverage market, such as the notable increase in demand for healthier dining options. As such, the Group faces competition from competitors that offer healthier substitutes to the Group's products.

The Group competes with other stores based on, among other things: price of products; the degree of store brand recognition in terms of the quality of products, services and store image; the location and size of a store; the reputation, variety and quality of the brands and products offered; the quality of customer service; and the ability to understand and respond to customer demands in a timely manner. Some of the Group's competitors, particularly other restaurant or coffee shop chain operators, may have more financial and managerial resources than the Group does. A number of different competitive factors would have an adverse effect on the Group's business, results of operations, financial position and future prospects, including, among other things:

- adoption of aggressive pricing strategies, a wide and popular product variety, innovative store formats or sales methods by the Group's existing or new competitors;
- increase of new food service platforms, such as cloud kitchens, which do not offer in-restaurant services and only serve food through delivery aggregators, requiring less capital expenditure to offer food services;
- entry of new competitors into the Group's current markets and increased competition from other international and local players, including other chain store operators;
- two or more competitors merging or forming consortiums and offering superior quality service at lower cost due to increased efficiency; or
- launching innovative and successful marketing campaigns by the Group's existing or new competitors.

The Group may not be able to maintain its stronghold in the future if more operators of restaurants and coffee shops enter the market in which the Group operates or if the existing competitors expanded. This could lead to a decrease in the Group's profit margins and a loss or decrease in its market share, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group's ability to compete depends in part on the quality and innovation of its products and services. In particular, the Group's competitive position depends increasingly on the attractiveness and reliability of its online presence, including the timely introduction and market acceptance of the online services it offers compared to those of its competitors. The Group's competitors develop online marketing, communications, social networking and other online services to enhance users' online experience. If the Group's online infrastructure and services do not compete effectively with its competitors' online platforms, this will have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.2 Risks Related to Consumer Behavior and Spending

Consumer demands and willingness to spend vary on an ongoing basis, and consumer acceptance of a product is affected by a number of factors, including global, regional and local economic conditions, disposable income, price, functionality, technology, appearance and many other factors. In an unfavorable economic environment with a decrease in disposable income, the Group's customers may reduce the frequency with which they purchase home delivery/takeaway food or may opt for more inexpensive options. Failure to adapt to changes in consumer behavior and spending habits could affect the Group's ability to create attractive concepts for its customers, which in turn would have an adverse effect on the Group's business, financial condition, results of operations and future prospects.

2.2.3 Risks Related to Consumer References and Perceptions

The food and beverage industry is affected by changes in consumer tastes, dietary habits, and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid the products offered by the Group in favor of alternative options that are perceived to be healthier, the Group's business and operating results would be harmed. Moreover, because the Group's current operations are primarily dependent on the products offered through its Domino's and Dunkin' brands, any material decrease in consumer demand for the products offered through these two brands might hinder the Group's business more so than it otherwise would have if the Group's portfolio of products or brands was more diversified. In addition, the Group is susceptible to a decrease in the average basket size of its customers, which would result in a decrease in the Group's sales, and which may, in turn, have a material adverse impact on the Company's financial performance. If the Group is unable to adapt its products to successfully meet changes in consumer tastes and trends, the Group's business, financial position and future prospects may be materially and adversely affected. The Group's success in responding to consumer demands depends in part on the Group's ability to anticipate consumer preferences and introduce new menu items to address these preferences in a timely fashion. However, there is no assurance that the new menu items will be as successful or profitable as the current menu items. Any failure to successfully anticipate and address changing customer preferences would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.4 Risks Related to Seasonality

The revenues of the Group are subject to seasonal variations. In general, footfall and sales are lowest during the month of Ramadan. The Group may not be able to anticipate the extent of future seasonal changes in footfall and the volume of sales. Such seasonal variations in sales may make the Group's business planning and its ability to predict its future income streams more difficult. Consequently, the Group may not be able to budget effectively with respect to its operating costs. In addition, there can be no assurance that the Group will have sufficient resources to fully capitalize on seasons with higher footfall and sales. This, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.5 Risks Related to Changes in the Regulatory Environment

The Group and its operations are regulated by a number of governmental bodies in the countries in which it operates. The legal and regulatory environment in each country is subject to constant changes and developments. Therefore, it is likely the relevant regulators may adopt changes in laws, regulations and policies in the future, which the Group cannot foresee, including changes in laws and policies related to tax, antitrust, liquidation, corporate governance, imports and exports, environment protection and health and safety standards, which may affect the Group's business and operations. Such future regulatory changes may have an adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.6 Risks Related to the Global Economy and Economies of the Countries in which the Group Operates

A significant portion of the Group's operations and customer base are located in the Kingdom and MENA, and, therefore, its performance, results of operations and growth prospects would be affected by the general economic condition in the Kingdom and MENA as well as globally. The Kingdom's economy is highly dependent on revenues from oil, which play a significant role in the Kingdom's economic plan and gross domestic product. Any decrease in oil prices will result in an economic slowdown and/or slowdown in the government's spending plans, which would affect all segments of the Kingdom's economy and would have an adverse effect on the Group's business, results of operations, financial position and future prospects. It is worth noting that the economy of the Kingdom, as with the economies of many other countries in which the Group operates, is currently experiencing significant disruption as a result of the outbreak of COVID-19 (for further information on the risks related to COVID-19, please refer to Section 2.2.8 "**Risks Related to the Outbreak of COVID-19 or Any Other Infectious Disease**" of this Prospectus), with one such disruption being the steep decline of oil prices during 2020G. Economic conditions in the Kingdom may worsen in the future as a result of a decrease in oil prices or otherwise, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.7 Risks Related to Political Instability and Security Concerns in Countries in which the Group Operates or May Conduct its Activities

The Group's primary operations and customer base are located in the MENAP region. The MENAP region is subject to a number of geopolitical and security risks. Any geopolitical events or any future developments in the geopolitical situation may contribute to instability in the MENAP region and surrounding regions (that may or may not directly involve the countries in which the Group operates), and, therefore, investments in the MENAP region are characterized by a significant degree of uncertainty. Any unexpected changes in the political, social or other conditions in countries within the MENAP region, or any terrorist attacks or acts of sabotage in the future targeting any of the countries in which the Group operates or any other countries that the Group may wish to expand to, may have an adverse effect on the markets in which the Group operates, its ability to retain and attract customers and investments that the Group has made or may make in the future, which, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.8 Risks Related to the Outbreak of COVID-19 or Any Other Infectious Disease

In March 2020G, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of the disease COVID-19, caused by a novel strain of coronavirus, SARS-CoV-2. The COVID-19 outbreak and certain preventative or protective actions that governments, businesses and individuals have taken in respect of COVID-19 have resulted in global business disruptions. The COVID-19 Pandemic has adversely affected global economies, financial markets, global demand for oil and oil prices, and the overall environment in which the Group operates, and the extent to which it may impact the Group's future results of operations and overall financial performance remains uncertain.

It is worth noting that the COVID-19 Pandemic or the outbreak of any other contagious disease may result in Domino's Master Franchisor exercising its right to terminate Domino's Master Franchise Agreement as a force majeure circumstance if it continues for more than a year, which will lead to the Group losing a large portion of its revenues (for more information about the risks related to Domino's Master Franchise Agreements, please refer to Section 2.1.1 "**Risks Related to Dependence on Domino's Master Franchise Agreements**" of this Prospectus).

The Kingdom, as is the case with other countries, adopted strict precautionary measures and limits on travel and public transport, requirements for people to remain at home and practice social distancing and prolonged closures of workplaces and economic activities, which have severely disrupted the Kingdom's economy. Despite the lifting of a large part of the restrictions of the COVID-19 Pandemic during 2021G, and the increase in the Group's sales by 25% during the year of 2021G compared to the year of 2020G, there is no assurance as to how long and the manner in which any preventive measures will remain in place, including any re-introduction of such measures, introduction of further measures and the extent of any such measures. Any of the foregoing may result in a prolonged or further decline in oil prices, or a prolonged adverse effect on the Kingdom's economy, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.9 Risks Related to Reliance on Imported Products

The Group relies on products imported from other countries in the operation of its business. The Group's purchase of imported products represented 52%, 54% and 50% of the Group's total gross purchases in the financial years ended in December 31, 2019G 2020G and 2021G, respectively. Therefore, the imposition of legal requirements or new regulations, such as the Saudi Government's recent decision to increase customs tariffs to 20%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocks, will affect the prices of products imported by the Group, and thus will be reflected in the Group's ability to provide competitive sales offerings at its stores, which will, in turn, have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.10 Risks Related to Compliance with Saudization Requirements

Compliance with Saudization is a legal requirement, whereby all companies operating in the Kingdom, including the Company, must employ and maintain a certain percentage of Saudi employees. Such percentage varies based on the activity of each entity as set out under the "**Nitaqat**" program. The MHRSD approved the developed "**Nitaqat**" program in order to gradually increase the Saudization rates annually. The developed "**Nitaqat**" program came into effect on 26/04/1443H (corresponding to 12/01/2021G). Under the developed "**Nitaqat**" program, a new system has been introduced to classify employers based on a proportional relationship between the company's headcount and the required Saudization ratio.

The Company is currently in compliance with the Saudization requirements as of the date of this Prospectus. As of the date of this Prospectus, the Company is classified in the "**high green**" range within the Nitaqat Program (for further information on the Company's Saudization status, please refer to Section 4.15.2 "**Saudization and Nitaqat**" of this Prospectus). However, the Company may not be able to continue to comply with the Saudization and "**Nitaqat**" program requirements. In such case, the Company will face penalties by governmental authorities, such as suspension of work visa requests, suspension of requests for transfer of sponsorship for non-Saudi employees and exclusion from government tenders and government loans. The Company may not be able to recruit Saudi employees under favorable conditions, if at all, or maintain its current Saudi employees, which in turn would affect its ability to meet the required Saudization percentage. There may be a significant increase in costs of salaries in the event that the Company hires a larger number of Saudi employees. The occurrence of any of the above would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.11 Risks Related to Labor Costs

The Kingdom implemented a number of reforms aimed at increasing Saudi employees' participation in the labor market, including imposing fees on non-Saudi employees employed at Saudi companies as well as fees on residency permits of non-Saudi employees' family members. The non-Saudi employees fee became effective on 14/04/1439H (corresponding to 01/01/2018G) while the residency permit fees became effective on 07/10/1438H (corresponding to 07/01/2017G), noting that such fees increased gradually up to nine thousand six hundred Saudi Riyals (SAR 9,600) annually per employee in 2020G. As of December 31, 2021G, non-Saudi employees constituted 67.5% of the Company's total employees. Implementation of such fees increased Government fees paid by the Company for its non-Saudi employees, which amounted to SAR 12.4 million as of December 31, 2021G. In addition, an increase in fees payable by non-Saudi employees for their family members resulted in higher living costs, which may affect the attractiveness of the Kingdom for such employees who may look to relocate to other countries with lower living costs. Consequently, high Government fees and difficulty in maintaining non-Saudi employees would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.12 Risks Related to Prices of Energy, Electricity, Water and Related Services

The Group operates in several countries in which prices of energy, gas, electricity, water and related services vary and are subject to constant change. In the Kingdom, for example, the Saudi Council of Ministers issued the Resolution No. 95, dated 17/03/1437H (corresponding to 12/28/2015G), to raise energy prices (including fuel), electricity, water and sanitation services tariffs for residential, commercial and industrial sectors, as part of the Kingdom's policies aimed at rationalizing the Government subsidy program. The Ministry of Energy and Industry issued a statement, dated 24/03/1439H (corresponding to 12/12/2017G), on the Fiscal Balance Program Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as at 14/04/1439H (corresponding to 01/01/2018G). There can be no assurance that other countries in which the Group operates will not implement measures similar to those which the Kingdom implemented.

The Group's water and electricity expenses were thirty million, six hundred and twenty-seven thousand, one hundred and sixty-one Saudi Riyals (SAR 30,627,161), twenty-three million, seven hundred and twenty-one thousand, eight hundred and ninety-six Saudi Riyals (SAR 23,721,896) and twenty seven million, two hundred and ninety-four thousand, seven hundred and forty Saudi Riyals (SAR 27,294,740)in the financial years ended December 31, 2019G, 2020G and 2021G, and the nine-month period ended September 30, 2021G, respectively. The price increases set out above, as well as any other potential increases, may lead to a decrease in discretionary spending or income available to customers in general. Consequently, sales in the Group's stores may be negatively impacted and the Group's operating expenses might increase, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.13 Risks Related to Foreign Exchange Rates

Some of the Group's transactions are denominated in currencies other than the Saudi Riyal, particularly the US dollar, given that the Group has operations in several countries. As part of the Kingdom's policy, the Saudi Riyal, as of the date of this Prospectus, is pegged to the US dollar at an exchange rate of 3.75 Saudi Riyals per US dollar. However, there is no guarantee that the exchange rate of the Saudi Riyal against the US dollar will remain constant. These fluctuations in the value of the Saudi Riyal against foreign currencies (including the US dollar) used by the Group may result in increased expenses, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

In addition, part of the Group's transactions is denominated in volatile currencies, including, but not limited to, the Egyptian Pound and Lebanese Lira. Any restrictions over the conversion or timing of conversion of these currencies may expose the Group to adverse fluctuations in exchange rates. The Group cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not be unfavorable to the Group, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.2.14 Risks Related to Floods, Earthquakes and Other Natural Disasters or Disruptive Acts

The occurrence of natural disasters or disruptive acts that are beyond the Group's control may adversely affect the Group's facilities and/or employees. Such events may result in Domino's Master Franchisor exercising its right to terminate Domino's Master Franchise Agreement as a force majeure circumstance if it continues for more than a year, which will lead to the Group losing a large portion of its revenues (for more information about the risks related to Domino's Master Franchise Agreements, please refer to Section 2.1.1 "**Risks Related to Dependence on Domino's Master Franchise Agreements**" of this Prospectus). Any damages to the Group's facilities as a result of floods, earthquakes, storms or other natural disasters, or as a result of disruptive acts such as terrorist attacks or acts of sabotage, would result in incurring significant costs and/or suspension of the Group's operations, which, in turn, would result in an increase in production costs and decrease in revenues. The occurrence of any of those events would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Effective Control Post-Offering by Abdulaziz Ibrahim AlJammaz and Brothers Company

After the completion of the Offering, Abdulaziz Ibrahim AlJammaz and Brothers Company will hold Shares representing 57.124% of the Company's share capital. Abdulaziz Ibrahim AlJammaz and Brothers Company will be able to control matters requiring shareholder approval and will be able to significantly influence the Group's business, including matters such as nomination of Directors, material transactions, dividend distributions and capital adjustments. If the interests of the Abdulaziz Ibrahim AlJammaz and Brothers Company conflict with those of the Company's minority Shareholders (including the Subscribers), the minority Shareholders will be disadvantaged, and Abdulaziz Ibrahim AlJammaz and Brothers Company may otherwise exercise its control over the Company in a manner that would have an adverse effect on the Company. This, in turn, would have an adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or a portion of their investment in the Company.

2.3.2 Risks Related to the Lack of an Active and Liquid Market for the Shares

There is currently no public market for the Company's Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the price of the Shares may be adversely affected.

The Offer Price has been determined based upon a variety of factors that have impacted and may in the future impact the Company and the value of the Shares. Various factors, including the Company's financial results and future business prospects, general conditions in the industry in which the Company operates and the markets in which it competes, economic factors, the regulatory environment and other factors that are beyond the Company's control, may lead to the market price of the Shares being significantly lower than the Offer Price.

2.3.3 Risks Related to Fluctuations in the Market Price of the Shares

The Offer Price may not be indicative of the price at which the Shares will be traded on Tadawul following completion of the Offering, and the Subscribers may not be able to resell the Offer Shares at the Offer Price or above or may not be able to sell them at all.

The trading price of the Shares may be volatile and may fluctuate significantly in response to a variety of factors, many of which are beyond the Company's control, including but not limited to:

- fluctuations in the operating performance of the Company or its competitors;
- actual or anticipated fluctuations in the Company's quarterly or annual results of operations;
- downgrades or changes in research coverage by securities research analysts with respect to the Company, its competitors or the industry in which the Company operates;
- the Public's reaction to the Company's press releases and other Public announcements;
- failure of the Company or its competitors to meet analysts' projections;
- appointment or resignation of key personnel;
- changes in the Company's business strategy;
- changes in the regulatory environment;
- changes in the applicable accounting rules and policies;
- political or military developments or terrorist attacks in the Middle East or elsewhere;

- political, economic or other developments in or affecting the Kingdom;
- release or expiration of the Lock-Up Period or other transfer restrictions on the Shares;
- natural and other disasters; and
- changes in general market and economic conditions.

Any of these factors may result in large and sudden changes in the trading volume and market price of the Shares, which, in turn, may lead to an adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or part of their investment in the Company.

2.3.4 Risks Related to the Group's Ability to Distribute Dividends

The Company may not be able to pay dividends, and the Board may not recommend, and the Shareholders may not approve, the payment of dividends for any reasons. Future distribution of dividends will depend on several factors, including, among other things, future earnings, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company (for further information on the Company's dividend distribution policy, please refer to Section 7 "**Dividend and Distribution Policy**" of this Prospectus).

In addition, the Company may be subject to the terms of future financing agreements, which may include restrictions on the distribution of dividends. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders will not receive any return on investment in the Shares unless they sell the Shares at a price higher than the Offer Price. The Company may not be able to distribute dividends to the Shareholders, or dividend distribution may not be recommended by the Board or approved by the Shareholders, which would have an adverse effect on the Subscribers' anticipated returns on the investment in the Offer Shares.

2.3.5 Risks related to Selling a Large Number of Shares in the Market Post-Offering

Sales of a large number of the Shares on the market after the completion of the Offering, or the perception that such sales will occur, may adversely affect the market price of the Shares. Upon the successful completion of the Offering, Abdulaziz Ibrahim AlJammaz and Brothers Company will be subject to a Lock-up Period of six (6) months commencing on the date of trading the Company's Shares in the Exchange, during which it may not dispose any of its Shares. The sale of a substantial number of Shares by Abdulaziz Ibrahim AlJammaz and Brothers Company following the expiration of the Lock-Up Period, or the perception that such sales may occur, would have an adverse effect on the market for the Shares and may result in a lower market price.

2.3.6 Risks Related to Issuance of Additional Shares in the Market Following Expiration of the Lock-up Period

The issue of new Shares in the future, should the Company decide to do so, could have a negative impact on the Share Price and will result in dilution of the shareholding of Shareholders that do not subscribe to the newly issued Shares upon issuance.

2.3.7 Risks Related to Research Published about the Group or Any Other Company Operating under the Same Brands as the Group

The trading price and volume of the Shares will depend in part on the research that securities or industry analysts publish about the Group and its business (or, indirectly, on the Substantial Shareholder, the Master Franchisors and/or third-party franchisees of the Domino's brand outside of the MENAP region or Dunkin' brand outside of Egypt and Morocco). If analysts do not consistently establish adequate research coverage or if one or more of the analysts covering the Group, the Substantial Shareholder, Domino's Master Franchisor, Dunkin' Master Franchisor and/or the relevant third-party franchisees, downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about their business, the market price for the Shares may decline. In addition, if one or more of such analysts who publish research cease to cover the Group at all or fail to publish reports on it regularly, it could lose its position and visibility in the financial markets, which, in turn, would cause the market price for the Shares to decline significantly.

2.3.8 Risks Related to Non-Qualified Foreign Investors not Being Able to Directly Hold Shares

Under applicable laws and regulations, non-Qualified Foreign Investors wishing to participate in the Offering must enter into swap arrangements with Capital Market Institutions, pursuant to which they acquire an economic benefit in the Offer Shares. Non-Qualified Foreign Investors are able to trade these interests through Capital Market Institutions who will hold the legal title to the Shares. Accordingly, non-Qualified Foreign Investors will not hold the legal title to the Shares nor will they be able to vote the Shares in which they hold an economic benefit.

3. Market and Industry Information

3.1 Introduction

The information shown below is based on an independent market study developed by Arthur D. Little Middle East FZ-LLC exclusively for the Alamar Foods. Alamar Foods has contracted Arthur D. Little Middle East FZ-LLC to develop a market study covering the Quick Service Restaurants (QSR) in the Kingdom of Saudi Arabia (KSA), United Arab Emirates (UAE), Morocco & Egypt, and the café market in Morocco and Egypt. Arthur D. Little Middle East FZ-LLC is an independent company based in Dubai that provides strategic services and market research. Arthur D. Little was founded in 1886 AD and started its operations in Dubai in the 1990s (for further information about the market study consultant, please go to www.adlittle.com).

It shall be noted that neither the market study consultant nor any of its affiliates or sister companies, partners, shareholders, members of its board of directors, directors or their relatives, own any kind of share or interest in the company or its affiliate companies. The market study consultant has given his written approval on the use of his name, the market information and data provided by him to the company as shown in this document, and such approval has not been withdrawn to date.

The members of the board of directors observe that the information and data shown in this document and received from other sources, including those provided by the market study consultants, are credible data and information. However, neither the company nor the members of the board of directors or its directors or other consultants have checked or verified the accuracy or completion of the information shown in this section, and none of them shall assume any responsibility as to such information. The research has been conducted with a broad perspective on the industry and will not necessarily reflect the performance of individual companies in the industry. Actual results and future events could differ materially from such forecasts, estimates, or such statements due to changes in factors underlying their assumptions, or events or combinations of events, compounded further by COVID-19 pandemic. As well, such information shall not constitute the sole basis for taking or refraining to take any investmentrelated decisions. Arthur D. Little shall not be liable for any loss suffered by any person on account of reliance on the information contained in this report.

Conclusions shown in this section are the results of the exercise of the best professional judgement at Arthur D. Little, based in part upon materials and information provided to them by third party research agencies, government agencies and others. Use of this report by any third party for whatever purpose should not, and does not, absolve such third party from using due diligence in verifying the report's contents.

3.2 Research methodology

The market study conducted in this section is an output of comprehensive research conducted during April – May 2021 based on (i) publicly available sources such as government entities, academic reports, industry reports from major foodservice players (ii) analysis of material provided by Alamar Foods (iii) data from multiple sources cross-checked and triangulated to arrive at an accurate consensus. Key sources utilized for developing the report include General Authority for Statistics, Saudi Arabia's Ministry of Finance, World Bank, IMF, Fitch, Statista and Redseer (for foodservice market research). Market size evolution is based on 2018 constant prices to normalize the different levels of inflation across analyzed countries. All market estimates in the study are in Saudi Riyal with following exchanges rates: 1 AED = 1.02 SAR, 1 EGP = 0. 24 SAR, 1 MAD = 0.43 SAR.

In this market overview, we have analyzed the QSR market in KSA, UAE, Egypt and Morocco. Additionally, as Alamar Foods operates Dunkin' Donuts in Egypt and Morocco, the café market assessment has been conducted for these two countries. Foodservice restaurants have been classified in three main categories:

- **Full-service restaurant (FSR) –** a dine-in restaurant with broad menu and foodservice directly to the customers' table. It includes fine dining and casual restaurants
- **Quick service restaurant (QSR) –** a type of restaurant that serves fast food cuisine, has minimal table service and where bill is usually paid before the service
- **Café –** a type of restaurant where beverage is the primary product. In addition, cafés typically serve light refreshments such as baked food or snacks

3.3 Saudi Arabia

3.3.1 Macroeconomic and demographic backdrop

A- Macroeconomic landscape

KSA is the largest economy in Middle East with a GDP of SAR 2.53 trillion in 2020. Traditionally an oil-based economy, KSA is actively investing in multiple non-oil-based sectors such as tourism, finance, manufacturing etc. to diversify its economy.

Saudi's economy declined by 4.1% in 2020 due to reduced international oil demand and restricted domestic economic activities as a result of COVID-19 pandemic. Other economies also suffered similar contractions in 2020, with U.S. and UK GDPs declining by 4% and 10% respectively. As a result of pandemic, the unemployment rate increased from around 6.1% in 2019 to 8.2% in 2020. KSA government also increased VAT from 5.0% to 15.0% in 2020 to manage fiscal spending.

Table (3.1): KSA macroeconomic and demographics statistics, 2016 - 2020

	2016	2017	2018	2019	2020
GDP at 2010 constant prices (SAR bn)	2,588	2,569	2,631	2,640	2,531
Oil GDP (SAR bn)	1,138	1,103	1,138	1,096	1,023
Average Brent oil price (USD / barrel)	45	55	71	64	42
Consumer expenditure /capita (SAR k)	26.4	26.7	26.8	27.5	25.3
Inflation (%)	2.0%	-0.8%	2.5%	-2.1%	3.4%
Unemployment rate (%)	5.7%	5.9%	6.0%	6.1%	8.2%
Population (mn)	31.8	32.6	33.4	34.1	34.8
Number of tourists (mn)	18.0	16.1	15.3	17.3	3.6
Urban population (%)	83.4%	83.6%	83.8%	84.1%	84.3%

Source: KSA General Authority of Statistics, Fitch, World Bank, IMF, World bank, MoMRA, Knoema, Saudi Ministry of Tourism, Macrotrends

Economic activities in the Kingdom are gradually returning to normalcy as vaccine rollouts ramp up and impact of COVID-19 pandemic declines. After a sharp decline in oil prices in 2020, global demand for oil has picked up, resulting in oil price recovery in 2021. As per IMF estimates, KSA real GDP is expected to grow at a CAGR of 3.1% during 2021-2025 due to anticipated recovery from COVID-19. With expected economic growth and rising employment, the disposable income per capita is expected to increase at a CAGR of 3.9% during 2021-2023. These factors are expected to impact consumer spending and foodservice sector positively.

B- National plans / strategies

In 2016, Saudi unveiled 'Vision 2030' - a plan to diversify the economy and reduce dependency on oil to achieve sustainable growth in the Kingdom. The envisioned transition and growth are underpinned by various Vision 2030 initiatives and 11 vision realization programs. One of the focus of these programs is to focus on developing the digital economy through initiatives aimed at supporting local digital companies, promoting e-commerce, raising digital awareness and enhancing internet access across KSA. In particular, the Quality-of-Life Program aims to maintain expenditure levels on food and beverage with elevated lifestyle options to position KSA as a leading global foodservice reference with high-quality offerings, and to increase availability of top international restaurant brands. Further, NTP includes multiple initiatives aimed at increasing women's participation in labor force and tourism that will positively impact foodservice industry. NTP program puts special emphasis on facilitating ease of doing business (e.g. enhancing business flows and policies) and developing the retail sector (e.g. applying technological solutions to help transform the sector). All these factors are largely expected to positively impact the growth of the foodservice sector in the Kingdom.

C- Demographics

KSA is the largest country in Gulf Cooperation Council (GCC) with an estimated population of 34.8 mn in 2020. During 2016-2020, the population grew at a CAGR of 2.3%, and is expected to reach 38.4m in 2025 at a CAGR of 2.0%. Population is relatively young with a median age of 31.8 years representing a target segment for quick service restaurant sector due to its higher popularity in the younger age group.

Tourism has been identified as a priority sector in the Vision 2030 and the Kingdom aims to achieve a target of 100 mn tourists annually by 2030 (compared to 17.3 mn in 2019). KSA is rapidly opening the market to both leisure and religious tourists by (i) easing visa process (ii) investing in leisure and entertainment infrastructure (iii) focusing on marketing initiatives. Several tourism megaprojects, such as Al Ula, Al Soudah, NEOM, Qiddya, Red Sea Project, etc., are underway to attract more local and foreign visitors. Tourism is expected to aid in the growth of foodservice sector with increased demand of restaurants and cafes across all foodservice categories.

In the last decade, KSA has undergone significant societal changes. KSA is witnessing widespread urbanization throughout the country driven by higher employment opportunities and development of urban centers. Percentage of population living in urban areas has increased from 21% in 1950, to 58% in 1975, to 83% in 2015, and is estimated to reach 88% by 2025. Busier urban lifestyles are resulting in less time for customers to cook and increase in ordering or dine-in.

With recent regulations, women's participation in the workforce has been increasing as more companies are actively recruiting women for various positions (women labor participation increased from 18.3 in 2016 to 31.4% in 2020). Several social reforms have been implemented, including allowing women to travel independently and to become eligible for driving licenses (175 thousand driving licenses have been issued to Saudi women from June 2018 until January 2020). Increased women participation in labor force is expected to result in higher demand for dine-in and home delivery due to increase in household income and lesser time available for household chores.

KSA has been witnessing expansion in the entertainment sector. As more cinemas and opera houses are opening in the Kingdom, they are providing more avenues for different foodservices outlets.

World class ICT infrastructure and younger population has led to rapid technology adoption, with internet penetration growing from ~65% in 2014 to ~96% in 2019. This has enabled rapid adoption of online delivery channels (share of people who use online food delivery services increased from 18% in 2019 to 23% in 2020) and helped foodservice sector to mitigate some of the sales decline during COVID-19 pandemic as customers avoided dine-in.

D- COVID-19 management

KSA Ministry of Health registered first COVID-19 case on 2 March 2020, and monthly COVID-19 cases peaked in June 2020. However, compared to several Western and Asian countries, KSA has witnessed significantly less severe subsequent waves due to strict preventive measures. With increasing vaccination and effective COVID-19 containment, the economic and travel activities are gradually picking up and taking the Kingdom on path of gradual recovery.

3.3.2 Market overview

A- Market size and growth

KSA is the largest foodservice market in the Middle East due to its large population and high spending power. KSA foodservice market was estimated to be SAR 85.4 bn in 2019, and experienced a 36% decline in 2020 to reach SAR 54.6 bn due to COVID-19 pandemic related restrictions such as (i) limitations on dine-in experiences and reduced operating hours of restaurants (ii) travel bans limiting number of tourists (iii) economic slowdown forcing consumers to prioritize spending on essentials. Going forward, foodservice market is expected to recover and grow at a CAGR of 11.7% during 2021-2025 to reach 109.5 bn SAR in 2025, as consumers are expected to return to their prepandemic habits, and number of tourists increase with multiple tourism initiatives being executed.

Table (3.2): KSA foodservice market size (in GMV) by category 2018 - 2025 (forecasted)

	2018	2019	2020	2021F	2022F	2023F	2024F	2025F	CAGR (2018-2025F)
Full-service restaurants (SAR bn)	45.7	46.0	25.7	34.9	47.7	53.6	54.3	54.4	2.5%
Quick service restaurants (SAR bn)	28.9	31.1	23.8	29.1	35.5	39.8	41.6	42.7	5.8%
Café (SAR bn)	7.9	8.4	5.1	6.4	9.4	11.6	12.2	12.3	6.6%
Total foodservice market (SAR bn)	82.5	85.4	54.6	70.4	92.6	105.0	108.0	109.5	4.1%

Source: Redseer, Arthur D. Little

In KSA, quick-service restaurants (QSR) accounted for ~36% share in foodservice market during 2018-2019. Their share increased by 8% in 2020 to ~44%. QSR market is expected to grow at a CAGR of 10.1% during 2021-2025 to reach SAR 42.7 bn in GMV in 2025. In 2020, quick service restaurants endured the pandemic better than players in other categories (23% sales decline in 2020 for QSR players compared to 36% decline in the overall foodservice market) due to strong online presence, established home-delivery infrastructure and value for money proposition. Future QSR market growth is expected to be driven by multiple demand and supply side drivers such as:

- Economic recovery
- Ongoing COVID-19 vaccination program
- Growing population coupled with a low median age of 32 years
- Government's commitment to grow KSA tourism sector
- Rising participation of women at workplace
- Rapid urbanization, increased popularity of western food, and increase in disposable income
- High technology adoption rate enabling online food order
- Growth of several home-grown brands such as Albaik, Maestro and Kudu
- Improvement in the ease of doing business for international QSR chains
- Increased availability of retail spaces across the Kingdom due to new entertainment projects
- Expansion of QSR brands in smaller cities
- Continued promotional activities and customer loyalty programs

KSA is dominated by major international QSR chains across categories due to popularity of foreign food, spending capabilities and ease of doing business. Nearly 66% of KSA QSR market is served by chained restaurants.

Sale of international fast food such as burger, pizza, etc. are driven by chained restaurants whereas unchained restaurants are dominant in serving middle eastern cuisine. During pandemic, chained outlets performed better as many of them already have their own online sales platforms, and wellestablished partnerships with several aggregator platforms. At the same time, large chained brands promoted their hygiene and safety standards, and were able to gain trust of the customers.

Dine-in, take-away and drive-through constitute ~69% of total QSR sales, whereas remaining ~31% sales is served through home deliveries via different channels such as food aggregators, own app, call centers etc. In QSR category, home delivery is relatively convenient due to nature of food served. Home delivery orders are shifting from call center to digital channels due to increased internet and smartphone penetration, number of delivery apps and improved convenience. Post 2020, supply and demand side challenges have accelerated focus on digital apps. New serving models such as pick and collect, curb side delivery, food kiosk machine, etc. are also being tested in the country.

B- Regulatory environment

Foodservice regulations set by Saudi Food and Drugs Authority (SFDA) promote consumption of healthy and hygienic food in the country. There are strict regulatory guidelines with respect to cleanliness, quality of raw ingredients and store operations that all the players need to adhere to. In the past, SFDA acted swiftly to reduce or completely ban imports of food categories that do not meet the quality and safety standards as per guidelines. Local production of ingredients is promoted though NTP programs and major brands such as Burger King, Domino's etc. now procure chicken locally as opposed to importing them. In similar initiatives, SFDA launched a strategy in 2018 to reduce the level of sugar, salt, saturated and trans-fat in food, and mandated cafes and restaurants to list calorie levels on all products. SFDA has also introduced a legislation that bans the use of partially hydrogenated oils in foods following trans-fat limit regulations which has come to full effect in 2020. In 2019, similar regulation was introduced asking bakeries to limit salt content in their products to 1%.

For labor employment, Ministry of Human Resource and Development issued new labor directives in April 2021 to increase settlements and localization rates in restaurants and cafes, based on their size. This may see many expat workers replaced by Saudi nationals in the foodservice sector.

C- Competitive environment

KSA quick service restaurant market is highly fragmented with two-third of the market served by chained (both local as well international) brands, whereas many small restaurants cover the remaining one-third of the market.

In a competitive market, players are actively trying to differentiate themselves based on food quality, menu diversity, pricing, online order capabilities, delivery infrastructure, customer experiences, and new innovative models such as cloud kitchen etc. These differentiation factors were especially noticed during pandemic when restaurants tried to leverage their infrastructure and financial strength to lure more customers and set up operational capabilities.

Within QSR segment, McDonald's is market leader in terms of GMV and number of stores. McDonald's engaged in promotional activities during pandemic to push sales through delivery networks and takeaway services such as new value meals and family bundle offers. Albaik is the second largest QSR player in KSA in terms of GMV. It is a local QSR chain focusing on low price roasted chicken and burgers. With around 95 stores in the Kingdom, Albaik is now expanding outside KSA to other GCC countries such as Bahrain and UAE.

Domino's, Maestro and Pizza Hut are the leading players in the pizza category. Domino's is market leader and has grown significantly in recent years due to its food quality and delivery infrastructure. Maestro is the second largest player in KSA and has achieved rapid growth since its inception in 2013 due to its local origin, affordable prices and quality of food.

D- Future trends

Several new trends, catalyzed further by pandemic, are anticipated in KSA QSR market in the future.

- **Increasing penetration of online channels -** Share of online sales is expected to rise due to evolving consumer preferences. Young consumers increasingly prefer online food delivery due to convenience, easy use of technology and online promotions
- **Adoption of cloud kitchens business model -** Cloud kitchen model is gaining traction in KSA with many new start-ups (such as CoKitchen, Kitopi, Kitchen Park etc.) entering the market
- **Increasing influence of deals, promotions and loyalty programs on customers -** Due to the ongoing economic situation, restaurants are increasingly expected to rely on solutions and strategies around promotions and loyalty programs to help them survive
- **Menu localization -** Global fast-food chains are localizing their menu by adding local items or flavors to adapt to local tastes
- **Enhancement in customer experience & efficiency -** To remain competitive, restaurants will invest in new technologies to offer a better experience for the technology savvy customers
- **Inclusion of healthy menu items -** As consumers are becoming health and wellness conscious, QSR brands will respond by including healthy items in menu (such as salads, brown/whole wheat breads etc.)
- **Emergence of "home grown" brands -** With backing from local government, local independent and chained restaurants will continue to strongly enter or expand in market

3.4 United Arab Emirates

3.4.1 Macroeconomic and demographic backdrop

A- Macroeconomic landscape

UAE is the second largest economy among GCC countries with a GDP of SAR 1,429 bn in 2020. Before the pandemic, GDP grew at a CAGR of 1.7% from SAR 1,442 bn in 2016 to SAR 1,519 bn in 2019. UAE has been successfully diversifying from an oil-based economy to other sectors such as trade, tourism, transport etc. During the pandemic, UAE enforced travel restrictions and other protocols to ensure public health. As observed in other countries, the national GDP contracted by 5.9% in 2020.

Table (3.3): UAE macroeconomic and demographics statistics, 2016 - 2020

	2016	2017	2018	2019	2020
GDP (SAR bn) at 2010 constant prices	1,442	1,476	1,494	1,519	1,429
Consumer expenditure/ capita (SAR k)	47.1	50.9	53.2	59.4	53.9
Inflation rate (%)	1.6%	2.0%	3.1%	-1.9%	-2.1%
Unemployment rate (%)	1.6%	2.5%	2.2%	2.3%	5.0%
Population (mn)	9.9	10.1	10.4	10.7	10.1
Number of tourists (mn)	19.0	20.4	21.3	21.6	5.5
Urban population (%)	86.0%	86.2%	86.5%	86.8%	87.0%

Source: World Bank, IMF, Knoema, Macrotrends, Trading Economics

After an extensive vaccination drive, economic activities are beginning to pick up in UAE. It is further supported by recovery of oil prices in 2021 as global oil demand has picked up. Non-oil GDP growth is expected to be driven by increased government spending, pick-up in credit activities, stabilization of real estate market, creation of new jobs and EXPO 2020. Going forward, UAE GDP is expected to grow at CAGR of 2.6% between 2021-2025. With projected economic recovery, the unemployment rate is expected to return to pre-pandemic levels.

UAE has seen a steady increase in consumer spending per capita that grew from SAR ~47.1k in 2016 to SAR ~53.9k in 2020. This positively contributes to the consumer foodservice sector in the country.

B- National plans / strategies

Launched in 2010, the UAE Vision 2021 is a long-term plan to improve country's standing across multiple dimensions. Vision 2021 is complemented with The National Agenda that form the key focus of government strategy. The National Agenda specifies a wide-ranging work program centered around 6 national priorities as the key focus of government strategy in the coming years, and 52 key performance indicators in the areas of education, healthcare, economy, police and security, justice, society, housing, infrastructure and government services. These targeted developmental objectives have led to a consistent improvement in UAE rankings across global indicators.

Approved in 2018, the UAE National Food Security Strategy 2051 includes 38 short and long-term key initiatives and is geared towards 5 strategic goals focusing on facilitating global food trade, diversifying food import sources, and identifying alternative supply schemes. The strategy further aims to develop a comprehensive national system to achieve sustainable food production through use of modern technologies and implement resilient practices to increase productivity and production to maintain foodservice ecosystems.

Government has also undertaken multiple initiatives to promote foodservice industry with continuous shift away from dependence on imported raw material to local production. Initiatives such as food festivals (Abu Dhabi Food Festival, Dubai Food Festival etc.) and culinary events (Restaurant week) further drive consumer demand for foodservice restaurants. UAE will host EXPO 2020 – the first major global event after pandemic – which is expected to boost economy by up to USD 33 billion and will have direct impact on the foodservice sector in the country.

C- Demographics

UAE population was estimated to be 10.1mn in 2020 and is expected to grow at a CAGR of 3.0% CAGR to reach 11.7 mn in 2025. With economic recovery, UAE is looking to attract skilled professionals in a major drive to develop the knowledge economy. Population is young with median age of 32 years representing a favorable demographics for foodservice players, particularly in the QSR category.

UAE population is diverse with its vibrant expatriate community who make up ~88% of the population in 2021. While there was short term decline of expat population due to impact of pandemic, UAE is developing a long-term strategy to make country a more attractive place for expats to live, work and retire. UAE recently introduced progressive citizenship laws and relaxed visa norms to retain and attract foreign talent. A larger expat community would be a key driver of the overall GDP, and especially for growth of the foodservice market through higher consumption.

Tourism has been identified as one of the main six pillars of UAE economic development. Over the past few years, UAE has established itself as one of the leading tourist destinations in the world drawing 21.6 mn tourists (more than twice the national population) in 2019. As part of its national plans, the country is developing its infrastructure and establishing partnerships to attract tourists from all around the world. Events like EXPO 2020 Dubai and Dubai Shopping Festival are expected to attract a wide variety of industry stakeholders to the region.

D- COVID-19 management

Since reporting first COVID-19 case in January 2020, UAE has managed COVID-19 pandemic well with strict social distancing rules and large vaccination drive. UAE started the vaccination program in December 2020 and is one of the world leaders in number of COVID-19 vaccine doses administered per 100 people. Success of UAE's vaccination campaign has begun to show by containing the number of cases in the recent months despite reopening of tourism sites, restaurants, offices and other retail stores. Restaurants and food delivery operators have been operating under prescribed safety and hygiene guidelines.

3.4.2 Market overview

A- Market size and growth

UAE foodservice market is estimated to be SAR 48.6 bn in 2021. In 2020, the foodservice market declined by 38.8% due to strict COVID-19 lockdowns and lower number of tourists. However, UAE foodservice market is expected to recover and grow at a CAGR of 11.0% between 2021-2025 as successful vaccination rollout is expected to result in higher consumer confidence for dine-in. EXPO 2020 and gradual flight resumptions will increase tourist inflow in the country.

Table (3.4): UAE foodservice market size (in GMV) by category 2018 - 2025 (forecasted)

	2018	2019	2020	2021F	2022F	2023F	2024F	2025F	CAGR (2018-2025F)
Full-service restaurants (SAR bn)	33.3	33.9	20.1	27.4	36.8	39.9	40.6	41.0	3.0%
Quick service restaurants (SAR bn)	12.7	13.7	10.0	11.7	14.7	16.1	17.0	17.6	4.7%
Café (SAR bn)	12.9	13.0	7.0	9.5	12.7	14.7	15.1	15.2	2.4%
Total foodservice market (SAR bn)	58.9	60.6	37.1	48.6	64.1	70.6	72.6	73.8	3.3%

Source: Redseer, Arthur D. Little

QSR accounts for a quarter of UAE foodservice market in 2021. QSR players responded to pandemic by focusing on home deliveries to mitigate the loss of dine-in sales. Chained QSRs had the technology and delivery capabilities to shift some of their dine-in sales to home deliveries. As a result, QSR sales decline in 2020 was lower than that of the entire foodservice market, and hence its share in foodservice market went up from 22.5% in 2019 to 27.0% in 2020. From 2021 onwards, a strong recovery is expected across all foodservice categories driven by multiple demand and supply side drivers such as:

- Growing population with a low median age of 32 years
- Economic recovery and increase in consumer expenditure
- Resumption in tourism activities
- Foodservice demand from EXPO 2020 participants
- Vibrant expatriate community which is expected to grow further with the introduction of progressive citizenship laws and relaxed visa norms
- High adoption of smartphone and other technologies that will enable online delivery and ordering services
- Emergence of new business models such as cloud kitchens, grocerant, pick and collect, curb side delivery, food kiosk, food aggregators, fast casuals etc.
- Improvements in delivery capabilities of restaurants
- Investments in product/ service innovation (e.g. example, Pizza Hut launched "**Dilly Plate**" robots serving pizzas)

Chained restaurants constitute around 74% of the total QSR sales in 2021 and is dominated by major international and local QSR chains. Their popularity is driven by larger number of tourist and quality of food. During the pandemic, chained restaurants were more successful than independent QSRs as they had access to financial resources and established delivery infrastructure. Moreover, consumers have more faith in the health and hygiene operations of chained QSR outlets. Currently, Burger and Chicken category leads QSR market (~48% market share), driven by consumer preference and availability of options. Pizza is the second largest QSR sub-category with ~12% market share and is expected to grow with rising home delivery trends.

While dine in/ takeaway/ drive through service channels generate 66% of QSR sales, there is a clear shift towards online channels, accelerated further by the pandemic. In UAE, drive through is less popular compared to KSA as restaurants are usually situated in residential and commercial places. QSR operators are increasingly looking to introduce or expand their online platforms and delivery infrastructure. Partnerships with online aggregators is on rise despite higher commission as aggregator platforms have a larger customer base due to higher convenience and choices. New models such as pick and collect, curb side delivery, food ordering kiosk machine, etc. are also being observed in the UAE market.

B- Regulatory environment

UAE regulations are conducive to growth of foodservice sector in the country. Due to ease of doing business and availability of right infrastructure, the foodservice markets in UAE has evolved and is represented by several local and international players. In Dubai, the municipality issues guidelines to all food establishments (including restaurants) to ensure high standards of food safety (that have increased further during the pandemic). Restaurants are required to follow prescribed standards, and several restaurant closures have been observed due to non-compliance. Under the Federal Law, UAE has strong standards and regulations for maintaining food quality and ensuring the protection of public health and consumers. These laws have resulted into high standards of food items available in the country. To improve food delivery infrastructure and operations, the Roads and Transport Authority (RTA) announced upcoming license regulations for online food delivery covering areas such driver training, delivery box standards, driver uniforms etc.

C- Competitive environment

UAE QSR market is competitive due to presence of large restaurant groups, oversupply and competition from other foodservice segments. In general, market is dominated by large business conglomerates that have built strong presence in the foodservice sector, especially in the QSR category. Alshaya Group owns Shake Shack and Pizza Express, while Americana owns KFC, Pizza Hut, Hardee's, Baskin Robbins and other brands in FSR and café segments. QSR sector in UAE faces strong competition from full-service restaurants and cafés, driven by the availability of the multiple options, higher income levels and expatriate lifestyle. QSR players are finding innovative models to differentiate themselves with an increased emphasis on improving customer experience and increasing efficiency by leveraging technology (e.g., robot waiters, AI based kiosks etc.). For example, McDonald's has introduced invested in AI based kiosks to order meals in several stores to improve customer experience.

In the QSR category, McDonald's is the market leader with ~165 stores in UAE. They have invested in menu localization by adding local flavors and more vegetarian options to address multi-cultural diaspora in UAE. KFC is the second largest QSR player due to strong brand awareness, popularity of chicken meals and competitive prices. Interestingly, KFC teamed up with Pizza Hut to develop a limited-edition joint product - KFC Chicken Pizza. As home delivery is the fastest growing channel, pizza category is expected to grow fast as people prefer ordering pizza in gathering occasions at home. Pizza Hut, Papa John's and Domino's are top three players in the pizza sub-category, with Pizza Hut as the market leader. Domino's has expanded rapidly in terms of sales and number of stores with its savvy marketing, innovative ordering methods and delivery infrastructure.

D- Future trends

UAE is usually the testing ground for new trends and innovation in foodservice industry. Several major trends in UAE QSR market have been identified.

- **Increasing penetration of online channels -** QSR players are focusing on developing their online platforms, mobile applications and home delivery services. Delivery capabilities are being strengthened through partnerships with food aggregators such as Talabat, Careem, Zomato etc.
- **Adoption of innovative business models -** Restaurants are trying newer approaches in their internal operations and customer services. For example, 'Cloud kitchen' model is gaining traction for delivery-only restaurants who want to opt for low risk and low investment model. Cloud kitchen service providers such as Kitopi, Kaykroo, Ikcon and Sweetheart Kitchen are expanding their presence in the country with Papa John's, Freedom Pizza, NKD Pizza and Pizza Di Rocco as some of the initial customers. UAE is starting to see emergence of grocerant - a combination of grocery and restaurant. Recently Carrefour launched this offering in its selected hypermarket stores
- **Shift from fast food to fast casual -** Fast casual is gaining popularity, with brands like Shake Shack, Zaroob and Zaatar w Zeit as successful examples. Fast casual restaurants currently constitute 5-10% of QSR market in UAE
- **Increasing popularity of different cuisines -** Presence of people from various nationalities has carved a large market for international brands. Indian cuisine was most preferred in the UAE, followed by Italian, Lebanese and Chinese. Their influences are also seen in menu localization of QSR players
- **Higher focus on efficiency and technology adoption -** In the competitive environment, restaurant operators are looking to increase their operational efficiency by investing in new technologies. Off-the-shelf CRM technologies, rewards memberships, loyalty programs and data analytics etc. are increasingly being used by mid-to-large sized restaurants for effective customer value management
- **Increasing presence in social media -** Social media has become an important communication platform for consumers in UAE. Quick service restaurants are capitalizing on this by reaching their customers through ever-growing number of influencers on social media platforms
- **Inclusion of healthy menu items -** Consumers are becoming increasingly concerned with health and wellness and this has clear implications for their food choices. QSR chains have responded by introducing healthier food options.

3.5 Egypt

3.5.1 Macroeconomic and demographic backdrop

A- Macroeconomic landscape

Egypt is one of the largest and fastest growing economies (GDP of SAR 1,173 billion in 2020) in the MENA region. Egypt is on track to macroeconomic stability and growth after country floated its currency and embarked on a homegrown economic reform program, supported by a $12 billion IMF loan in 2016. The GDP grew at 5.1% CAGR during 2016-2019 as a result of several major fiscal and monetary policies introduced by the government. Even during pandemic, Egypt's GDP grew by 3.6%, attributed partially to relaxed lockdowns that led to continued economic activities in the country. As COVID-19 pandemic impact wanes and government economic initiatives gets implemented, Egypt's GDP is forecasted to grow at 5.7% CAGR during 2021-2025. Key sectors that were impacted by COVID-19 pandemic such as tourism, manufacturing, trade (the Suez Canal) and oil and gas extractives are beginning to show signs of recovery as global trade and travel resume. Besides pandemic-containment efforts, government is looking to introduce macro-fiscal and structural reforms, strengthening social protection and advancing the human capital agenda which will further aid with a strong recovery.

Table (3.5): Egypt macroeconomic and demographics statistics, 2016 - 2020

	2016	2017	2018	2019	2020
GDP at 2010 constant prices (SAR bn)	975	1,016	1,073	1,133	1,173
Consumer expenditure / capita (SAR k)	8.5	8.7	8.6	8.5	8.9
Inflation rate (%)	13.4%	29.5%	14.4%	9.1%	5.0%
Unemployment rate (%)	12.4%	11.7%	11.6%	9.7%	10.4%
Population (mn)	94.4	96.4	98.4	100.4	100.9
Number of tourists (mn)	5.4	8.3	11.3	13.0	3.9
Urban population (%)	42.7%	42.7%	42.7%	42.7%	42.8%

Source: World Bank, IMF, Knoema, Macrotrends

The inflation and unemployment rates have seen gradual decline from 2016 to 2020 due the introduction of new fiscal and labor reforms. Egypt's per capita consumer expenditure of ~SAR 8.9k per year is lower compared to other MENA countries, though this has been increasing as a result of high economic growth in the country. Going forward, the private consumption growth will be supported by remittance inflows, expanded social protection, lower inflation and monetary easing.

B- National plans / strategies

Launched in 2016, Egypt Vision 2030 is a national agenda focusing on 8 main objectives to be met by 2030. Food security, tourism and agriculture are the key components of the national agenda imperatives. The National Agriculture Strategy aims to develop the agricultural industry and boost the supply of local products to the foodservice sector. It also aims to develop fisheries, livestock and poultry industry through various programs to enhance supply chain for local consumptions. Since 2018, Egypt has been implementing a reform program in the tourism sector, which focuses on developing sector's infrastructure and raising labor efficiency through technical and professional training.

C- Demographics

Egypt is the second most populous country in MENA. Egypt's population is estimated to be 101 mn in 2020 and has grown steadily at a CAGR of 2.5% during 2016-2020. Overall standard of living has been improving over the last decade. Like other Middle East countries, the population is young with an average median age of 24 years and presents a vibrant market for limited service restaurants.

Tourism is one of the leading sources of national income and is crucial to Egypt's economy. At its peak in 2010, the sector employed about 12% of workforce of Egypt. Tourism had been growing steadily on the back of government efforts to provide better infrastructure and security to tourists. During 20162019, the number of tourists grew from 5.4 mn in 2016 to reach 13.0 mn visitors in 2019. With rising vaccination, the visitors are expected to increase as confidence in international travel returns.

D- COVID-19 management

As a precautionary COVID-containment measure, government had imposed nationwide lockdown in March 2020, however the restrictions were relatively relaxed. As a result, the impact on the economy and foodservice market was less compared to other countries. Egypt managed to keep the total number of COVID-19 cases low at 2,661 cases per million (total ~275k cases by May 2021). Government has started rolling out AstraZeneca and Sinopharm vaccines since May 2021 and has vaccinated over 3% of population.

3.5.2 Market overview

A- Market size and growth

Dining-out with friends and families is a popular part of Egyptian culture. In 2020, the foodservice market in Egypt was estimated to be SAR 17.1 bn and is expected to grow at CAGR of 9.6% during 2021-2025 to reach SAR 29.2 bn in 2025. Compared to other countries, the impact of COVID-19 was lower in Egypt's foodservice sector largely due to relaxed lockdown imposed by the government. As pandemic fades, people will resume dining-out and the foodservice sector is expected to recover.

Table (3.6): Egypt foodservice market size (in GMV) by category 2018 - 2025 (forecasted)

	2018	2019	2020	2021F	2022F	2023F	2024F	2025F	CAGR (2018-2025F)
Full-service restaurants (SAR bn)	5.1	5.3	3.1	3.8	4.5	5.0	5.1	5.2	0.5%
Quick service restaurants (SAR bn)	10.5	11.1	8.2	9.3	11.3	12.8	13.6	14.2	4.5%
Café (SAR bn)	9.6	10.0	5.8	7.1	8.4	9.3	9.6	9.7	0.2%
Total foodservice market (SAR bn)	25.1	26.4	17.1	20.2	24.2	27.1	28.3	29.2	2.2%

Source: Redseer, Arthur D. Little

Quick service restaurants category dominates the Egyptian foodservice market, and accounts for around 46% of total foodservice sales in 2021, followed by cafés (35%) and full-service restaurants (19%). Given the low income and per capita expenditure, the shares of quick service restaurants and café categories are higher than full-service restaurants compared to other Middle East countries.

QSR market is expected to grow from SAR 9.3 bn in 2021 to SAR 14.2 bn in 2025, driven by economic recovery as well as by unlocking new customer segments.

Cafés are quite popular in Egypt as hot beverages, juices and smoothies are quite popular amongst consumers thus resulting in a high share for Café category in Egypt's foodservice sector (35% of foodservice market). Café sales witnessed decline during the pandemic due to lack of takeaway and drive-through options, and the value proposition of the cafes as a place for social gathering. However, chained juice/ smoothie bars were popular due to increasing health concerns, and weathered pandemic better than other cafe types (coffee/ tea etc.). Although demand for home delivery has increased, it is still in nascent stages and require future investments to take off. Café market size is estimated to be SAR 7.1 bn in 2021 and is expected to grow at a CAGR of 8.1% during 2021-2025 to reach SAR 9.7 bn in 2025.

Foodservice market in Egypt has a positive outlook going forward, driven by multiple demand and supply side drivers such as:

- Growing population coupled with a low median age
- Economic recovery post COVID-19 pandemic
- Growing tourism sector
- Increased popularity of western food
- Increased availability of retail spaces
- Continued promotional activities, loyalty programs and innovative products to meet customer requirements
- Emergence of local brands

B- Regulatory environment

Egypt has recently launched several initiatives to modernize country's food import control systems. The National Food Safety Authority (NFSA) is working towards enhancing import processes through different levels of sampling and consignments verification. Consumer trust in restaurants will increase with higher standard safety requirements. During pandemic, the Local Development Ministry set rules and guidelines for restaurants operations. Restaurants are required to closely follow these guidelines in all branches to ensure compliance.

C- Competitive environment

QSR market in Egypt is highly competitive yet has strong growth potential as brands expand outside main cities and target new customer segments. Despite the presence of large international chains, QSR market has a larger number of strong local players. Brands such as Koshary Abu Tarek, Koshary Al Tahrir, Buffalo Burger, Cook Door etc. are popular and are strengthening their position in the QSR space. McDonald's and KFC lead the QSR market in Egypt with around 150 stores each and an average price of SAR 20 for a meal. In the chained pizza category, Domino's, Pizza Hut, and Papa John's have strong presence with ~170 stores between them. Owned by Americana Group, Pizza Hut has the highest number of stores (~83) among large pizza chains. Domino's operates ~26 stores across Egypt and has strong expansion plans. QSR players have large degree of menu localization and have customized their menu to cater to local preferences and flavors. For example, Domino's serves local pizza such as Tuna Feast.

In café category, the market is dominated by Costa Coffee, Starbucks, Dunkin Donuts and other local chains such as Beano Café and Espresso Labs. Costa coffee and Starbucks are leading operators in Egypt in terms of number of stores (43 and 42 stores respectively). Dunkin' Donuts operates 35 stores and is the third largest café chain. It is further investing in store design by adding loungers, wireless charge areas, etc. Independent players also have a sizable presence in the market as they cater to local café tastes and have lower prices. Players differentiate themselves based on price, in-store experience, loyalty programs and delivery capabilities. For example, Starbucks and Beano's are actively leveraging loyalty programs to drive consumer engagement and stimulate spending. Aggregator apps are well entrenched in the sector and have partnerships with most café players.

D- Future trends

Several new trends are emerging in Egyptian QSR and café market and will have significant impact on the future evolution of market size, structure and business models.

- **Emergence of local brands -** Several local brands have emerged in Egypt and are catering to local tastes at lower prices. Brands such as Buffalo burger, Sultana, El-Shabrawy, Momen etc. are gaining popularity.
- Increasing influence of deals, promotions and loyalty programs on customers - QSRs are offering deals and loyalty programs to gain new customers and improve customer retention. Burger King, KFC, McDonald's, Domino's etc. have a separate deals/ special orders sections on their online platforms. Papa John's and McDonald's have successful reward programs called Papa Rewards and Rewards respectively. Cafés are also relying on loyalty programs to increase customer engagement. For example, Beano's Café launched 'My Beano's' loyalty program.
- **Adoption of online channels -** As customers prefer online delivery due to convenience and promotions, online channels are becoming popular in Egypt. Trend is enabled further by increasing smartphone penetration.
- **Inclusion of healthy items in menu -** In response to the evolving food choices due to increasing urban population and health consciousness, QSR players are introducing healthy food items in the menu. Although foodservice market was impacted by the COVID-19 pandemic, chained juice/smoothie bars did not experience decline in sales. Lychee, a leading player in café category, offers range of healthy choices including detox beverages, juice shots, protein shakes, smoothies, and home-made healthy delicacies etc. McDonald's, Burger King, Starbucks etc. have updated their menu by including healthy food and beverage options.
- **Newer ways of serving -** Players are adjusting their business models and are developing newer ways to serve customers. Costa Coffee in Egypt, for example, provided a car-hub service, where a waiter was placed by the store front to take orders and deliver them to customers in their cars. Cilantro café chain began to offer a "**Barista Home Kit**" to enable its customers to prepare coffee at home during lockdowns.

3.6 Morocco

3.6.1 Macroeconomic and demographic situation

A- Macroeconomic landscape

A major player in the African economic affairs, Morocco is the 5th largest African economy (by GDP PPP). Robust economic management in past few years has yielded strong growth and an investment grade status for Morocco. Before the COVID-19 pandemic, real GDP grew at CAGR of 3.3% between 2016-2019 with tourism, telecoms and textile as major sectors. However, the GDP witnessed a sharp decline of 7.0% in 2020 due to pandemic induced economic restrictions. In 2020, the GDP was estimated to be SAR 440 mn.

Table (3.7): Morocco macroeconomic and demographics statistics, 2016 - 2020

	2016	2017	2018	2019	2020
GDP at 2010 constant prices (SAR bn)	430	448	462	474	440
Consumer expenditure/ capita (SAR k)	7.1	7.3	7.5	7.6	6.8
Inflation rate (%)	1.5%	0.7%	1.8%	0.3%	0.7%
Unemployment rate (%)	9.3%	9.2%	9.1%	9.0%	10.1%
Population (mn)	35.1	35.6	36.0	36.5	36.0
Number of tourists (mn)	10.7	11.5	12.5	13.1	4.3
Urban population (%)	61.4%	61.9%	62.5%	63.0%	63.5%

Source: World Bank, IMF, Statista, Macrotrends, Knoema

Morocco's GDP is forecasted to grow at a CAGR of 3.7% between 2021-2025 on the back of economic recovery, vaccine rollouts, monetary policies and fiscal stimulus. Compared to Middle East nations, Morocco is a low-income country with GDP per capita of SAR 12.3k and a consumer expenditure per capita of SAR 7.6k in 2019. While Morocco's future growth prospects remain positive due to stronger trade and tourism, the economy will remain exposed to swings in agricultural outputs.

B- National plans / strategies

Morocco has undertaken several economic and social reforms in the past that have helped the country in improving food security, nutrition and social protection. The National Sustainable Development Strategy (2017-2030) aims at developing the agriculture industry and increasing the supply of raw materials for food processing. Additionally, these strategic initiatives will help in conserving and efficiently managing water and bio-aquatic resources which will ensure long-term sustainability of water and meat supply for the foodservice sectors. World Food Program – Morocco (2019-2021) is aimed at improving agriculture infrastructure in rural areas to ensure market access and attract investments.

C- Demographics

Morocco population was an estimated 36.0 mn in 2020 and is expected to grow steadily at a CAGR of 1.0% between 2021-2025. Urbanization rate has increased from 53% in 2000 to 63 % in 2020. Moroccan population is young with a median age of 29 years and presents an attractive market for quick service restaurants.

Morocco has a well-developed tourism sector due to its pristine coastline, rich history and diverse culture. Tourism is the second largest foreign exchange earner and government is actively investing in development of the sector. The number of tourists has increased at CAGR of 7.1% from 10.7 mn in 2016 to 13.1 mn in 2019, before declining to 4.3 mn in 2020 due to COVID-19 pandemic. As travel restrictions ease and COVID-19 impact wanes, the numbers of tourists are expected to grow at 22% between 2020-2025.

D- COVID-19 management

COVID-19 cases in Morocco peaked in November 2020 and has shown a strong downward trend since then. As of May 2021, there have been 514k confirmed cases in the country. In response to the pandemic, King Mohammed VI announced the creation of an emergency fund worth SAR 3.75 billion. Morocco launched a nationwide vaccination campaign in January 2021 and has already vaccinated 25% of its population. Stimulus packages and monetary policies adopted by Moroccan government have contributed significantly to the softening of the pandemic's economic impact.

3.6.2 Market overview

A- Market size and growth

Morocco foodservice market is estimated at SAR 13.5 bn in 2021 and is expected to grow at CAGR of 10.6% between 2021-2025 to reach SAR 20.1 billion in 2025. Tourism plays an important role in foodservice sector as huge number of Europeans and North Africans visit the country every year. Local and French cuisine are particularly popular in Morocco. As market opens and customers return to restaurants, the foodservice sector has started to recover.

Table (3.8): Morocco foodservice market size (in GMV) by category 2018 - 2025 (forecasted)

	2018	2019	2020	2021F	2022F	2023F	2024F	2025F	CAGR (2018-2025F)
Full-service restaurants (SAR bn)	2.5	2.6	2.0	2.3	2.9	3.3	3.4	3.6	5.3%
Quick service restaurants (SAR bn)	4.8	5.2	3.8	4.4	5.5	6.2	6.4	6.7	4.8%
Café (SAR bn)	8.5	8.8	5.2	6.7	8.3	9.3	9.6	9.9	2.2%
Total foodservice market (SAR bn)	15.7	16.6	11.1	13.5	16.7	18.7	19.5	20.1	3.6%

Source: Redseer, Arthur D. Little

QSRs constitute over 33% of foodservice market in 2021 due to popularity of fast-food meals in low income to middle income people. QSR market is estimated at SAR 4.4 bn in 2021 and is expected to grow at CAGR of 10.7% during 2021-2025 to reach SAR 6.7 bn by 2025. Although chained QSRs are gaining ground, the category continues to be led by independent players who offer food at lower prices.

Cafe segment constitutes almost half of Moroccan foodservice market in and is expected to grow at a CAGR of 10.0% during 2021-2025 to reach SAR 9.9 bn in 2025. Moroccan cafe market is driven by popularity of pubs, bars and smoking lounges. Cafes were impacted greatly by the COVID-19 pandemic as they rely on the dine-in experience more than other segments. During lockdown, they were not able provide similar experiences through home delivery due to lack of proper delivery infrastructure (packaging material to carry hot beverages, and to avoid spillover etc.).

- Market growth is expected to be driven by multiple demand and supply side drivers such as:
- Economic recovery post COVID-19 pandemic
- Stable population growth coupled with a young population (low median age)
- Growing tourism sector
- Increased concentration of population in urban centers
- High technology adoption rate (particularly among youth) to order food online
- Continued promotional activities, loyalty programs and innovative products to meet customer requirements
- Emergence of local brands
- Recent entry of online food delivery aggregators such as Glovo and Jumia Food

B- Regulatory environment

Foodservice related regulations are in nascent stages in Morocco compared to other Middle East countries. Food Safety Board in Morocco has recently introduced new packaging rules that lay down specific provisions for food contact materials by defining material type and by limiting the use of chemicals. As a result, restaurants have made changes in packaging to comply with the rules or face being shut down by the authorities. In response to COVID-19 pandemic, the government enacted several hygiene and food safety regulations. While these regulations will put some pressure on the margins, they are overall considered beneficial for the sector as they will help restore consumer confidence considering the COVID-19 pandemic.

C- Competitive environment

Although many chained players are present in the QSR category and are gaining ground, the category continues to be dominated by smaller players. QSR market is highly competitive, yet strong growth potential exists, particularly in untapped customer segments such as first-time consumers, or outside the main cities. Meal price is a critical differentiating factor as consumers are generally price sensitive. Food aggregators are well entrenched in the markets and are tying up with leading players.

McDonald's and KFC are leading non-pizza QSR brands in Morocco with around 53 and 18 stores in the country respectively. Pizza Hut (~54 stores), Domino's (24 stores) and Papa John's (6 stores) are top players in the pizza category with over 80 stores among them. All major QSR players have adopted some degree of menu localization to appeal to local consumer palate.

In the café category, Starbucks (~15 stores) is the leading operator in Morocco in terms of number of stores, followed by Paul (~14 stores) and Coffeeshop Company (~7 stores). In response to COVID-19 and changing customers' demands, café players are experimenting with new business models. Starbucks and Paul have recently started to offer delivery through a food aggregator app – Glovo. Paul further launched telephone operating facility of 'call and collect'. Dunkin Donuts plans to open its outlets by end of 2021 in Morocco and is investing on store design for better dine-in experience.

D- Future trends

Several new trends are emerging in Moroccan QSR and café market and will have significant impact on the future evolution of market size, structure and business models:

- **Inclusion of healthy items on the menu -** Increasing urban population coupled with rising disposable income and health consciousness have created a growing demand for healthy food options. Morocco ranks high in health consciousness with an increased emphasis on grilled foods, salads and baked items. For example, McDonald's in Morocco has Caesar salad and sliced apple in its menu. Following these trends, several new salad bars are now also seen in Casablanca
- **New ways of serving -** In response to the pandemic and changing customer behavior, restaurants are adjusting their business models and developing newer ways to serve. In Morocco, Paul launched its "**call and collect**" telephone ordering service
- **Emergence of local brands -** Several QSR brands are providing local as well as western style fast food. Growth is driven by lower prices, government support and local taste preference. Popular names include Tacos De Lyon, Quick, Aladdin, La Grillardiere, Coffeeshop Company etc.
- **Increasing influence of deals, promotions and loyalty programs on customers -** Similar to other MENA markets, QSRs in Morocco are offering deals and loyalty programs to gain new customers and retain existing ones
- **Adoption of online channels -** Consumer preference for online delivery is growing in Morocco. Consumers prefer online delivery due to convenience and promotions and this trend is further strengthened by increasing smartphone penetration
- **Increasing popularity of different cuisines -** Consumers, particularly younger generations, are discovering new cuisines due to increasing preference towards western lifestyles, international exposure and social media usage

4. Company Overview

4.1 Overview

The Company was established as a Saudi limited liability company in Riyadh under Commercial Registration No. 1010168969 dated 20/06/1422H (corresponding to 08/09/2001G) and converted into a closed joint stock company under Ministerial Resolution No. (97/S) dated 16/03/1433H (corresponding to 08/02/2012G). The Company's Head Office is located in Prince Sultan bin Abdulaziz Street, AlOlaya, Riyadh, the Kingdom, with its registered address according to its Commercial Registration being 3507 Riyadh, 112211-7134, P.O. Box 4748.

The Company initially operated as a branch of the AlJammaz Establishment under the name "**Specialized Catering Service Establishment**" in Riyadh under Commercial Registration No. 1010008800/004 dated 22/10/1405H (corresponding to 11/07/1985G). On 01/07/1419H (corresponding to 21/10/1998G), the Specialized Catering Service Company was converted from a sole proprietorship into a limited liability company under the name "**Specialized Catering Service Company LLC**" with a fully paid capital of sixty-two million Saudi Riyals (SAR 62,000,000), divided into sixty-two thousand (62,000) shares, with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. On 20/06/1422H (corresponding to 08/09/2001G), the Specialized Catering Services Company was converted from a limited liability company to a sole proprietorship under the name "**AlJammaz Establishment**" registered in Riyadh under Commercial Registration No. 1010008800. On 11/04/1432H (corresponding to 16/03/2011G), AlJammaz Establishment was converted from a sole proprietorship into a limited liability company under the name "**Alamar Foods**" with a capital of one hundred thousand Saudi Riyals (SAR 100,000), divided into one hundred (100) cash shares of equal value with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and registered in Riyadh under Commercial Registration No. 1010168969. On 16/03/1433H (corresponding to 08/02/2012G), the Company was transformed from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 08/02/2012G) announcing the conversion of the Company into a joint stock company with a fully paid capital of five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased on 02/12/1432H (corresponding to 29/10/2011G) from one hundred thousand Saudi Riyals (SAR 100,000) to five million Saudi Riyals (SAR 5,000,000) paid in full, divided into five thousand (5,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of four million, nine hundred thousand Saudi Riyals (SAR 4,900,000) was covered by capitalizing part of the current account balances of the Shareholders. On 06/11/1442H (corresponding to 16/06/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from five million Saudi Riyals (SAR 5,000,000) to two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) paid in full, divided into twenty-five million, two hundred thousand (25,200,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The capital increase of two hundred and forty-seven million Saudi Riyals (SAR 247,000,000) was covered by capitalizing the amount of ninety-five million, seven hundred and thirty-one thousand, one hundred and forty-one Saudi Riyals (SAR 95,731,141) from the Company's retained earnings and one hundred and fifty-one million, two hundred and sixty-eight thousand, eight hundred and fifty-nine Saudi Riyals (SAR 151,268,859) from the account of the Company's Shareholders. On 29/03/1443H (corresponding to 04/11/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) to two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The increase of three million Saudi Riyals (SAR 3,000,000) was covered by capitalizing the amount of three million Saudi Riyals (SAR 3,000,000) from the profit account (for further information on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

The Company's current capital is two hundred and fifty-five million Saudi Riyals (SAR 255,000,000), divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share.

The Group, through the Company and its affiliates, is the master and exclusive franchisee and operator of the Domino's Pizza trademark in the MENAP region and the Dunkin' trademark in Egypt and Morocco. The group's business is an extension of the works of the "**Specialized Catering Service Establishment**", which was established in Riyadh in 1985G as a branch of the "**AlJammaz Establishment**" under Commercial Registration No. 1010008800/004 dated 22/10/1405H (corresponding to 11/07/1985G). The Company opened its first Domino's store in Riyadh in 1992G, whereas Alamar Foods Egypt opened its first Dunkin' store in Cairo in 2015G In addition, HEA Trade and Services (Morocco) opened its first Dunkin' store in Rabat in 2021G. As of December 31, 2021G, the Group operates a total of five hundred and sixty-seven (567) stores, of which Domino's stores in MENAP region constitute 90.8%, and Dunkin' stores in Egypt and Morocco constitute 7.3%.

The Group is one of the leading quick service restaurant (QSR) operators in the MENAP region. As of December 31, 2021G, the Group's total sales amounted to SAR 868.1 million. The Group's total sales from Domino's stores operated by the Group in the MENAP region and Dunkin' stores in Egypt and Morocco accounted for 92.7% and 7.3%, respectively. As of December 31, 2021G, the Group's sales from Domino's stores in the Kingdom alone amounted to SAR 585.2 million, which represented 67.4% of the Group's total sales.

The Group conducts its activities through two main entities, the Company, which owns and manages the Group's operations in the Kingdom, and Alamar Foods DMCC, a wholly-owned subsidiary of the Company which owns and manages the Group's international operations in the MENAP region (excluding the Kingdom). The Company has acquired Alamar Foods DMCC in the year of 2021G. The Company has eleven (11) Subsidiaries in different countries in the MENA region (for further information on the Subsidiaries, please refer to Section 12.2.3 "**Subsidiaries**" of this Prospectus).

As per its Commercial Registration and Bylaws, the Company's activities include: (i) restaurants with service; and (ii) fast-food activities, including pizza stores.

The Directors declare that there is no intention to make any material change to the nature of the Group's business.

4.1.1 Shareholding Structure Pre- and Post-Offering

The Company's current capital is two hundred and fifty-five million Saudi Riyals (SAR 255,000,000), divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The following table shows the Company's Shareholding Structure Pre-and Post-Offering:

Table (4.1): The Company's Shareholding Structure Pre- and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Nominal Value (SAR)	Ownership (%)*	No. of Shares	Total Nominal Value (SAR)	Ownership (%)*
1	Abdulaziz Ibrahim AlJammaz and Brothers Company	14,566,608	145,666,080	57.124%	14,566,608	145,666,080	57.124%
2	Meadow Holdings (Cayman) Limited	5,974,416	59,744,160	23.429%	-	-	-
3	Meadow Saudi Arabia LLC	4,658,976	46,589,760	18.270%	-	-	-
4	Treasury shares**	300,000	3,000,000	1.176%	300,000	3,000,000	1.176%
5	Public	-	-	-	10,633,392	106,333,920	41.699%
Total		**25,500,000**	**255,000,000**	**100%**	**25,500,000**	**255,000,000**	**100%**

*The numbers in this table have been rounded to the nearest integer.

The Company's Extraordinary General Assembly approved the issuance of treasury shares to be used as part of the Employees' Share Scheme. It classified the employees participating in the Employees' Share Scheme into two categories as follows: First Category: Employee shares shall be granted as follows: (i) 25% of the employee shares shall vest at Listing, (ii) 35% shall vest upon the first anniversary of Listing, (iii) 40% shall vest upon the second anniversary of Listing. Second Category: 100% of the employee shares shall vest at Listing. It should be noted that for non-Saudi employees who do not reside in the Kingdom, the reward will be distributed to them in cash (i.e., the Company will sell the shares granted to non-Saudi employees who do not reside in the Kingdom on their behalf based on the market share price when the shares are bought and distribute the reward to the relevant employee in cash from the sale proceeds) (for further information on the Employees' Share Scheme, please refer to Section 5.11 "Employee Shares**" of this Prospectus).

Source: The Company

4.1.2 Corporate History and Evolution of the Company's Ownership Structure and Share Capital

A- Establishment as Sole Proprietorship (1985G)

In 1985, the Company initially operated as a branch of "**AlJammaz Establishment**" under the name "**Specialized Catering Service Establishment**" with Commercial Registration No. 1010008800/004 dated 22/10/1405H (corresponding to 11/07/1985G).

B- Conversion to LLC (1998G)

On 01/07/1419H (corresponding to 21/10/1998G), the Specialized Catering Service Company was converted from a sole proprietorship into a limited liability company under the name "**Specialized Catering Service Company LLC**" with a fully-paid capital of sixty-two million Saudi Riyals (SAR 62,000,000), divided into sixty-two thousand (62,000) shares, with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. The following table shows the Company's ownership structure upon its conversion to a limited liability company:

Table (4.2): The Company's Ownership Structure upon Conversion to LLC under the Name of Specialized Catering Service Company in 1998G

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Share (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim AlJammaz	31,000	1,000	31,000,000	50%
2.	Al-Aziziyah Commercial Investment Company	15,500	1,000	15,500,000	25%
3.	Al-Aziziyah Panda United Company	7,750	1,000	7,750,000	12.5%
4.	Herfy Foods Company	7,750	1,000	7,750,000	12.5%
Total		**62,000**	**1,000**	**62,000,000**	**100%**

Source: The Company

C- Change of Ownership and Conversion to a Sole Proprietorship (2001G)

On 04/02/1442H (corresponding to 28/04/2001G), Al-Aziziyah Commercial Investment Company, Savola Group Company, and Herfy Foods Company transferred all their ownership interests in the Specialized Catering Service Company to Abdulaziz Ibrahim AlJammaz. On 20/06/1422H (corresponding to 08/09/2001G), the Specialized Catering Services Limited Company was converted from a limited liability company to a sole proprietorship owned by Abdulaziz Ibrahim Abdulaziz AlJammaz under the name "**AlJammaz Establishment**" under Commercial Registration No. 1010008800.

D- Conversion to LLC (2011G)

On 11/04/1432H (corresponding to 16/03/2011G), the Company was converted from a sole proprietorship into a limited liability company under the name "**Alamar Foods**" with a fully-paid capital of one hundred thousand Saudi Riyals (SAR 100,000), divided into one hundred (100) cash shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The following table shows the Company's ownership structure upon its conversion to a limited liability company:

Table (4.3): The Company's Ownership Structure upon Conversion to LLC in 2011G

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim Abdulaziz AlJammaz	95	1,000	95,000	95%
2.	Abdulaziz Ibrahim AlJammaz and Brothers Company	5	1,000	5,000	5%
Total		**100**	**1,000**	**100,000**	**100%**

Source: The Company

E- Increase of Share Capital (2011G)

On 02/12/1432H (corresponding to 29/10/2011G), the Company's capital was increased from one hundred thousand Saudi Riyals (SAR 100,000) to five million Saudi Riyals (SAR 5,000,000) fully paid, divided into five thousand (5,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of four million, nine hundred thousand Saudi Riyals (SAR 4,900,000) was covered by capitalizing part of the Shareholders' current account balances. The below table sets out the Company's shareholding structure following the capital increase:

Table (4.4): The Company's Ownership Structure on 02/12/1432H (corresponding to 29/10/2011G).

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim Abdulaziz AlJammaz	4,750	1,000	4,750,000	95%
2.	Abdulaziz Ibrahim AlJammaz and Brothers Company	250	1,000	250,000	5%
Total		**5,000**	**1,000**	**5,000,000**	**100%**

Source: The Company

F- Conversion to JSC and Change of Ownership (2012G)

On 16/03/1433H (corresponding to 08/02/2012G), the Company was converted to a joint stock company pursuant to Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 08/02/2012G), and the nominal value per share was decreased from one thousand Saudi Riyals (SAR 1,000) to ten Saudi Riyals (SAR 10). In addition, Abdulaziz Ibrahim Abdulaziz AlJammaz sold four hundred and seventy-five thousand (475,000) of his shares in the Company as follows: (i) ninety-two thousand four hundred and forty (92,440) shares to Meadow Saudi Arabia LLC; (ii) one hundred and eighteen thousand, five hundred and forty (118,540) shares to Meadow Holdings (Cayman) Limited; (iii) two hundred and thirty-eight thousand, nine hundred and twenty (238,920) shares to Abdulaziz Ibrahim AlJammaz and Brothers Company; and (iv) one hundred (100) shares to Salwa Othman Ibrahim AlHokail. The following table shows the Company's ownership structure after the Company's conversion and this change of ownership:

Table (4.5): The Company's Ownership Structure as of 16/03/1433H (corresponding to 08/02/2012G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim Abdulaziz AlJammaz	25,000	10	250,000	5%
2.	Abdulaziz Ibrahim AlJammaz and Brothers Company	263,920	10	2,639,200	52.784%
3.	Meadow Saudi Arabia LLC	92,440	10	924,400	18.488%
4.	Meadow Holdings (Cayman) Limited	118,540	10	1,185,400	23.708%
5.	Salwa Othman Ibrahim AlHokail	100	10	1,000	0.02%
Total		**500,000**	**10**	**5,000,000**	**100%**

Source: The Company

G- Change of Ownership (2017G)

On 24/05/1438H (corresponding to 21/02/2017G), Abdulaziz Ibrahim Abdulaziz AlJammaz and Salwa Othman Ibrahim AlHokail assigned their shares, amounting to twenty-five thousand (25,000) shares and one hundred (100) shares in the Company, respectively, to Abdulaziz Ibrahim AlJammaz and Brothers Company. The following table sets out the Company's ownership structure following this assignment.

Table (4.6): The Company's Ownership Structure as of 24/05/1438H (corresponding to 21/02/2017G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim AlJammaz and Brothers Company	289,020	10	2,890,200	57.804%
2.	Meadow Holdings (Cayman) Limited	118,540	10	1,185,400	23.708%
3.	Meadow Saudi Arabia LLC	92,440	10	924,400	18.488%
Total		**500,000**	**10**	**5,000,000**	**100%**

Source: The Company

H- Capital Increase (June 2021G)

On 06/11/1442H (corresponding to 16/06/2021G), the Company's capital was increased from five million Saudi Riyals (SAR 5,000,000) to two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) paid in full, divided into twenty-five million, two hundred thousand (25,200,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The capital increase of two hundred and forty-seven million Saudi Riyals (SAR 247,000,000) was covered by capitalizing the amount of ninety-five million, seven hundred and thirty-one thousand, one hundred and forty-one Saudi Riyals (SAR 95,731,141) from the Company's retained earnings and the amount of one hundred and fifty-one million, two hundred and sixty-eight thousand, eight hundred and fifty-nine Saudi Riyals (SAR 151,268,859) from the account of the Company's Shareholders. The below table sets out the Company's shareholding structure following the capital increase:

Table (4.7): The Company's Shareholding Structure as of 06/11/1442H (corresponding to 16/06/2021G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim AlJammaz and Brothers Company	14,566,608	10	145,666,080	57.804%
2.	Meadow Holdings (Cayman) Limited	5,974,416	10	59,744,160	23.708%
3.	Meadow Saudi Arabia LLC	4,658,976	10	46,589,760	18.488%
Total		**25,200,000**	**10**	**252,000,000**	**100%**

Source: The Company

I- Increase of Share Capital (November 2021G)

On 29/03/1443H (corresponding to 04/11/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) to two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The increase of three million Saudi Riyals (SAR 3,000,000) was covered by capitalizing the amount of three million Saudi Riyals (SAR 3,000,000) from the Company's retained earnings account. The below table sets out the Company's shareholding structure following the capital increase:

Table (4.8): The Company's Ownership Structure as of 29/03/1443H (corresponding to 04/11/2021G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdulaziz Ibrahim AlJammaz and Brothers Company	14,566,608	10	145,666,080	57.124%
2.	Meadow Holdings (Cayman) Limited	5,974,416	10	59,744,160	23.429%
3.	Meadow Saudi Arabia LLC	4,658,976	10	46,589,760	18.270%
4.	Treasury shares*	300,000	10	3,000,000	1.176%
Total		**25,500,000**	**10**	**255,000,000**	**100%**

Source: The Company

*The Company's Extraordinary General Assembly approved the issuance of treasury shares to be used as part of the Employees' Share Scheme. It classified the employees participating in the Employees' Share Scheme into two categories as follows: First Category: Employee shares shall be granted as follows: (i) 25% of the employee shares shall vest at Listing, (ii) 35% shall vest upon the first anniversary of Listing, (iii) 40% shall vest upon the second anniversary of Listing. Second Category: 100% of the employee shares shall vest at Listing. It should be noted that for non-Saudi employees who do not reside in the Kingdom, the reward will be distributed to them in cash (i.e., the Company will sell the shares granted to non-Saudi employees who do not reside in the Kingdom on their behalf based on the market share price when the shares are bought and distribute the reward to the relevant employee in cash from the sale proceeds) (for further information on the Employees' Share Scheme, please refer to Section 5.11 "**Employee Shares**" of this Prospectus).

4.1.3 Overview of the Company's Shareholders

A- Abdulaziz Ibrahim AlJammaz and Brothers Company

Abdulaziz Ibrahim AlJammaz and Brothers Company is a closed joint stock company registered in Riyadh under Commercial Registration No. 1010307432 dated 19/05/1432H (corresponding to 23/04/2011G). The share capital of Abdulaziz Ibrahim AlJammaz and Brothers Company is five hundred thousand Saudi Riyals (SAR 500,000) divided into 50,000 shares with an equal nominal value of SAR 10 each. The below table sets out the ownership structure of Abdulaziz Ibrahim AlJammaz and Brothers Company as of the date of this Prospectus:

Table (4.9): The Ownership Structure of Abdulaziz Ibrahim AlJammaz and Brothers Company as of the date of this Prospectus

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Ferzan Investment Company	20,000	10	200,000	40%
2.	Talat Najd Investment Company	10,000	10	100,000	20%
3.	Ramtan Investment Company	10,000	10	100,000	20%
4.	Rawabi Shehar Investment Company	10,000	10	100,000	20%
Total		**50,000**	**10**	**500,000**	**100%**

Source: The Company

Ferzan Investment Company is a limited liability company registered in the Kingdom. The below table sets out the ownership structure of Ferzan Investment Company as of the date of this Prospectus:

Table (4.10): The Ownership Structure of Ferzan Investment Company as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Ibrahim Abdulaziz Ibrahim AlJammaz	2,772	1	2,772	17.325%
2.	Omar Abdulaziz Ibrahim AlJammaz	2,772	1	2,772	17.325%
3.	Salman Abdulaziz Ibrahim AlJammaz	2,772	1	2,772	17.325%
4.	Mohammed Abdulaziz Ibrahim AlJammaz	2,772	1	2,772	17.325%
5.	Salwa Othman Ibrahim AlHokail	1,980	1	1,980	12.375%
6.	Sofana Abdulaziz Ibrahim AlJammaz	1,386	1	1,386	8.6625%
7.	Sadeem Abdulaziz Ibrahim AlJammaz	1,386	1	1,386	8.6625%
8.	Dlayil Investment Company	160	1	160	1%
Total		**16,000**	**1**	**16,000**	**100%**

Source: The Company

Tala Najd Investment Company is a limited liability company registered in the Kingdom. The below table sets out the ownership structure of Tala Najd Investment Company as of the date of this Prospectus:

Table (4.11): The Ownership Structure of Tala Najd Investment Company as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Abdullah Ibrahim Abdulaziz AlJammaz	930	10	9,300	93%
2.	AlJazi Abdullah Ibrahim AlJammaz	10	10	100	1%
3.	AlAnoud Abdullah Ibrahim AlJammaz	10	10	100	1%
4.	Saud Abdullah Ibrahim AlJammaz	10	10	100	1%
5.	Abdulaziz Ibrahim Abdullah AlJammaz	10	10	100	1%
6.	Maha Abdulrahman Fahad AlBawaridi	10	10	100	1%
7.	Yazeed Abdullah Ibrahim AlJammaz	10	10	100	1%
8.	Dlayil Investment Company	10	10	100	1%
Total		**1,000**	**10**	**10,000**	**100%**

Source: The Company

Ramtan Investment Company is a limited liability company registered in the Kingdom. The below table sets out the ownership structure of Ramtan Investment Company as of the date of this Prospectus:

Table (4.12): The Ownership Structure of Ramtan Investment Company as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Saud Ibrahim Abdulaziz AlJammaz	920	10	9,200	92%
2.	Ibrahim Saud Ibrahim AlJammaz	10	10	100	1%
3.	Aram Saud Ibrahim AlJammaz	10	10	100	1%
4.	Reem Saud Ibrahim AlJammaz	10	10	100	1%
5.	Assem Saud Ibrahim AlJammaz	10	10	100	1%
6.	Abdullah Saud Ibrahim AlJammaz	10	10	100	1%
7.	Nouf Abdullah Hassan AlOmran	10	10	100	1%
8.	Hatoon Saud Ibrahim AlJammaz	10	10	100	1%
9.	Dlayil Investment Company	10	10	100	1%
Total		**1,000**	**10**	**10,000**	**100%**

Source: The Company

Rawabi Shehar Investment Company is a limited liability company registered in the Kingdom. The below table sets out the ownership structure of Rawabi Shehar Investment Company as of the date of this Prospectus:

Table (4.13): The Ownership Structure of Rawabi Shehar Investment Company as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Mohammed Abdulrahman Ibrahim AlJammaz	990	10	9,900	99%
2.	Dlayil Investment Company	10	10	100	1%
Total		**1,000**	**10**	**10,000**	**100%**

Source: The Company

Dlayil Investment Company is a limited liability company registered in the Kingdom. The below table sets out the ownership structure of Dlayil Investment Company as of the date of this Prospectus:

Table (4.14): The Ownership Structure of Dlayil Investment Company as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Ibrahim Abdulaziz Ibrahim AlJammaz	70	10	700	7%
2.	Omar Abdulaziz Ibrahim AlJammaz	70	10	700	7%
3.	Salman Abdulaziz Ibrahim AlJammaz	70	10	700	7%
4.	Mohammed Abdulaziz Ibrahim AlJammaz	70	10	700	7%
5.	Salwa Othman Ibrahim AlHokail	50	10	500	5%
6.	Sofana Abdulaziz Ibrahim AlJammaz	35	10	350	3.5%
7.	Sadeem Abdulaziz Ibrahim AlJammaz	35	10	350	3.5%
8.	Mohammed Abdulrahman Ibrahim AlJammaz	200	10	2,000	20%
9.	Saud Ibrahim Abdulaziz AlJammaz	200	10	2,000	20%
10.	Abdullah Ibrahim Abdulaziz AlJammaz	200	10	2,000	20%
Total		**1,000**	**10**	**10,000**	**100%**

Source: The Company

B- Meadow Holdings (Cayman) Limited

Meadow Holdings (Cayman) Limited is a limited liability company incorporated in the Cayman Islands and registered in the Cayman Islands under Commercial Registry No. WK-262273 dated 21/10/1432H (corresponding to 19/09/2011G). The current authorized share capital of Meadow Holdings (Cayman) Limited is fifty thousand US dollars (USD 50,000) divided into fifty (50,000) shares with an equal nominal value of one US dollar (USD 1) each, and its issued share capital is one thousand US dollars (USD 1,000) divided into one thousand (1,000) shares with an equal nominal value of one US dollar (USD 1) each. The below table sets out the ownership structure of Meadow Holdings (Cayman) Limited as of the date of this Prospectus:

Table (4.15): The Ownership Structure of Meadow Holdings (Cayman) Limited as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (USD)	Total Nominal Value of Shares (USD)	Ownership (%)
1.	Carlyle MENA Partners LP	886	1	886	88.6%
2.	Carlyle MENA Co-Investment LP	114	1	114	11.4%
Total		**1,000**	**1**	**1,000**	**100%**

Source: The Company

For further information on the ownership structure of Carlyle MENA Partners LP and Carlyle MENA Co-Investment LP, please refer to Figure 1: The Ownership Structure of the Indirect Selling Shareholders as of the date of this Prospectus of this Prospectus.

C- Meadow Saudi Arabia LLC

Meadow Saudi Arabia is a limited liability company registered in Riyadh under Commercial Registration No. 1010320161 dated 20/12/1432H (corresponding to 16/11/2011G). The current share capital of Meadow Saudi Arabia is five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. The below table sets out the ownership structure of Meadow Saudi Arabia as of the date of this Prospectus:

Table (4.16): The Ownership Structure of Meadow Saudi Arabia as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (USD)	Total Nominal Value of Shares (USD)	Ownership (%)
1.	Meadow Holdings (2) Limited	475	1,000	475,000	95%
2.	Meadow Holdings (1) Limited	25	1,000	25,000	5%
Total		**500**	**1,000**	**500,000**	**100%**

Source: The Company

Meadow Holdings (2) Limited is a limited liability special purpose company registered in the UAE. The below table sets out the ownership structure of Meadow Holdings (2) Limited as of the date of this Prospectus:

Table (4.17): The Ownership Structure of Meadow Holdings (2) Limited as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (USD)	Total Nominal Value of Shares (USD)	Ownership (%)
1.	Meadow Holdings (1) Limited	1	1,000	1,000	100%
Total		**1**	**1,000**	**1,000**	**100%**

Source: The Company

Meadow Holdings (1) Limited is a limited liability special purpose company registered in the UAE. The below table sets out the ownership structure of Meadow Holdings (1) Limited as of the date of this Prospectus:

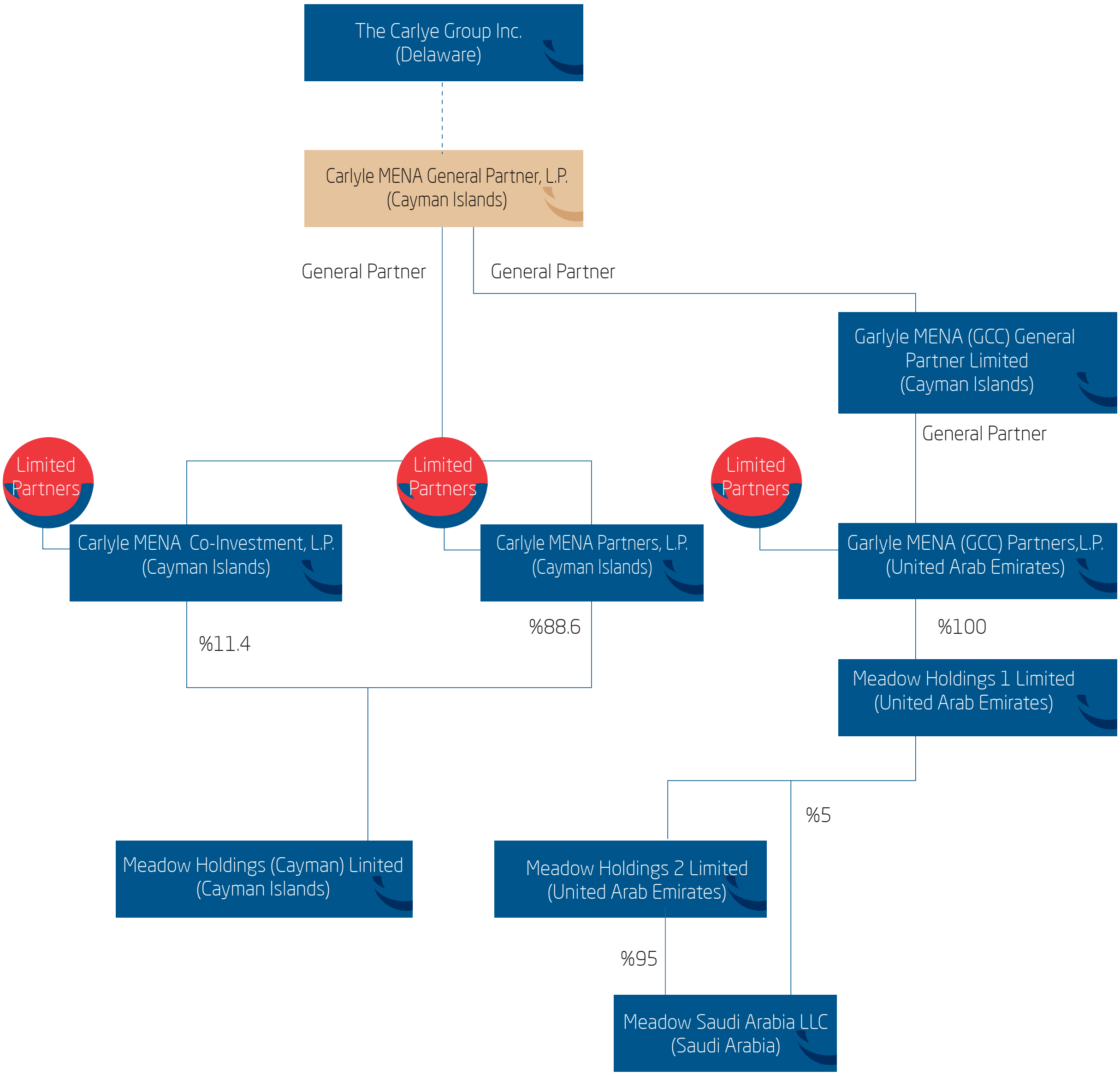
Table (4.18): The Ownership Structure of Meadow Holdings (1) Limited as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (USD)	Total Nominal Value of Shares (USD)	Ownership (%)
1.	Carlyle MENA (GCC) Partners LP	1	1,000	1,000	100%
Total		**1**	**1,000**	**1,000**	**100%**

Source: The Company

The following figure shows the ownership structure of Carlyle MENA Partners LP, Carlyle MENA Co-Investment LP and Carlyle MENA (GCC) Partners LP as of the date of this Prospectus:

Figure (1): The Ownership Structure of the Indirect Selling Shareholders as of the date of this Prospectus



Notes:

1. The Carlyle Group is the ultimate beneficial owner of Carlyle MENA General Partner, L.P. (Cayman Islands).
2. This chart is a simplified diagram that does not depict all of the subsidiaries, including intermediate holding companies through which certain of the subsidiaries depicted are held.
3. The fund legal structure is a limited partnership consisting of a general partner and limited partners, which are the investors. The general partner manages the fund for a percentage.

Source: Selling Shareholders

The MENA Fund is a fund launched in the year of 2007G including three (3) companies that own the Selling Shareholders, namely Carlyle MENA (GCC) Partners, L.P. in the United Arab Emirates and Carlyle MENA Partners, L.P. and Carlyle MENA Co-Investment, L.P. in the Cayman Islands. Carlyle MENA Partners, L.P was formed to invest on a parallel basis with its affiliate, Carlyle MENA Co-investment, L.P. Carlyle MENA (GCC) Partners, L.P. is an alternative investment vehicle of Carlyle MENA Partners, L.P., which anticipates that Carlyle MENA (GCC) Partners, L.P. will invest substantially all of its assets alongside the Carlyle MENA Partners, L.P., but only in portfolio companies that are based in a member-state of the Gulf Cooperation Council. The MENA Fund intends to seek both majority and minority positions in investments and may invest in privatizations and publicly traded securities. The Fund's investment objective is to generate long-term capital appreciation primarily through privately negotiated equity and equity-related investments primarily in companies based, or having or pursuing operations in the Middle East and North Africa.

Carlyle Group manages the MENA Fund, which is a global investment firm listed on NASDAQ in the United States of America (NASDAQ: CG) with $301 billion of assets under management and more than half of the AUM managed by women, across four hundred fifty-six (456) investment vehicles as of December 31, 2021G. Founded in 1987G in Washington, DC, USA Carlyle has grown into one of the world's largest and most successful investment firms, with more than one thousand, eight hundred fifty (1,850) professionals operating in twenty six (26) offices across five (5) continents. Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which it invest in. Investors range from public and private pension funds to wealthy individuals and families to sovereign wealth funds, unions and corporations. Carlyle invests across three (3) segments - Global Private Equity, Global Credit and Investment Solutions - and has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation.

Carlyle fully appreciates the additional value that can be created by a well-planned exit; hence significant efforts go into striving to optimize the value. The MENA Fund maintains a flexible approach, taking either majority or minority stakes in companies, though always seeking to ensure focus on the asset of the investment and exit flexibility. In evaluating possible exit opportunities, careful consideration is given to both the timing and manner of any potential monetization (e.g., whether to pursue strategic sale, secondary buyout or listing) taking into account the compatibility of how each potential avenue would compare to the original strategy for value creation.. The average hold period for private equity investments is four (4) to seven (7) years. The MENA Fund invested in the Company in December 2011G, holding the asset for approximately ten and a half (10.5) years creating value and expanding the business. The MENA Fund has partnered with the Company's founders for cohesive value creation and in which case it is now time for MENA Fund to fully exit the Company as it enters its next phase of ownership and growth.

4.1.4 Overview of the Company's Indirect Substantial Shareholders

The below table sets out the details of the Substantial Shareholders based on their indirect ownership in the Company:

Table (4.19): The Company's Substantial Shareholders by Indirect Ownership as of the date of this Prospectus

#	Shareholder	Pre-Offering(1)			Post-Offering(1)		
		No. of Shares	Total Nominal Value of Shares (SAR)	Ownership (%)	No. of Shares	Total Nominal Value of Shares (SAR)	Ownership (%)
1.	Muhammad Abdulrahman Ibrahim AlJammaz(2)	2,890,017	28,900,170	11.33%	2.890.017	28.900.170	11.33%
2.	Saud Ibrahim Abdulaziz AlJammaz(3)	2,686,094	26,860,940	10.53%	2,686,094	26,860,940	10.53%
3.	Abdullah Ibrahim Abdulaziz AlJammaz(4)	2,715,215	27,152,150	10.65%	2,715,215	27,152,150	10.65%
4.	Carlyle MENA Partners LP(5)	5,293,333	52,933,330	20.76%	-	-	-
5.	Carlyle MENA (GCC) Partners LP(6)	4,658,976	46,589,760	18.27%	-	-	-
Total		**18,243,635**	**182,436,350**	**71.54%**	**8,291,326**	**82,913,260**	**32.51%**

(1) The numbers in this table have been rounded to the nearest integer.

(2) Muhammad Abdulrahman Ibrahim AlJammaz owns 99% of Rawabi Shahar Investment Company, which in turn owns 20% of Abdulaziz Ibrahim AlJammaz and Brothers Company, a Substantial Shareholder of the Company, and 20% of Dlayil Investment Company, which in turn owns 1% of each of Farzan Investment Company, Tala Najd Investment Company, Ramtan Investment Company and Rawabi Shahar Investment Company, which own 40%, 20%, 20% and 20%, respectively, of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares.

(3) Saud Ibrahim Abdulaziz AlJammaz owns 92% of Ramtan Investment Company, which in turn owns 20% of Abdulaziz Ibrahim AlJammaz and Brothers Company, a Substantial Shareholder of the Company, and 20% of Dlayil Investment Company, which in turn owns 1% of each of Farzan Investment Company, Tala Najd Investment Company, Ramtan Investment Company and Rawabi Shahar Investment Company, which own 40%, 20%, 20% and 20%, respectively, of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares.

(4) Abdullah Ibrahim Abdulaziz AlJammaz owns 93% of Tala Najd Investment Company, which in turn owns 20% of Abdulaziz Ibrahim AlJammaz and Brothers Company, a Substantial Shareholder of the Company, and 20% of Dlayil Investment Company, which in turn owns 1% of each of Farzan Investment Company, Tala Najd Investment Company, Ramtan Investment Company and Rawabi Shahar Investment Company, which own 40%, 20%, 20% and 20%, respectively, of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares.

(5) Carlyle MENA Partners LP owns 88.65% of the shares of Meadow Holdings (Cayman) Limited, a Substantial Shareholder of the Company.

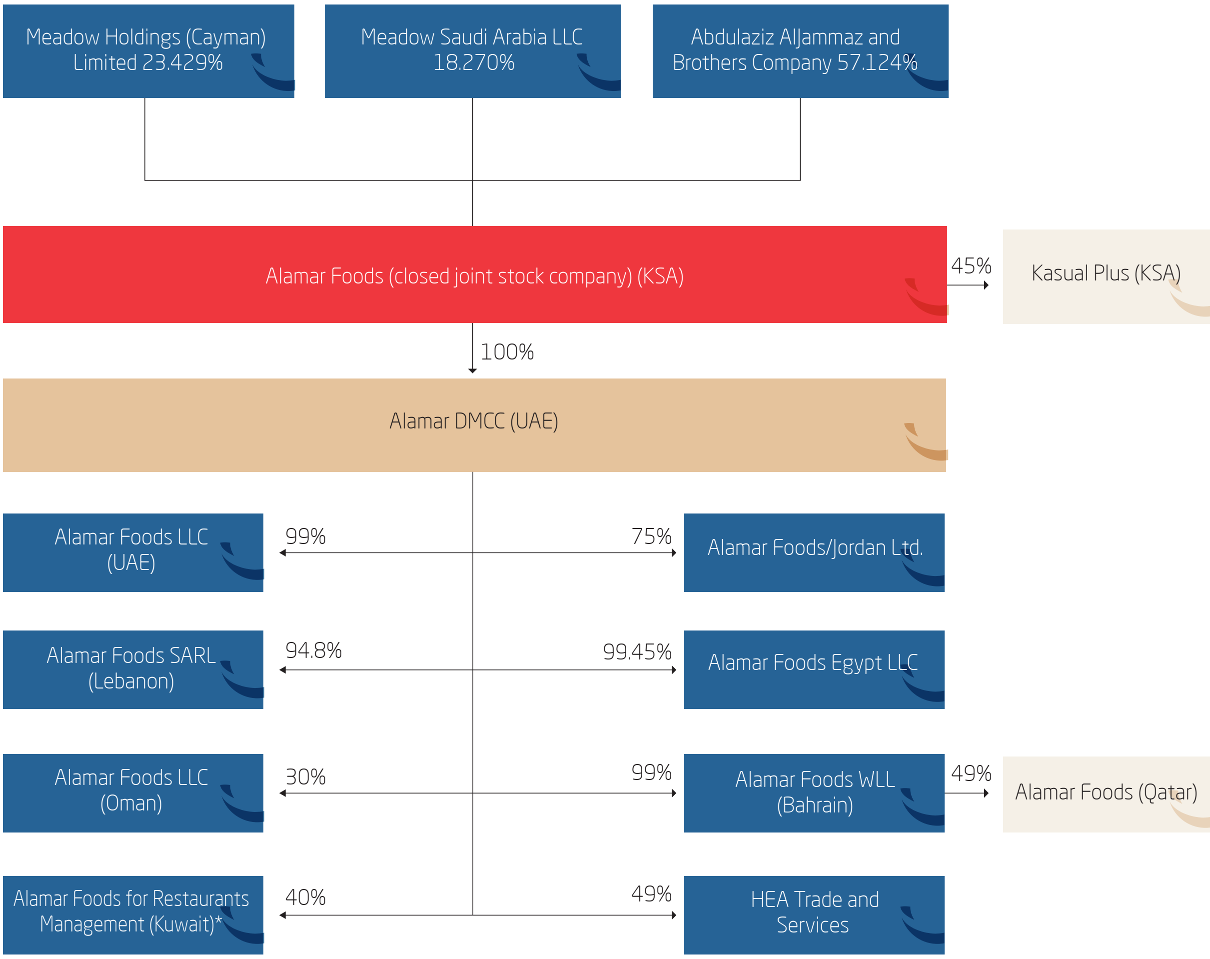
(6) Carlyle MENA (GCC) Partners LP owns 100% of Meadow Holdings (1) Limited., which (directly and indirectly) owns 100% of Meadow Saudi Arabia, a Substantial Shareholder of the Company.

Source: The Company

4.1.5 Organizational Structure

The following figure represents the Group's structure as of the date of this Prospectus:

Figure (2): The Group's Structure as of the date of this Prospectus



*Non-operating entity

Source: The Company

4.1.6 Overview of the Company's Material Subsidiaries

The Company, directly and indirectly, owns eleven (11) Subsidiaries in the MENA region. For the purpose of measuring the materiality of the Subsidiaries, the Company and the Financial Advisor took into account their impact on the decision to invest in the Company's securities and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities (for further information on the Company's Subsidiaries, please refer to Section 12.3.2 "**Material Subsidiaries**" of this Prospectus).

Based on the foregoing, the Company has, directly and indirectly, three (3) Material Subsidiaries, as follows:

A- Alamar Foods UAE

Alamar Foods LLC is a limited liability company incorporated in Dubai, UAE under commercial registration no. 1051049 dated 27/11/1430H (corresponding to 15/11/2009G). Alamar Foods UAE's paid-up share capital is three hundred thousand UAE dirhams (AED 300,000) divided into three hundred (300) cash shares with a nominal value of one thousand UAE dirhams (AED 1,000) per share (for further information on Alamar Foods UAE, please refer to Section 12.3.2 "**Material Subsidiaries**" of this Prospectus).

According to its Articles of Association, the objective of Alamar Foods UAE is to engage in the food, beverage and restaurant business and all types of activities and business that it is capable of carrying out which are considered advantageous and are related to or follow on from such objective or to promote the same.

The below table shows the shareholding structure of Alamar Foods UAE as of the date of this Prospectus:

Table (4.20): The Shareholding Structure of Alamar Foods UAE as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (AED)	Total Nominal Value of Shares (AED)	Ownership (%)
1.	Alamar DMCC	297	1,000	297,000	99%
2.	Ibrahim Abdulaziz AlJammaz*	3	1,000	3,000	1%
Total		**300**	**1,000**	**300,000**	**100%**

*These shares were registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of the Company, and the Company is the actual owner of the shares.

Source: The Company

B- Alamar Foods Egypt

Alamar Foods Egypt LLC is a limited liability company incorporated in Cairo, Egypt under commercial registration no. 56466 dated 15/03/1433H (corresponding to 07/02/2012). Alamar Foods Egypt's paid-up share capital is one hundred and twenty-two million Egyptian pounds (EGP 122,000,000), divided into one hundred and twenty-two thousand (122,000) shares, with a nominal value of one thousand Egyptian pounds (EGP 1,000) per share (for further information on Alamar Foods Egypt, please refer to Section 12.3.2 "**Material Subsidiaries**" of this Prospectus).

The objectives of Alamar Foods Egypt include, amongst others: (i) the establishment and operation of a factory for the production of pies, pastries, baked goods, ice cream, drinks, all kinds of foodstuffs, meat products, chicken, salads, pickles, all dairy products, all kinds of tomato products, and all packaged food products; (ii) the wholesale and retail sale and distribution of all the Company's products; (iii) management of fixed restaurants that serve pizza, sandwiches and cafeterias offering fast food, as well as the management of cafes and dessert shops; (iv) the reclamation and preparation of lands with basic facilities that render it arable and cultivable; and (v) the cultivation of reclaimed lands.

The below table shows the shareholding structure of Alamar Foods Egypt as of the date of this Prospectus:

Table (4.21): The Shareholding Structure of Alamar Foods Egypt as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (EGP)	Total Nominal Value of Shares (EGP)	Ownership (%)
1.	Alamar DMCC	121,335	1,000	121,335,000	99.45%
2.	Abdulrahman Rustoum Sons and Partners Trading Company	665	1,000	665,000	0.55%
Total		**122,000**	**1,000**	**122,000,000**	**100%**

Source: The Company

C- HEA Trade and Services (Morocco) (Morocco)

HEA Trade and Services (Morocco) is a limited liability company incorporated in Rabat, Morocco under commercial registration no. 49875 dated 25/07/1419H (corresponding to 15/11/1998G). HEA Trade and Services (Morocco) 's paid-up share capital is three million Moroccan dirhams (MAD 3,000,000) divided into thirty thousand (30,000) shares with a nominal value of one hundred Moroccan dirhams (MAD 100) per share (for further information on HEA Trade and Services (Morocco), please refer to Section 12.3.2 "**Material Subsidiaries**" of this Prospectus).

According to HEA Trade and Services (Morocco)' Articles of Association, the objective of HEA Trade and Services (Morocco) is related to fast food, and generally, all commercial, industrial, financial, movable and immovable operations relating directly or indirectly to the aforesaid purposes or likely to support the development of the company.

The below table sets out the ownership structure of HEA Trade and Services (Morocco) as of the date of this Prospectus:

Table (4.22): The Ownership Structure of HEA Trade and Services (Morocco) as of the date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (MAD)	Total Nominal Value of Shares (MAD)	Ownership (%)*
1.	El-Abbas Hakam	15,001	100	1,500,100	50.003%
2.	Alamar Foods DMCC	14,697	100	1,469,700	49%
3.	Salwa Hammoud	138	100	13,800	0.46%
4.	Majdouline Hakam	80	100	8,000	0.267%
5.	Nabila Hakam	80	100	8,000	0.267%
6.	Ibrahim Abdulaziz AlJammaz	1	100	100	0.003%
7.	Filippo Luciano Sgatoni	1	100	100	0.003%
8.	Walid Adly Hassan Muhammad Ibrahim	1	100	100	0.003%
9.	Intermob S.A.R.L.	1	100	100	0.003%
Total		**30,000**	**100**	**3,000,000**	**100%**

*The numbers in this table have been rounded to the nearest integer.

Source: The Company

4.2 The Group's Vision and Mission

4.2.1 Vision

To be an international leader in the areas in which the Group operates by utilizing best market practices and continually innovating to provide excellent services to both customers and the community.

4.2.2 Mission

To create value for the Group's Shareholders and respect the community in a socially responsible way.

4.3 Overview of the Group's Business

4.3.1 Summary of Material Events

The below table shows a summary of the Group's material events. For the purpose of this Section, any reference to the "**Group**" shall mean Alamar Foods Company (the issuer) with respect to Domino's operations in the Kingdom and Alamar Foods DMCC in connection with the international operations of Domino's and Dunkin' in the MENAP Region (excluding the Kingdom) preceding the year of 2020G. However, after the year 2020G, any reference to the "**Group**" shall mean Alamar Foods Company (the issuer) and its Subsidiaries.

Table (4.23): Summary of the Group's Material Events

Year	Milestone
1992G	The first Domino's store was opened in Riyadh
1995G	Expansion of Domino's operations into Bahrain, Egypt and Kuwait
1999G	Expansion of Domino's operations into Lebanon and Morocco
2004G	Expansion of Domino's operations into Jordan and Pakistan
2007G	Expansion of Domino's operations into Oman
2008G	Expansion of Domino's operations into Qatar
2011G	Entry of the Carlyle Group as a shareholder in the Company
2015G	The first Dunkin' store in Egypt was opened in Cairo
2017G	Expansion of Domino's operations into the UAE
2017G	Acquisition of a 50% stake in 2 in 1 Restaurants Company Limited (currently, Kasual Plus)*
2019G	Sale of Premier Foods Industries LLC to Almarai Company
2020G	Acquisition of a 49% stake in HEA Trade and Services (Morocco)
2020G	The Company acquires 100% of Alamar DMCC's share capital.
2021G	The first Dunkin' store in Morocco was opened in Rabat
2022G	The term of the Domino's Master Franchise Agreement was extended

*The Company reduced its stake in Kasual Plus to 45% in 2021G.

Source: The Company

4.3.2 Overview of the Company's Business

The Company is the master and exclusive franchisee and operator of the Domino's Pizza trademark in the MENAP region. The Company owns and manages the Group's operations in the Kingdom and Alamar Foods DMCC, a wholly-owned subsidiary of the Company which owns and manages the Group's international operations in the MENAP region (excluding the Kingdom). As at the date of this Prospectus, the Company has eleven (11) Subsidiaries in different countries in the MENA region (for further information on the Subsidiaries, please refer to Section 12.2.3 "**Subsidiaries**" of this Prospectus). It should be noted that except as may be set out in this Section, there are no significant new products or activities.

4.3.3 Acquisition of Alamar Foods DMCC

Since its establishment, the Company has been managing the operations of the Domino's Group in the Kingdom, while AlAmar Foods DMCC has been managing the operations of the international Group in the MENAP region (excluding the Kingdom) through its ownership in the Subsidiaries (for more information About Alamar Foods DMCC, please refer to Section 12.2.3 "**Subsidiaries**" of this Prospectus). It is worth noting that before 2020G, Alamar Foods DMCC was owned by the Company's current shareholders (as all the shares of Alamar Foods DMCC were owned by Abdulaziz Ibrahim AlJammaz and Brothers Company by 57.8% and Meadow Holdings 4 Limited (which is one of the sister companies of the Selling Shareholders) with 42.2%). In 2020G, the Shareholders carried out an internal restructuring process, as a result of which the Company acquired Alamar Foods DMCC, and then the international Group's operations in the MENAP region joined under the umbrella of the Company starting in 2020G. For more information about Domino's Group operations, please see Section 4.4.1 "**Domino's**" of this Prospectus. For more information about Dunkin' Group's operations, please see section 4.4.2 "**Dunkin**" of this Prospectus. For the purposes of this Section, any reference to the "**Group**" shall mean Alamar Foods Company (the issuer) with respect to Domino's operations in the Kingdom and Alamar Foods DMCC in connection with the international operations of Domino's and Dunkin' in the MENAP Region (excluding the Kingdom) preceding the year of 2020G. However, after the year 2020G, any reference to the "**Group**" shall mean Alamar Foods Company (the issuer) and its Subsidiaries.

4.3.4 Overview of the Material Subsidiaries' Business

A- Alamar Foods UAE

Alamar Foods UAE operates the Group's Domino's Stores in the UAE pursuant to the Domino's Master Franchise Agreement. The Company acquired Alamar Foods DMCC, which owns 99% of the Alamar Foods UAE in 2020G, and thus the operations of Alamar Foods UAE integrated into the operations of the Company. For further information on the Group's operations related to Domino's, please refer to Section 4.4.1 "**Domino's**" of this Prospectus. It should be noted that except as may be set out in this Section, there are no significant new products or activities.

B- Alamar Foods Egypt

Alamar Foods Egypt operates the Group's Domino's Stores and Dunkin' stores in Egypt pursuant to the Domino's Master Franchise Agreement and the Dunkin' Egypt Master Franchise Agreement. The Company acquired Alamar Foods DMCC, which owns 99.45% of Alamar Food Egypt in the year 2020G, and thus the operations of Alamar Food Egypt merged into the operations of the Company. For further information on the Group's operations related to Domino's, please refer to Section 4.4.1 "**Domino's**" of this Prospectus. For further information on the Group's operations related to Dunkin, please refer to Section 4.4.2 "**Dunkin**" of this Prospectus. It should be noted that except as may be set out in this Section, there are no significant new products or activities.

C- HEA Trade and Services (Morocco)

HEA Trade and Services (Morocco) operates the Group's Domino's Stores and Dunkin' stores in Morocco pursuant to the Domino's Master Franchise Agreement and the Dunkin' Morocco Master Franchise Agreement. The Company acquired Alamar Foods DMCC, which owns 49% of HEA Trade and Services (Morocco) in 2020G, and thus the operations of HEA Trade and Services (Morocco) integrated into the operations of the Company. For further information on the Group's operations related to Domino's, please refer to Section 4.4.1 "**Domino's**" of this Prospectus. For further information on the Group's operations related to Dunkin, please refer to Section 4.4.2 "**Dunkin**" of this Prospectus. It should be noted that except as may be set out in this Section, there are no significant new products or activities.

4.4 Overview of the Group's Operations

With its Domino's and Dunkin' operations spanning across eleven (11) countries, the Group has established itself as a leading quick service restaurant (QSR) operator in the MENAP region. The Group operates as the master franchisee of the global Domino's trademark in the MENAP region and the Dunkin' trademark in Morocco and Egypt. As of December 31, 2021G, the group operates five hundred and sixty-seven (567) stores, of which Domino's stores constitute 90.8%, and Dunkin' stores constitute 7.3%. The foregoing numbers highlight the fast-paced growth the Company has witnessed since its first Domino's store in Riyadh in 1992G on the back of a strong internationalization push, scalable inhouse infrastructure and omni-channel offering. It is worth noting that the company, since its inception, has been managing the operations of the Domino's group in the Kingdom, while Alamar Foods DMCC has been managing the operations of the international group in the MENAP (excluding the Kingdom) until the Shareholders carried out an internal restructuring process, as a result of which the Company acquired Alamar Foods DMCC, and then the international Group's operations merged under the operations of the Company in 2020.

4.4.1 Domino's

Since 1992G, the Group has been the exclusive master franchisee of Domino's in the MENAP region, one of the world's leading pizza delivery trademarks. The Group offers globally recognized pizza products at a range of price points and adapted to local tastes. It also offers complementary products such as chicken, other side dishes and desserts.

Having opened its first store in Riyadh in 1992G, today the Group is one of the largest quick service restaurant (QSR) pizza operators in the MENAP region, operating five hundred and twenty-three (523) Domino's Stores as of December 31, 2021G. As of December 31, 2021G, 52.6% of the Domino's stores operated by the Group are located in the Kingdom, while 47.4% are located outside the Kingdom in the MENAP region and are managed either directly by the Group or through sub-franchisees and joint ventures. As of December 31, 2021G, revenues generated by the Group's Domino's Stores in the Kingdom represented 67.4% of its total revenues as a whole.

The Group operates the Domino's stores pursuant to Domino's Master Franchise Agreement that it has entered into with the Domino's Master Franchisor (for further information on the Domino's Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The Domino's Master Franchise Agreement grants the Group the exclusive right to operate Domino's stores in the following jurisdictions:

- **GCC:** The Kingdom, UAE, Bahrain, Qatar, Oman and Kuwait.
- **North Africa:** Egypt, Morocco, Algeria, Tunisia, and Libya.
- **Levant:** Lebanon, Jordan, and Iraq.
- **Others:** Pakistan and Yemen.

The Group has the right to grant sub-franchise rights to sub-franchisees in the MENAP region.

Some of the foregoing countries remain untapped by the Group (i.e., the Group has not started its business in them yet), namely Algeria, Tunisia, Libya, Iraq and Yemen. As such, this presents an opportunity for further growth (for further information on the Group's growth strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus). Moreover, it is worth noting that the Group operates Domino's stores in Bahrain, Egypt, Morocco, Oman, Qatar, the UAE and Lebanon through Domino's Stores Development and Operation Agreements concluded with its affiliates in these regions (hereinafter referred to as the "**Group's Domino's Stores**"), while it operates Domino's stores in Kuwait, Pakistan, and the Makkah and Altaif region through Domino's Stores Development and Operation Agreements concluded with sub-franchisees of third parties (hereinafter referred to as "**Sub-Franchised Domino's Stores**") (for further information on Domino's Stores Development and Operation Agreements, please refer to Section 12.5.2(c) "**Domino's Stores Development and Operation Agreements**" of this Prospectus).

The Group operates through two distribution channels represented in: (1) delivery; and (2) takeaway/eat-in, which accounted for 37% and 63% of the Group's sales, respectively, as of December 31, 2021G. Growing its online ordering channel is one of the key elements of the Group's strategy. The Group believes that this generates higher order frequency, creates efficiency in order processing and assists the Group with increased customer analytics.

The Group operates through Group's Domino's Stores and Sub-Franchised Domino's Stores. The Group owns, fully manages and operates its Domino's stores and retains any operating profits generated by such stores, after paying fees owed to the Domino's Master Franchisor under the Domino's Master Franchise Agreement. On the other hand, the results of operations of sub-franchised stores do not contribute to the Group's operations other than with respect to fee payments made by sub-franchisees, including franchise fees, advertising fees, opening promotions, franchise royalties and advertising fees (for further information on the Domino's Master Franchise Agreement and Domino's Stores Development and Operation Agreements, please refer to Section 12.5 "**Material Agreements**" of this Prospectus). As at December 31, 2021G, the Group's Domino's Stores represented 73.2% of the Domino's stores operated by the Group, while the sub-franchised and joint ventures stores represent 26.8% of them.

4.4.2 Dunkin'

The Group operates the Dunkin' brand in Egypt via Alamar Foods Egypt and in Morocco via HEA Trade and Services (Morocco). As of December 31, 2021G, the Group operated forty (40) Dunkin' stores in Egypt, and four (4) Dunkin' stores in Morocco, where the first Dunkin' store opened in in June 2021G with a view of expanding operations into a number of regional markets (for further information on the Company's growth strategy, please refer to Section 4.6 "**Strategy and Avenues for Further Growth**" of this Prospectus). The Group operates its Dunkin' stores in Morocco via a joint venture agreement.

The Group's Dunkin'-related business operates by virtue of two Dunkin' Master Franchise Agreements that it has entered into with the Dunkin' Master Franchisor: the Dunkin' Egypt Master Franchise Agreement, and the Dunkin' Morocco Master Franchise Agreement, which grant the Group, among other things, the right to develop, open and operate Dunkin' stores in Egypt and Morocco (for further information on the Dunkin' Master Franchise Agreements, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). Under such agreements, the Group is granted limited exclusivity, whereby the Dunkin' Master Franchisor may not license any third party other than the Group to develop and open Dunkin' stores in Egypt or Morocco, other than with respect to certain "**non-traditional**" store locations, such as train stations, airports, entertainment and sports complexes, convention centers, and limited-access highway food facilities.

4.5 Strengths and Competitive Advantages

4.5.1 Globally Recognized Trademarks and Leading Market Position in the Quick Service Restaurant (QSR) Market

By virtue of the Domino's Master Franchise Agreement, the Group has the exclusive right to develop, operate and sub-franchise Domino's stores in the MENAP region (for further information on the Domino's Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The globally recognized Domino's trademark was founded in Michigan, the United States of America in 1960G, and has since grown into a global network of over 18.7 thousand stores across the globe. Domino's is considered one of the largest companies operating in the pizza sector in the world, as it includes 18.7 thousand stores globally as in 2021G, and achieved 17.8 billion US dollars in global retail sales. Offering consistent quality and familiar flavors, Domino's has grown to become one of the largest and most-recognized trademarks across the globe.

In addition, the Dunkin' Franchise Agreements with the Dunkin' Master Franchisor grant the Group with the right to develop, open and operate Dunkin' stores in Egypt and Morocco on a limited exclusivity basis (for further information on the Dunkin' Master Franchise Agreements, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus). The globally recognized Dunkin' trademark was founded in Massachusetts in the United States of America in 1950G, and has since become one of the world's most iconic quick service restaurant (QSR) trademarks. With a simple yet reliable menu, the Dunkin' trademark has grown to become the go-to for coffee and doughnut lovers.

The Domino's Master Franchise Agreement and Dunkin' Master Franchise Agreements enable the Group to use the Domino's and Dunkin' globally recognized trademarks to grow its business and reach across the MENAP region, all while leveraging the technical, marketing and operational expertise associated with the Domino's and Dunkin' trademarks. Given the global recognition of the Domino's and Dunkin' trademarks, opening new stores does not entail large expenditures on the Group on advertising, marketing or information technology development.

4.5.2 Highly Attractive, Underpenetrated Markets with Substantial Growth Potential

The Group believes that it operates in large addressable markets characterized by resilience to economic cycles and with significant further growth potential driven by positive fundamental socioeconomic trends. The market in which the Group operates, namely the fast-food segment, including the pizza and coffee sub-segments, integrated with the digital and delivery platforms, benefits from of the world's largest and youngest (on average) populations and prospects for economic growth (for further information on the Group's growth strategy, please refer to Section 4.6 "**Strategy and Avenues for Future Growth**" of this Prospectus).

4.5.3 Track Record of Resilient and Profitable Growth

The Group's store count has increased by eighty-three (83) stores between 2019G and 2021G. In the same period, it achieved a CAGR of 37.8% and 66.5% of the Group's sales and adjusted EBITDA, respectively. Growth in the Group's addressable markets, its strong digital and delivery capabilities, its relationships with international and local suppliers, and strict control over food costs and operational leverage are all factors that have contributed to the resilience of the Group's performance throughout times of instability such as the COVID-19 Pandemic and geopolitical instability throughout some of the markets in which it operates.

4.5.4 Integrated Omni-Channel Platform with a Dynamic Portfolio of Store Formats

Seeking to deliver a seamless experience to its customers, the Group has adopted a strong and proven omni-channel platform of digital and in-store offering, carry out and delivery. The Group's robust omnichannel business model enabled resiliency during the COVID-19 Pandemic, allowing the Group to emerge stronger therefrom.

4.5.5 Experienced Management Team Supported by Shareholders

The Group believes that its management team has been instrumental in realizing its store roll-out plans, delivering revenue growth and increased profitability in its markets. The management team of the Company has received multiple Domino's sponsored recognitions including the coveted Gold Franny Award for the years 2018G, 2019G and 2020G. The Gold Franny Award is the most prestigious honor bestowed on Domino's Pizza franchisees. The awards are based on several key factors including sales growth, operational audit scores, community involvement, store safety and security as well as team members' morale. The Gold Franny Awards were created more than twentyfive (25) years ago and are designed to honor excellence among franchisees.

On average, the Group's senior management team has spent approximately seven (7) years with the Group. The Group believes that its leading market position, strong brand and clear growth strategy should enable it to continue to attract, develop and retain high-caliber managers in the future.

4.5.6 Centralized Production and Supply Chain Facilities to Support Corporate and SubFranchised Stores

In order to achieve consistent quality of its products, competitive supplier prices and timely delivery of items to its stores, the Group centralizes its supply and procurement functions.

The Group's stores receive all ingredients (such as fresh pizza dough, sauces and toppings for Domino's, and donuts, coffees and milk for Dunkin'), supplies and materials (such as pizza boxes, menus, uniforms, cleaning products) from the Group's warehouses.

For both the Domino's and Dunkin' brands, and for all of its stores across the territories in which it operates, the Group operates in each market with a centralized supply center model that manages the following stages of supply chain management:

- Procurement.
- Production of dough for Domino's and donuts for Dunkin'.
- Warehousing.
- Distribution.

The Group has established strong supply chain plans to continue investing in warehouses to grow and enhance its production, warehousing and logistic capacities and capabilities which will help the Group in managing and supporting the profitable growth of its business in the future.

This centralized model serves as a critical strength for the Group, assisting it in managing the quality, consistency and efficiency and in maintaining profitable growth. The Group has established a strong supply chain and plans to continue to invest in supply chain operations to grow its capabilities, which will help the Group in managing and supporting the growth of its business in the future.

4.5.7 Menu Innovation and Localization of International Brands

The Group is reinvigorating its food innovation in Domino's (for both its pizza and non-pizza products) and in Dunkin'. To maintain the attractiveness to the menus it offers, and to continue capturing new trends, the Group launches new products regularly. For example, over the past three years, the Group has offered an array of new products for its Domino's stores, including stuffed crusts, the New Yorker pizza, the Paneer Tikka, tortillas, cinnamon rolls, and chicken rolls. For its Domino's stores, the Group has also introduced a number of product variations over the past three years, such as iced macchiatos, eclairs, orange and lemon donuts, filled donut rings, Oreo donuts, and mocha donuts.

Taking the distinct conditions of its target markets into consideration, the Group always aims to find the right balance between the standardization and localization of the menus in order to meet the needs and requirements of customers in diverse markets. For example, for its Domino's stores, the Group offers a variety of localized products for its different markets, including the "**Pakistani Hot**", the "**Creamy Mughlai**" and the "**Creamy Peri**" for its stores in Pakistan, "**Hunaini**" and "**Dynamite Chicken Pizza**" for its stores in the Kingdom, and the "**Cheese Burst Pizza**" and the "**Chicken Tikka Pizza**" for its stores in the UAE. Moreover, for its Dunkin' stores in Egypt, the Group offers "**Qamar ElDin**" and "**Sobia**" donuts during the Holy Month of Ramadan.

4.5.8 Well-Invested Delivery and Digital Infrastructure Capabilities

One of the Group's key strengths is its ability to utilize digital expertise to strengthen and enhance the operational business models of both Domino's and Dunkin'. Strong and speedy delivery service is synonymous with the Domino's brand, and plays a key role in attracting and retaining customer loyalty. For Domino's, both digital sales and delivery are at the forefront of its business, which represent one of its value-added offerings. The Group has access to Domino's "**Pulse**" point of sale system and "**GOLO**", the global online ordering system mobile application and website, in all of its stores across the MENAP region. The utilization of both "**Pulse**" and "**GOLO**" streamlines the ordering process for the benefit of the Group's customers and operations (for further information on the agreement granting the Group the right to use the "**Pulse**" and "**GOLO**" systems, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus).

In addition to "**Pulse**" and "**GOLO**", the Group has invested in developing PathOne, a mobile application developed and owned by the Group, which further enhances the Group's delivery capabilities and takes its delivery operations to the next level with advanced route optimization, automated dispatch, realtime fleet tracking and powerful analytics. Certain features, such as automatic SMS notification, real-time driver tracking, proof-of-delivery and feedback collections are all key tools which help the Group to enhance each delivery experience (for further information on the Group's delivery technology, please refer to Section 4.13 "**Information Technology**" of this Prospectus).

For Dunkin', the Group has responded to the new measures imposed by the COVID-19 Pandemic by developing and releasing an "**On-Line Ordering**" (GOLO) system, in the form of both a mobile application and a website, for its operations in Egypt and Morocco. In addition to enabling online orders, the "**GOLO**" system also includes loyalty rewards and E-wallet features. The Group's target is to be the spearhead of the digital coffee market within the territories in which it operates the Dunkin' brand.

The Group also collaborates with food orders and delivery applications in the MENAP region to display the Domino's and Dunkin' menus and generate further orders for the Group. Group also collaborates to provide delivery services of Dunkin' products. However, the Group provides the last stage of delivery for Domino's orders placed through orders delivery applications via its own delivery fleet and advanced delivery systems. Such collaboration with orders and delivery applications allowed the Group to generate higher margins and gain greater customer data and insight, in addition to improving customer loyalty and order frequency.

4.6 Strategy and Avenues for Future Growth

The Group's vision on growth is to be a multi-brand operator, with well-established brands in its portfolio, aiming to achieve long term and profitable growth. In an industry facing increasing disruption, the Group's management saw an opportunity to build a quick service restaurant (QSR) company unlike any other, one that brings together distinct yet complementary brands. The Group has a strong eye on growth, and is investing in world-class services to enable efficient operations and drive competitive advantages for its customers, all while each brand maintains its own distinct identity and dedicated business structures.

The Group pursues a sustainable and profitable growth strategy oriented towards long-term vision, based on the needs of its customers, stakeholders and the opportunities of the global market. The Group's strategy is composed of five (5) building blocks: (i) technology; (ii) product; (iii) operational excellence; (iv) customer service; and (v) growth. The Group's ability to understand current and future trends is an essential ingredient in its approach to innovation which enables it to maintain a competitive, sustainable and long-lasting advantage in each of the markets in which it operates.

The Group has a host of avenues for future growth including the following:

- offering healthier options to respond to changing consumer behavior;
- increasing the Group's footprint in existing markets;
- expanding into new and untapped markets covered by the Domino's Master Franchise Agreement;
- tapping into changes in lifestyles and demographics, particularly taking into consideration the Kingdom's Vision 2030; and
- increasing focus on customer relationship management and loyalty.

In addition, the Group adopts a scalable platform with strong potential to incorporate new complementary quick service restaurant (QSR) brands which can capitalize on the Group's reputation and economies of scale.

4.7 Relationship with Master Franchisors

4.7.1 Domino's Pizza

The Group's relationship with the Domino's Master Franchisor began nearly three (3) decades ago when the Group opened its first store in Riyadh in 1992G, and the Group continues to maintain a strong relationship with the Domino's Master Franchisor, contributing to the continued success of the Group's operations in relation to the Domino's brand.

As of the date of this Prospectus, the Group has the exclusive master franchise right to the Domino's system in sixteen (16) jurisdictions across the MENAP region (for further information on the geographical reach of the Master Franchise Agreement, please refer to Section 12.5.1 "**Franchise Agreements**" of this Prospectus).

4.7.2 Dunkin'

For its Dunkin' operations, the Group's prosperous relationship with the Dunkin' Master Franchisor commenced upon the execution of the Dunkin' Egypt Master Franchise Agreement Between Alamar Food Egypt and Dunkin' Master Franchisor in 2014G and was further entrenched upon the execution of the Dunkin' Morocco Master Franchise Agreement between Alamar Foods DMCC and Dunkin' Master Franchisor in 2020G.

Pursuant to two Dunkin' Master Franchise Agreements entered into with the Dunkin' Master Franchisor, Alamar Food Egypt and Alamar Foods DMCC have the master franchise right to operate Dunkin' stores with limited exclusivity in Egypt and Morocco. The Dunkin' Master Franchise Agreements grant, amongst other things, Alamar Food Egypt and Alamar Foods DMCC the right to develop, open and operate Dunkin' stores in Egypt and Morocco. The Group is granted limited exclusivity, whereby the Dunkin' Master Franchisor may not license any third party other than the Group to develop and open Dunkin' stores in Egypt or Morocco, other than with respect to certain "**non-traditional**" store locations, such as train stations, airports, entertainment and sports complexes, convention centers, and limited-access highway food facilities.

4.8 The Company's Sub-Franchises

Pursuant to the Domino's Master Franchise Agreement, the Group has entered into sub-franchise arrangements with third-party sub-franchisees in the cities of Makkah and Altaif in the Kingdom, as well as Kuwait and Pakistan. Pursuant to the Domino's Master Franchise Agreement, for every sub-franchised Domino's store opened, the Group enters into Domino's Stores Development and Operation Agreements signed with the relevant sub-franchisees in such markets (for further information on the Domino's Stores Development and Operation Agreements, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus).

4.9 The Company's Business and Assets Outside the Kingdom

As the exclusive operator of the Domino's brand in the MENAP region and the Dunkin' brand in Egypt and Morocco, the Group conducts business through its Subsidiaries in multiple jurisdictions across the MENAP region. The table below set out details of the contribution of the Company's Material Subsidiaries outside of the Kingdom to the Group's revenues, net profits and assets as of December 31, 2021G.

Table (4.24): Contribution of Material Subsidiaries outside of the Kingdom to the Group's Revenues, Net Profits and Assets as of December 31, 2021G

Country	Revenue (SAR'm)	Net profit (SAR'm)	Equity (SAR'm)	Asset value (SAR'm)
The Kingdom	585.2	97.4	332.4	550.5
UAE	110.6	13.5	29.5	87.3
UAE' contribution percentage of the Company's operations inside the Kingdom*	19%	14%	9%	16%
Egypt	78.7	2.6	20.5	87.7
Egypt's contribution percentage of the Company's operations inside the Kingdom*	13%	3%	6%	16%
Morocco	28.0	(2.6)	2.4	39.5
Morocco's contribution percentage of the Company's operations inside the Kingdom*	5%	3%	1%	7%

*The percentage of that country's contribution to the revenue, net profit, or equity compared to the revenue, net profit, equity or asset value of the Company's business in the Kingdom

Source: The Company

The following sections explain the details of the Company's Subsidiaries outside the Kingdom (for further information on the Group's organizational structure, please refer to Section 4.1.5 "**Organizational Structure**" of this Prospectus).

4.9.1 Alamar DMCC

Alamar DMCC is a subsidiary of Dubai Multi Commodities Center company incorporated in Dubai, UAE under Commercial Registration No. JLT2480 dated 05/10/1432H (corresponding to 06/07/2011G). Alamar DMCC's paid-up share capital is five hundred thousand UAE dirhams (AED 500,000) divided into five hundred (500) ordinary shares with a nominal value of one thousand UAE dirhams (AED 1,000) each. According to its Articles of Association, the objective of Alamar DMCC is to engage in the food, beverage and restaurant business and all types of activities and business that it is capable of carrying out which are considered advantageous and are related to or follow on from such objective or to promote the same (for further information on Alamar DMCC, please refer to Section 12.3.2 "**Material Subsidiaries**" of this Prospectus). The Company owns 100% of Alamar DMCC's share capital.

4.9.2 Alamar Foods UAE

Please refer to Section 4.1.6 "**Overview of the Company's Material Subsidiaries**" for further information on Alamar Foods UAE.

4.9.3 HEA Trade and Services (Morocco)

Please refer to Section 4.1.6 "**Overview of the Company's Material Subsidiaries**" for further information on HEA Trade and Services (Morocco).

4.9.4 Alamar Foods Egypt

Please refer to Section 4.1.6 "**Overview of the Company's Material Subsidiaries**" for further information on Alamar Foods Egypt.

4.9.5 Alamar Foods Qatar

Alamar Foods is a limited liability company incorporated in Qatar, under Commercial Registration No. 56559 dated 14/08/1433H (corresponding to 04/07/2012G). Alamar Foods Qatar's paid-up share capital is two hundred thousand Qatari riyals (QAR 200,000), divided into two hundred (200) cash shares, with a nominal value of one thousand Qatari riyals (QAR 1,000) per share. According to its Articles of Association, the objective of Alamar Foods Qatar is to engage in the management of restaurants and bakeries, as well as any activity supporting such business. In addition, according to its commercial registration certificate, the corporate activities of Alamar Foods Qatar include: (i) the preparation of pastries and meals; (ii) the management of restaurants and bakeries; (iii) the trading of food products; and (iv) the trading of restaurant supplies. Alamar Foods Bahrain owns 49% of the capital of Alamar Foods Qatar. The ownership of the remaining percentage is registered in the name of Links Management Services Company on behalf of Alamar Foods Bahrain, which is the actual owner thereof.

4.9.6 Alamar Foods Bahrain

Alamar Foods LLC is a limited liability company established in Bahrain under Commercial Registration No. 79465 dated 18/12/1432H (corresponding to 14/11/2011G). Its capital is twenty thousand Bahraini dinars (BHD 20,000) divided into four hundred (400) cash shares with an equal nominal value of fifty Bahraini dinars (BHD 50) per share. According to its Articles of Association, the objectives of Alamar Foods Bahrain are: (i) to manage restaurants and cafes; and (ii) undertake all necessary activities relevant to attaining the aforesaid objective. Alamar DMCC owns 99% of the capital of Alamar Foods Bahrain. The ownership of the remaining percentage is registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner thereof.

4.9.7 Alamar Foods Kuwait

Alamar Foods for Restaurants Management is a limited liability company incorporated in Kuwait, under Commercial Registration No. 378018 dated 15/11/1438H (corresponding to 07/08/2017G). Alamar Foods Kuwait's paid-up share capital is one thousand Kuwaiti dinars (KWD 1,000) divided into one hundred (100) shares with a nominal value of ten Kuwaiti dinars (KWD 10) each. Alamar DMCC owns 40% of the capital of Alamar Foods Kuwait. The ownership of the remaining percentage is registered in the name of Peregrine General Trading and Contracting Company on behalf of Alamar DMCC, which is the actual owner thereof. It should be noted that there are no operations for Alamar Foods Kuwait.

4.9.8 Alamar Foods Oman

Alamar Foods for Restaurants Management is a limited liability company incorporated in Oman, under Commercial Registration No. 102065 dated 16/05/1428H (corresponding to 02/06/2007G). Alamar Foods Oman's paid-up share capital is one hundred thousand Omani riyals (OMR 100,000) divided into one hundred thousand (100,000) shares, with a nominal value of one Omani riyal per share. According to its commercial registration certificate, Alamar Foods Oman is authorized to carry out supermarket, grocery, catering and coldstore activities. Alamar DMCC owns 30% of the capital of Alamar Foods Oman. The remaining percentage of 25%, 25% and 20% is owned by Abdulkarim Hassan Suleiman Al Lawati, Ali Hassan Suleiman Al Lawati and Manal Muhammad Hassan Suleiman Al Lawati, respectively.

4.9.9 Alamar Foods Lebanon

Alamar Foods LLC is a limited liability company established in Lebanon under Commercial Registration No. 2005253 dated 28/12/1425H (corresponding to 08/02/2005G). Alamar Foods' capital is six billion, one hundred and sixty-six million Lebanese pounds (LBP 6,166,000,000) divided into twenty-four thousand, six hundred and sixty-four (24,664) shares with an equal nominal value of two hundred and fifty thousand Lebanese pounds (LBP 250,000) per share. According to its Articles of Association, the objectives of Alamar Foods Lebanon include general trading activities, including: (i) import and export; (ii) the maintenance of buildings, houses and gardens; (iii) the manufacturing of various foods; (iv) the purchase and sale of food products; (v) the establishment and ownership of and investment in tourism establishments; (vi) car leasing; (vii) the ownership of trade stores and establishments; (viii) entering into trade tenders; and (ix) undertaking all activities similar to those aforementioned in Lebanon and abroad. Alamar DMCC owns 95% of the capital of Alamar Foods Lebanon. Marwan Mahmoud Saqr owns 4.8%, and a 0.2% stake was registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner thereof.

4.9.10 Alamar Foods Jordan

Alamar Foods Jordan Ltd. is a limited liability company incorporated in Jordan, under Commercial Registration No. 21025 dated 11/03/1431H (corresponding to 25/02/2010G). Alamar Foods Jordan's paid-up share capital is one million, one hundred thousand Jordanian dinars (JOD 1,100,000) divided into one million, one hundred thousand (1,100,000) shares, with a nominal value of one Jordanian dinar per share. According to its Articles of Association, the objectives of Alamar Foods Jordan are: (i) setting up fast food restaurants and preparation of foods; (ii) manufacture of foods, fast foods and any other items required for the same; (iii) setting up and operation of restaurants and providing catering services for the same; (iv) import, export, re-import, sale and wholesale and retail distribution; (v) representing factories, companies, persons and institutions and executing agreements with any industrial or commercial establishments or any person operating in any of the activities that are considered as falling within the objectives of Alamar Foods Jordan or which it is necessary to deal with, and to provide to them and any third parties any type or form of services, including technical and consulting services, the study of restaurant-related projects , which it considers appropriate; (vi) acting as commercial agents and middlemen, excluding trading in the stock market; and (vii) commissions, excluding trading in the stock market. Alamar DMCC owns 75% of the capital of Alamar Foods Jordan. Osama Tawfiq Khalil Halasa owns 4.55%, and a 20.45% stake is registered in the name of Zahrat Al-Yasmeen Restaurant Management Company on behalf of Alamar DMCC, which is the actual owner thereof.

4.10 Distribution Channels to End Customers

The Group's stores operations can be divided into two distribution channels represented in (1) delivery and (2) takeaway/eat-in.

4.10.1 Delivery

Within the markets in which it currently operates, the Group aims to be the leading food delivery operator, particularly for its Domino's stores, where delivery represents one of its key strengths. The Group's strong delivery capabilities are one of the key attractions for its customers. In addition, the Group's delivery platform played a pivotal role in buoying the Group's business operations during the COVID-19 Pandemic. With support from both the Domino's and Dunkin' systems, the Group is able to maintain its solid delivery platform and ensure that its customers are met with consistently pleasant delivery experiences, including short delivery times and fresh-tasting products (for further information on the Group's delivery capabilities, please refer to Sections 4.12.3 "**Order Delivery**" and 4.13 "**Information Technology**" of this Prospectus).

4.10.2 Takeaway/Dine-in

The Group's takeaway/dine-in distribution channel is dependent on location and in-store customer experience. Location selection in high-traffic areas of a geographically broad network of the Group's stores is important to its success.

The Group is focusing on enhancing its in-store customer experience for both its Domino's and Dunkin' stores, by adopting new store design focus points and pillars (for further information on the Group's stores, please refer to Section 4.11 "**Stores**" of this Prospectus).

With Domino's, the Group has adopted the eat-in concept in a handful of its stores with limited seating capacity. These eat-in areas are designed to offer a simple and convenient dining option for its Domino's customers. This results in the Group requiring a relatively modest space to operate Domino's (in comparison with other sub-segments of the fast-food market which require larger restaurant seating areas as part of their customer dining experience).

4.11 Stores

4.11.1 Store Format

The Group's Domino's and Dunkin' stores are quick service restaurants (QSRs) of simple, recognizable and standardized design and are open for the entire year, seven days per week for majority of stores. The store layout and design are critical to its customer value proposition, which is why the Group has adopted a focus on design pillars and concepts for both its Domino's and Dunkin' stores. For its Domino's stores, the Group focuses on three (3) design pillars:

- **Theatrics:** The "**pizza theater**" provides open views of the pizza preparation area and is the cornerstone of the Domino's stores' current design concept.
- **Focus:** A focus on de-cluttering and taking away the distractions, which means placing the focus on the essentials of the pizza journey.
- **Storytelling:** A bird's eye view of the pizza preparation story to engage and inspire the customer.

In addition, the Domino's stores are fitted out to a standardized Group specification targeting specific time periods within each stage in the order process in order to meet its seamless delivery guarantee.

As for its Dunkin' stores, the Group focuses on recognizability, inclusivity and brand purpose with the following design pillars:

- **Available to everyone, every day, anywhere, anytime:** A focus on accessibility for everyone with a look that radiates the value proposition of Dunkin' to cater to a wide range of audiences.
- **Early in the morning or late in the afternoon:** Accommodating customers at different moments throughout the day with different levels of comfort and flexibility.
- **Make it familiar and keep it simple and easy to understand:** Reflecting the Dunkin' look and feel.

In addition, for its Dunkin' stores, store design and the atmosphere of happiness are key to the Group's business operations and customer attraction. As part of its operations of Dunkin' in North Africa Region, the Group has invested in and has developed an elevated store design focusing on the most modern and trendy shop designs.

For both its Domino's and Dunkin' stores, the Group focuses on securing a higher concentration of small format stores, allowing for faster delivery times across various locations.

4.11.2 Store Management

All Group stores are required to adhere to strict standardized operating procedures and requirements which the Group believes are critical to its brand image and success.

4.11.3 Store Locations

A- Domino's Pizza Stores

As of December 31, 2021G, the Group operates five hundred and twenty-three (523) Domino's stores, with two hundred and seventy-five (275) Domino's stores operating in the Kingdom, of which twenty-eight (28) are operated by a sub-franchisee in Makkah and AlTaif, with its reach spanning across the MENAP region. The Group demonstrated a track record of international expansion, with the Group's number of Domino's stores increasing by 7% since 2019G. In addition, the store count outside of the Kingdom increased from 43.7% to 51.5% of the total stores operated by the Group over the last decade, highlighting a significant scope for future growth with ongoing deployment across new markets with attractive fundamentals. In addition, the Group continuously outperforms its store roll-out targets, with its store count increasing by roughly threefold over the last ten years whilst expanding profitability.

B- Dunkin' Stores

As of December 31, 2021G, the Group operates fourty-four (44) Dunkin' stores in Egypt and Morocco as follows: forty (40) Dunkin' stores in Egypt and four (4) stores in Morocco.

C- Geographical Presence

The following figure shows the Company's geographical presence as of December 31, 2021G, noting that the stores affiliated with the Group account for 71% of the Group's total stores. The stores occupied by sub-franchisees account for 19.4% of the Group's total stores, and stores affiliated with joint ventures to operate the stores account for 9.5% of the Group's total stores, as of December 31, 2021G.

Figure (3): The Group's Geographical Presence as of December 31, 2021G

Group's Domino's Stores
Domino's Sub-Franchisee Stores
Joint ventures to operate Domino's and Dunkin' stores
Joint ventures to operate Domino's stores
Domino's and Dunkin' stores affiliated with the Group

Source: The Company

D- Store Selection Strategy

As of December 31, 2021G, the Group operates a total of five hundred and sixty-seven (567) Domino's and Dunkin' stores across the MENAP region, giving it substantial experience with the store roll-out process. The Group's business development team has developed and implemented a disciplined store selection process, thereby seeking to ensure that every proposed new store location is carefully reviewed and that each location meets specific requirements. The Group's store selection strategy takes various criteria into consideration including the city and neighborhood in which the prospective store is located, in addition to various demographic factors, including population density and anticipated traffic levels. Moreover, the Group considers each prospective store's proximity to other stores operated by the Group, and the presence of other quick service restaurant (QSR) brands and direct competitors. The Group also considers the location, visibility, accessibility and layout of the spaces in which their prospective stores operate.

Based on this set information, the business development teams conduct sales potential analyses (average weekly unit sales, store-level EBITDA and payback period on initial investment) during which territorial intelligence and regional and community acceptance are taken into consideration.

The Group monitors system store sales on a daily basis and responds to opportunities for maximizing sales potential or store efficiencies. The Group employs a tactic of "**splitting**" stores – which involves opening an additional store within the same area as an existing store or in an overlapping area – where it identifies increasing density of households, increasing household income or under-served demand.

4.12 Quality Assurance and Control

The Group has an obligation towards the Domino's and Dunkin' Master Franchisors to maintain strict control over the entire product preparation and delivery process to guarantee product safety, regulatory compliance and quality standards. The Domino's and Dunkin' Master Franchisors assess the Group's warehouses, stores and products, in addition to undergoing a thorough pre-approval and inspection process of the Group's suppliers.

As a result, the Group has maintained strict supplier controls, laboratory analyses of products, monitoring systems in stores, food handling training and commissary food safety systems. The Group also obtains HACCP certifications which constitute international standards defining the requirements for effective control of food safety.

The Group's own Operations Evaluation Review ("**OER**") teams inspect all system stores on a monthly basis, monitoring each store's performance in meeting standards in the following categories: product, service, image, security and sanitization. The Group's OER teams check that there has been compliance with the operating procedures and standards required by the Domino's and Dunkin' Master Franchisors in addition to further standards implemented by the Group. In addition, the OER teams provide advice on the operation of the individual system stores. To encourage high standards, special incentive prizes are awarded to store personnel with high OER scores and, conversely, store personnel with low OER scores forfeit sales bonuses.

The OER teams conduct their audit by using ZenPut (for further information please refer to Section 4.13.3 "**Enterprise and Technology Infrastructure**" of this Prospectus).

Specifically for Domino's, the Group is required by the Domino's Master Franchisor to have an independent company, such as NSF International, to provide audit and risk management solutions for every store ensuring compliance with all policies relating to public health and the environment. This service ensures the highest level of quality and food safety is achieved from farm to store by creating a culture of continuous improvement throughout the Group.

4.12.1 Stores

All Group stores are required to adhere to strict standardized operating procedures and requirements which the Group believes are critical to its brand image and success. Operating under the Domino's and Dunkin' brands, the Group's stores are expected to operate at the highest standard of quality. Therefore, the Group places a laser-like focus on ensuring that these standards are maintained across all of its operations.

4.12.2 Customer Service

The Group understands that providing excellent customer service is the gateway to success. Therefore, customer satisfaction is at the core of the Group's brands, which is further enhanced by its innovation in products, omni-channel business model and marketing capabilities. In addition, the Group's staff are trained to deliver exceptional service and hospitality to its customers before, during and after any transaction, exceeding their expectations at every point of contact. The Group has also heavily invested in surveys and tools that help monitor customer satisfaction and provide feedback to management to take timely corrective measures in order to ensure that each customer leaves happy.

4.12.3 Order Delivery

The Group endeavors to ensure that it consistently maintains the highest standards of order delivery, ensuring that its customers' orders are seamlessly and timely delivered. The Group strives to always achieve faster and easier deliveries for its customers. The Group's online capabilities and platform present many tangible benefits, including ease of ordering, higher order frequency, reduced in-store labor costs and increased consumer loyalty and brand awareness.

The Group strives to offer its customers the most innovative and exciting delivery experience. For its Domino's segment, the Domino's mobile application offers its customer a highly interactive experience, with photos of the products offered, a map highlighting the nearest stores and most prominently, a live tracker showing customers precisely where their orders are. The seamless delivery experience is facilitated by Domino's PathOne, "**Pulse**" and "**GOLO**" technologies (for further information on the Group's delivery technology, please refer to Section 4.13 "**Information Technology**" of this Prospectus).

4.12.4 Quality of Ingredients

The Group offers high quality, freshly made pizzas, donuts, café and beverages at attractive prices. The doughs for Domino's and the donuts for Dunkin' are produced centrally at the catering warehouses, and all ingredients undergo multiple quality checks at numerous stages of the preparation process, from arrival at the catering warehouses to the vitrine in store. The Group believes it offers a competitive, value for money menu compared with other fast-food products. In addition, all ingredients, whether locally sourced or internationally selected, must meet a set of specifications established by the Group, followed by continuous evaluation to ensure the consistency of the ingredients' quality.

In addition, the Group always strives to source delicious and high-quality ingredients in responsible ways, through approved and certified partners, taking into consideration the source of the ingredients and their methods of protection, all of which the Group recognizes are key to retaining customers. The Group always uses high quality ingredients and prepares them by applying the standard operating procedures set forth by each of the Domino's and Dunkin' brands to ultimately produce delicious food to its customers.

4.12.5 Third Party Suppliers

The Group's supply chain centers follow a robust standard ensuring the safety and quality of production, warehousing and handling of ingredients. In order to ensure that it consistently provides its customers with the highest quality foods and beverages, the Group adopts a rigorous process in approving suppliers, and is highly selective in choosing where it purchases its ingredients from, consistent with Domino's and Dunkin' global standards. The Group also has multiple suppliers for some of the products it offers, to ensure business continuity in case of any disruption with a given supplier. In addition, maintaining multiple suppliers allows the Group to generate competitiveness among its suppliers with the aim of obtaining the best procurement price.

Only suppliers that have been approved by the Group and the Domino's and Dunkin' Master Franchisors are awarded a supply contract. The Group reviews and evaluates its suppliers' quality assurance programs through, among other actions, on-site visits, third party audits and product evaluation to ensure compliance with its standards. In addition, the Group has established a solid and long-term relationship with its key suppliers, and has multiple suppliers for the products it offers, both of which ensure that there are no disruptions in the Group's supply chain model, and also allow the Group to generate competitiveness among its suppliers with the aim of obtaining the best procurement price. This long-term relationship also helps continuously deliver the familiar Domino's and Dunkin' flavors to the Group's customers.

Moreover, the Group uses third party suppliers for selected projects, to allow for more focus to be provided towards the core business, leaving other tasks to specialists in their own areas. To ensure the success of any third-party supplier, the Group adopts a thorough selection process to ensure: (i) due diligence success by selecting the right supplier for the given task or project; (ii) project success by ensuring that each supplier is well and effectively introduced and integrated with the system; and (iii) vendor management success by setting methods to appropriately manage each supplier.

4.13 Information Technology

4.13.1 Domino's

In every Domino's store which it operates, the Group utilizes the "**Pulse**" point-of-sale system, which is custom-made to meet the specific needs of Domino's. "**Pulse**" is a system developed by the Domino's Master Franchisor, and which the Group has a right to use (for further information on the agreement granting the Group the right to use the "**Pulse**" system, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). "**Pulse**" is a full-fledged system that streamlines store operations end-to-end. It has modules to manage customer data, sales transactions, offers and coupons, store inventory and replenishment, employees' attendance, reporting and loss prevention. This system tracks all store key performance indexes, including loading time, oven time, delivery time and others.

The Group also utilizes Domino's digital strengths, including the Domino's e-commerce platform "**GOLO**". "**GOLO**" is integrated with "**Pulse**" and compliments all aspects thereof, and together they provide a strong and efficient digital platform. "**GOLO**" is used by more than 40 different Domino's markets around the world. "**GOLO**" operates via web and mobile browsers, mobile applications and call centers (for further information on the agreement granting the Group the right to use the "**GOLO**" system, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus).

Delivery plays a core role in the success of Domino's. Therefore, the Group has invested in and developed "**PathOne**", a GPS tracking application. "**PathOne**" provides advanced route optimization, automated dispatch, real-time fleet tracking and powerful analytics, hence providing further strength to the Group's state-of-the-art delivery operations. Providing features such as automatic SMS notifications, real-time driver tracking, proof-of-delivery and customer feedback collections, are all tools which will help enhance every delivery experience.

The Group is also investing in optimizing its customer database by utilizing new technologies which track various customer preferences, therefore optimizing the Group's marketing spend, all while enhancing customer loyalty.

4.13.2 Dunkin'

For its Dunkin' operations, the Group has partnered with Foodics, the leading point-of-sale system manager and provider for restaurants in the GCC region. An efficient point-of-sale system is key to managing store operations and ensuring unison in store operations. The point-of-sale system used by the Group's Dunkin' stores is a cloud-based system that requires minimal efforts by Dunkin' employees to manage the Dunkin' platform, and that easily integrates, via web services and application programming interfaces, with the Group's enterprise resource planning system, which in turn manages the day-to-day business activities such as accounting and procurement.

As part of its continuous strategy of digital and e-commerce business development, the Group has also invested in a mobile application that allows customers to browse the Dunkin' menu, place orders directly with the Dunkin' stores and receive orders faster. In addition, the mobile application contains a loyalty program, which includes attractive rewards to loyal customers. The Dunkin' mobile application contributes to building and enriching a database of Dunkin' customers, therefore allowing the Group to optimize its marketing spending to match customer preferences.

4.13.3 Enterprise and Technology Infrastructure

The Group places a strong emphasis on the strength of its technological infrastructure, and had begun integrating a strong cloud platform in 2016G with Amazon Cloud (AWS). With the assistance of Amazon Cloud (AWS), the Group was able to optimize many of its back-end applications and infrastructure. Therefore, the advanced cloud system that the Group utilizes assists in increasing efficiency and creating a stronger infrastructure for its overall operations.

In addition, the Group utilizes the Oracle enterprise resource planning software for its back-office. The Oracle enterprise resource planning software is the primary application used by the Group to manage its finances, supply chains and human resources. The software is based on centralized master data platforms for the Group's stores, employees, vendors, and lease agreements among other key aspects of its operations.

Moreover, with a view of optimizing and tracking store visits, the Group has partnered with ZenPut. By using ZenPut, the Group is able to standardize store visits by its customers and can ensure the same level of monitoring is observed across all Domino's and Dunkin' stores operated by the Group. ZenPut covers preventive maintenance, training, health and safety audits and loss prevention within the operations of the Group's stores. By utilizing ZenPut, the Group is able to standardize store visits by its customers and can ensure the same level of monitoring is observed across all Domino's and Dunkin' stores operated by the Group. With ZenPut, the Group covers preventive maintenance check-lists, training, OER audits, and loss prevention reports within the operations of the Group's stores.

4.14 Sales and Marketing

One of the Group's key strengths is its ability to utilize the marketing expertise and globally recognized brands associated with the Domino's and Dunkin' brands. The principal objectives of the Group's sales and marketing function are to drive orders on all distribution and ordering channels, promote its already strong brand equity, drive new customer entry online and increase store sales dynamically. The Group benefits highly from the strength of the Domino's and Dunkin' brands and the global promotional initiatives undertaken by the Domino's and Dunkin' Master Franchisors. Through a multichannel marketing approach, the Group has built a strong brand image resulting in Domino's and Dunkin' being two leading brands in the MENAP region, and driving 1.6 million visitors to its Domino's website and mobile application and 9.5 thousand visitors to its Dunkin' website and mobile application monthly.

4.15 Employees

4.15.1 The Company and its Material Subsidiaries

A- The Company

The below table sets out the number of the Company's employees according to the main activity categories and the Saudization rates in the financial years ended December 31, 2019G, 2020G and 2021G:

Table (4.25): The Company's Employees in the Financial Years Ended December 31, 2019G, 2020G and 2021G

#	Division	Financial Year 2019G			Financial Year 2020G			Financial Year 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1	Stores	337	1,426	1,763	317	1,143	1,460	532	1,024	1,556
2	Supply Center	4	96	100	4	85	89	2	85	87
3	General Management	67	184	251	60	164	224	76	152	228
4	The Company	12	32	44	10	30	40	10	28	38
Total		**420**	**1,738**	**2,158**	**391**	**1,442**	**1,813**	**620**	**1,289**	**1,909**

Source: The Company

B- Alamar DMCC

The below table sets out the number of Alamar DMCC's employees by main activity categories in the financial years ended December 31, 2019G, 2020G and 2021G:

Table (4.26): Alamar DMCC's Employees in the Financial Years Ended December 31, 2019G, 2020G and 2021G

#	Division	Financial Year 2019G	Financial Year 2020G	Financial Year 2021G
1	General Management	13	14	27
Total		**13**	**14**	**27**

*The number of Saudi employees and the Saudization rate for the Subsidiaries located outside the Kingdom are not included.

Source: The Company

C- Alamar Foods UAE

The below table sets out the number of Alamar Foods UAE's employees by main activity categories in the financial years ended December 31, 2019G, 2020G and 2021G:

Table (4.27): Alamar Foods UAE's Employees in the Financial Years Ended December 31, 2019G, 2020G and 2021G

#	Division	Financial Year 2019G	Financial Year 2020G	Financial Year 2021G
1	Stores	330	434	690
2	Supply Center	2	2	4
3	General Management	12	15	22
Total		**344**	**451**	**716**

Note: The number of Saudi employees and the Saudization rate for the Subsidiaries located outside the Kingdom are not included.

Source: The Company

D- Alamar Foods Egypt

The below table sets out the number of Alamar Foods Egypt's employees by main activity categories in the financial years ended December 31, 2018G, 2019G and 2020G, and the nine-month period ended September 30, 2021G:

Table (4.28): Alamar Foods Egypt's Employees in the Financial Years Ended December 31, 2018G, 2019G and 2020G and the Nine-Month Period Ended September 30, 2021G

#	Division	Financial Year 2019G	Financial Year 2020G	Financial Year 2021G
1	Stores	506	556	657
2	Supply Center	69	58	73
3	General Management	15	24	25
4	The Company	33	34	42
5	Shared Services	28	30	32
Total		**651**	**702**	**829**

Note: The number of Saudi employees and the Saudization rate for the Subsidiaries located outside the Kingdom are not included.

Source: The Company

E- HEA Trade and Services (Morocco)

The below table sets out the number of HEA Trade and Services (Morocco)' employees by main activity categories in the financial years ended December 31, 2019G, 2020G and 2021G:

Table (4.29): HEA Trade and Services (Morocco)' Employees in the Financial Years Ended December 31, 2019G, 2020G and 2021G

#	Division	Financial Year 2019G	Financial Year 2020G	Financial Year 2021G
1	Stores	211	233	267
2	Supply Center	13	13	28
3	General Management	4	7	3
4	The Company	12	14	13
Total		**240**	**267**	**311**

Note: The number of Saudi employees and the Saudization rate for the Subsidiaries located outside the Kingdom are not included.

Source: The Company

4.15.2 Saudization and Nitaqat

The Saudization program was adopted by virtue of His Excellency the Minister of Human Resources and Social Development's resolution no. 4040 dated 12/10/1432H. (corresponding to 10/09/2011G) as amended pursuant to resolution no. 182495 dated 11/10/1442H (corresponding to 23/05/2021G), pursuant to Council of Ministers' resolution no. 50 dated 21/05/1415H (corresponding to 27/10/1994G). The "**Nitaqat**" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the "**Nitaqat**" program to encourage institutions to employ Saudi citizens. Through the "**Nitaqat**" program, the performance of any company is evaluated based on specific categories (classifications), namely the platinum, green (subdivided into low, middle and high) and red categories. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as obtaining and renewing work visas or otherwise changing the occupations of its foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements) are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

The Company complies with the Saudization requirements, with a Saudization rate of 32.89%, in accordance with the "**Nitaqat**" program. The Company was classified in the "**Higher Green**" category of the "**Nitaqat**" program. The Company also obtained a Saudization certificate from the Ministry of Human Resources and Social Development for its compliance with the Saudization requirements, issued on 19/08/1443H (corresponding to 22/03/2022G).

4.15.3 Training and Development

The "**Managerial Skills Model**" plays a key role in the Group's employees' development process. As part of the "**Managerial Skills Model**", the Group has identified several skills that contribute to the creation of common business culture and influence: (i) people development; (ii) change and innovation; (iii) relationship building; (iv) strategic orientation; (v) organizational teamwork; (vi) leadership team; and (vii) effective implementation. In addition, human resource processes such as selection, people development, performance management, training and talent management are implemented across the board.

Providing ongoing training and development to employees, rests at the heart of the Group's growth philosophy. This provides the Group with the opportunity to offer its employees the knowledge and skillsets they need to acquire in order to better perform their tasks and duties. Both online and offline training and development programs are designed to help in better educating the Group's staff by providing updates on existing skills for enhancing productivity. Engaging in such programs positively influences employee performance resulting in a higher job satisfaction rate, more commitment, and above all, team member retention and talent discovery. In addition, the Group has introduced a yearly engagement survey for all of its employees with a view to increasing employee engagement and better responding to its employee's needs.

The Group also offers its employees an annual bonus based on their performance, in order to enhance morale, engagement and performance. In addition, the Group adopts an employee "**Annual Performance Appraisal**", which is a regular review of an employee's performance and overall contribution to the Group, which evaluates the employee's skills, achievement and growth or lack thereof. The "**Annual Performance Appraisals**" include performance indexes such as employee's willingness to accept additional responsibilities, care for personal development, initiative, job knowledge and quality of output.

The Group has a strong focus on training and development for its Domino's store executives and it is the Group's priority to ensure that every Domino's store operates in an efficient, consistent manner while maintaining high standards of food quality and service and team member safety. All operations team executives undergo comprehensive and extensive training programs that emphasize and prioritize food safety and hygiene, five-star products, customer management practices, service, brand image, safety and security. Standards are taught and are continuously reinforced using such training programs. The Group also uses performance measurements on a continual basis, both internally and externally, in connection with all of its stores. The Group's internal and international audit teams evaluate operational standards to ensure consistency and continuously reinforce performance through training, coaching and feedback. The Group also has strong internal career development training programs to help develop and promote high potential through a blend of online and in-person training sessions, "**on-the-job**" training programs, evaluations and certifications.

The Group also places an emphasis on enhancing the leadership skills of its executives and senior employees. For example, since 2016G, in partnership with Cultivating Leadership, the Group has co-created a leadership development program that fosters a growth mindset and trust. The program includes leadership assessments, executive coaching, including one-on-one and peer coaching, and off-site on different leadership topics. Moreover, since 2017G, the Group has implemented a talent board based on annual performance appraisals and assessments, and has worked on the succession plans for the Group's Directors and its Senior Executives. The Group has also activated a long-term incentive plan to retain its senior management, who play a key role in maintaining the Group's growth and success.

4.16 Social Responsibility

Social responsibility is a key driver in the Group's business operations. The Group recognizes the impact of its business operations on its employees, its Shareholders, the local community and the environment, and places them at the core of its values, which guides the Group and its managers. As such, the Group has adopted a number of CSR campaigns to fulfill its duty to give back to the community in which it operates. Set out below are detailed examples of recent CSR campaigns that the Group has proudly initiated throughout the years.

4.16.1 Pizza for Good Campaign

The Group believes in being an active member of the community by giving back to the community and utilizing all resources to inspire and enable others to do so. The "**Pizza for Good**" campaign was launched by the Group's Domino's segment, with a simple vision: showcasing how one person can make a big difference by contributing one Saudi Riyal for a pizza to those in need through a click of a button. The "**Pizza for Good**" campaign appropriately takes place during the Holy Month of Ramadan – the month of giving.

The "**Pizza For Good**" campaign is a special initiative for the Holy Month of Ramadan, with the idea being that with just one Saudi Riyal, people can donate one pizza to those in need. The initiative was first introduced during Ramadan 2019G. The results of the first "**Pizza for Good**" campaign in 2019G were staggering, with one hundred and seventeen thousand, eight hundred and thirty-four (117,834) pizzas given by the end of Ramadan.

In 2020G, countries closed their borders, people were placed on curfew and had to practice social distancing to prevent the spread of COVID-19. Hence, the Group re-launched 'Pizza for Good' initiative as an easy way to keep the good going without the need to leave home.

Domino's continued launching Pizza For Good every Ramadan. In 2021G, the initiative extends beyond Saudi Arabia to the wider MENA region with a goal to provide meals to people in need during the Holy Month, in partnership with various charities across MENA. The "**Pizza for Good**" campaign invited all pizza restaurants to take part in the initiative and to provide meals to those in need.

4.16.2 COVID-19 Initiative

The Group recognizes the large role that the health sector plays in combatting the spread and devastating effects of COVID-19, and as a way of expressing its deep gratitude and appreciation for the role it continues to play, the Group's Domino's segment in the Kingdom reached out to the Ministry of Health and collaborated on an agreement to provide pizzas to healthcare providers. Domino's pizzas were provided daily to those in isolation.

In addition, social responsibility empowers employees to leverage corporate resources at their disposal to work in the best interest of society. This was best manifested in initiatives like the "**Do Good**" campaign adopted by the Group in association with Food Bank, where the Group had contributed to the support of temporary labor affected by the COVID-19 Pandemic. Such social responsibility programs not only benefit the Group through projecting a positive image to the community, but also help boost employee morale, which in turn leads to greater productivity in the workplace.

4.16.3 Let's Make it Greener

In 2019G, on the 89th Saudi National Day, the Group's Domino's segment in the Kingdom launched an initiative that contributes to the achievement of one of the Kingdom's 2030G visions: afforestation. As a part of its initiative, Domino's deducted a percentage of every large pizza sold to plant a tree in the Kingdom. The initiative was in cooperation with the Green Horizons Environmental Association. The goal of the initiative was to encourage community members to participate in this initiative under a unified message: "**let's make it greener**".

4.16.4 Ehsan

In 2021G, the Saudi Government launched "**Ehsan**", a charitable platform aimed at emphasizing and encouraging charitable donations and empowering the non-profit sector in the Kingdom. Through "**Ehsan**", donations can be made throughout a variety of fields including social, educational, health and environmental sectors. The Group has donated roughly five hundred thousand Saudi Riyals (SAR 500,000) through the "**Ehsan**" platform in support of this charitable initiative.

4.17 Business Continuity

The Directors declare that there has been no material interruption in the Group's business (including the Company and Material Subsidiaries) that may have a significant effect on the Group's financial position in the last 12 months.

5. Organizational Structure of the Company

5.1 Ownership Structure of the Company

The following table sets out the ownership structure of the Company pre-and post-Offering:

Table (5.1): The Ownership Structure of the Company pre- and post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*	Number of Shares	Overall Nominal Value (SAR)	Percentage*
1	Abdulaziz Ibrahim AlJammaz and Brothers Company	14,566,608	144,666,080	57,124%	14,566,608	145,666,080	57,124%
2	Meadow Holdings Limited (Cayman)	5,974,416	59,744,160	23,429%	-	-	-
3	Meadow Saudi Arabia LLC	4,658,976	46,589,760	18,270%	-	-	-
4	Treasury shares**	300,000	3,000,000	1.176%	300,000	3,000,000	1.176%
5	The Public	-	-	-	10,633,392	106,333,920	41,699%
Total		**25,500,000**	**255,000,000**	**100%**	**25,500,000**	**255,000,000**	**100%**

*The numbers in this table have been rounded to the nearest integer.

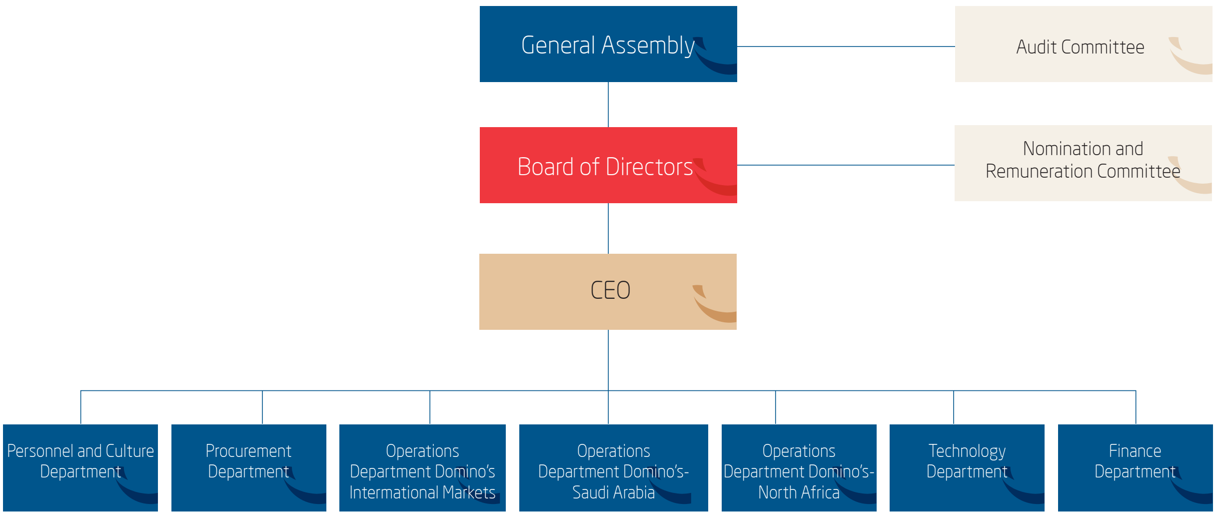
The Company's Extraordinary General Assembly approved the issuance of treasury shares to be used as part of the Employees' Share Scheme. It classified the employees participating in the Employees' Share Scheme into two categories as follows: First Category: Employee shares shall be granted as follows: (i) 25% of the employee shares shall vest at Listing, (ii) 35% shall vest upon the first anniversary of Listing, (iii) 40% shall vest upon the second anniversary of Listing. Second Category: 100% of the employee shares shall vest at Listing. It should be noted that for non-Saudi employees who do not reside in the Kingdom, the reward will be distributed to them in cash (i.e. the Company will sell the shares granted to non-Saudi employees who do not reside in the Kingdom on their behalf based on the market price of the share at the date of the selling and distribute the reward to the relevant employee in the form of cash from the sale proceeds) (for further information on the Employees' Share Scheme, please refer to Section 5.11 "Employee Shares**" of this Prospectus).

Source: The Company

5.2 Organizational Structure

The following chart shows the Company's organizational structure, including the Board of Directors, supervisory committees and the functions of Executive Management members:

Figure (1): Organizational Structure of the Company



Source: The Company

5.3 Board of Directors

5.3.1 Formation of the Board

The Company is managed by a Board of Directors consisting of seven (7) members appointed by the Shareholders' Ordinary General Assembly for a period of no more than three (3) years. The duties and responsibilities of the Board of Directors shall be determined under the Company's Bylaws and the Company's corporate governance manual. Board members may be reelected unless otherwise provided for in the Company's Bylaws. The current three-year session term of the Board of Directors commenced on 14/06/1441H (corresponding to 02/08/2020G).

The following table shows the Directors as of the date of this Prospectus:

Table (5.2): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Capacity	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Ibrahim Abdulaziz Ibrahim AlJammaz	Chairman	Saudi	44 years	Non-independent/ Non-executive	N/A	N/A	3.9747%	3.9747%	29/03/1443H (corresponding to 11/04/2021G)
2	Lubna Mansour Ahmed Qunash***	Vice Chairman	British	42 years	Non-Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
3	Assem Saud Ibrahim AlJammaz	Director	Saudi	45 years	Non-Independent/ Non-Executive	N/A	N/A	0.1142%	0.1142%	29/03/1443H (corresponding to 11/04/2021G)
4	Louise Dumican Hlinovsky***	Director	British	39 years	Non-Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
5	Faisal Omar Abbas Al-Saggaf	Director	Saudi	60 years	Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
6	Mai Muhammad Hamad Al Hoshan	Director	Saudi	43 years	Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)
7	Deem Salah Muhammad Al-Bassam	Director	Saudi	36 years	Independent/ Non-Executive	N/A	N/A	N/A	N/A	29/03/1443H (corresponding to 11/04/2021G)

* The dates listed in this table are the dates of appointment to the current positions on the Board of Directors. The biographies of the Directors state the dates at which the Directors were appointed to the Board or any other position (for further information, please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

** The indirect ownership of Directors resulted from the following: (1) Ibrahim Abdulaziz AlJammaz owns 7% of Dlayil Investment Company, which in turn owns 1% of each of Farzan Investment Company, Tala Najd Investment Company, Ramtan Investment Company and Rawabi Shahar Investment Company, which own 40%, 20%, 20% and 20%, respectively, of Abdulaziz Ibrahim AlJammaz and Brothers Company, in addition to his direct ownership of 17.325% of Farzan Investment Company, which owns 40% of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares. (2) Assem Saud Ibrahim AlJammaz owns 1% of Ramtan Investment Company, which owns 20% of Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 57.124% of the Company's shares.

*** The two Directors, Lubna Mansour Ahmed Qunash and Louise Dumican Hlinovsky, will submit their resignations from the Board of Directors upon the completion of the Offering and Listing. The Company will invite the Ordinary General Assembly to elect replacement directors after the Listing (for further information on the steps to be taken by the Company in this regard, please refer to Section 15 "**Company's Post-Listing Undertakings**" of this Prospectus). It should be noted that the Directors, Lubna Mansour Ahmed Qunash and Louise Dumican Hlinovsky, were not elected by the General Assembly as representatives of any legal entity.

Source: The Company

The Secretary of the Board of Directors is Mr. Wadih Shakib Cortbaoui, who was appointed to this position on 01/02/1443H (corresponding to 09/08/2021G) (for a summary of his biography, please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

It should be noted that the Selling Shareholders will sell all of their shares in the Company through the Offering process. Therefore, the two Directors, Lubna Mansour Ahmed Qunash and Louise Dumican Hlinovsky, will submit their resignations from the Board of Directors upon the completion of the Offering and Listing as they are employees of the Carlyle Group with which those Selling Shareholders are affiliated (for further information, please refer to Section 4.1.3 "**Overview of the Company's Shareholders**" of this Prospectus). The Company will invite the Ordinary General Assembly to elect replacement Directors after the Listing (for further information on the steps to be taken by the Company in this regard, please refer to Section 15 "**Company's Post-Listing Undertakings**" of this Prospectus).

5.3.2 Responsibilities of the Board of Directors

The Board of Directors shall represent all Shareholders and perform the care and loyalty duties in managing the Company and all matters that would protect its interests, and develop and maximize its value. The Board of Directors shall be responsible for the Company's business, even if it delegates committees, bodies, or individuals to perform some of its powers. In any event, the Board of Directors may not issue a general or indefinite delegation.

The primary responsibility of the Board is to provide effective control over the Company's affairs for the benefit of its Shareholders and balance the interests of its stakeholders, such as its customers, employees, suppliers, and local communities. The Board has the responsibility for reviewing the development and implementation of strategies, reviewing the selection, performance and remuneration of the President, CEO, and Senior Executives, and ensuring transparent reporting and disclosure of financial and non-financial information, including the development of an effective audit process.

Subject to the authorities granted to the General Assembly, the Board shall have the broadest powers to manage the Company inside and outside the Kingdom, and shall in particular, and without limitation, have the power to:

- a- Receive, pay, acknowledge, claim, defend, plead, dispute, settle on behalf of the Company and/or accept appeals against judgments, and collect amounts under executed judgments;
- b- Enter into tenders, sign on behalf of the Company all types of contracts, agreements, documents and instruments, including without limitation, articles of incorporation of companies in which the Company has shares and all amendments to the articles of incorporation of companies in which the Company is a partner and amendment decisions, which include without limitation increase or decrease of the capital, management clauses, the conversion of legal entities, and sign resolutions amending those agreements, articles of incorporation and instruments before notaries public and official authorities;
- c- Sign loan agreements, waive the priority to repay the Company's debts, provide guarantees of third-party obligations, grant all guarantees and compensation, and issue powers of attorney on behalf of the Company;
- d- Buy, sell, accept, receive, deliver, rent and lease to and from others;
- e- Open, manage, operate and close bank accounts, open letters of credit, receive and pay, withdraw and deposit with banks, issue bank guarantees, and sign all papers, documents, checks and all banking transactions;
- f- Appoint and dismiss employees and workers, recruit and contract with workers from outside the Kingdom, and determine their duties and salaries;
- g- Adopt the Company's business plan and approve its annual operating plans and budgets;
- h- Sell or mortgage the Company's real estate and assets;
- i- Discharge the Company's debtors from their obligations, taking into account that discharge is a right of the Board of Directors that may not be delegated;
- j- Enter into loans and credit facilities with government funds and financing institutions, regardless of their terms;
- k- Appoint, contract with and dismiss employees, determine their salaries, apply for visas, recruit employees and workers from abroad, obtain residency and work permits, and transfer and waive sponsorships; and
- l- Carry out investment activities that include investing in multiple investment vehicles, opening investment accounts with financial companies, investing in securities and mutual funds, buying and selling shares, and participating in public subscriptions, in addition to using the Company's cash surplus to perform its investment activities.

5.3.3 Chairman

In accordance with the Company's Bylaws, the Chairman shall assume the following powers and competencies:

a- Representing the Company in its dealings with third parties and government and private entities;

b- Representing the Company before Sharia courts, judicial bodies, the Board of Grievances, labor offices, higher and primary committees for the settlement of labor disputes, commercial paper committees, the Committee for the Resolution of Securities Disputes, and all other judicial committees, arbitral tribunals, civil rights bodies, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds, treasuries, all governmental funds and institutions of all types, designations and competencies, and financial institutions of all types;

c- Signing all types of contracts and documents, including, without limitation, articles of incorporation of companies in which the Company has shares and all amendments and appendices thereof, which include, but are not limited to, the increase or decrease of capital, management clauses, conversion of the legal entity, conveyance before notaries and official bodies, and loan agreements with funds, government financial institutions, banks, treasuries, guarantees, security, and mortgages and the removal thereof, collecting the Company's dues and paying its obligations, subject to the written approval of the Board of Directors;

d- Selling, buying, conveying, accepting, obtaining, delivering, renting, leasing, receiving, paying, and entering into tenders, subject to the written approval of the Board of Directors; and

e- Opening accounts and credits, withdrawing and depositing with banks, and issuing bonds, checks and all commercial papers upon the instructions and authorization of the Board of Directors.

5.3.4 Board Secretary

The competencies and duties of the Secretary shall include:

a- Documenting the Board Meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date and times on which such meetings commenced and concluded, and recording the decisions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending Directors;

b- Retaining reports submitted to, and prepared by, the Board;

c- Providing Directors with the Board's agenda, working papers, documents, information, and any additional documents or information requested by any of the Directors in relation to the topics of the meeting agenda;

d- Ensuring that the Directors comply with procedures approved by the Board;

e- Informing the Directors of meetings within a sufficient time prior to the date specified for the meetings;

f- Presenting the draft meeting minutes to the Directors for their views before signing them;

g- Ensuring that Directors have completely and swiftly obtained the Board's meeting minutes, and information and documents related to the Company;

h- Coordinating between the Directors;

i- Regulating the disclosure register of the Board and Executive Management as per Article 92 of the Corporate Governance Regulations; and

j- Providing assistance and advice to the Board members.

5.3.5 Employment and Service Contracts with the Directors

The Company has not entered into any employment or service contracts with the Directors.

5.3.6 Summary Biographies of the Directors and the Secretary of this Prospectus

The following is a summary of the biographies of the Directors and the Secretary:

Table (5.3): Summarized Biography of Ibrahim Abdulaziz Ibrahim AlJammaz

Name	Ibrahim Abdulaziz Ibrahim AlJammaz
Age	44 years
Nationality	Saudi
Position	Chairman
Academic Qualifications	• Bachelor of Industrial Engineering, King Saud University, KSA, 1999G.
Current Positions	• Chairman, the Company, from 2021G to date. • Director, Himaat Al-Riyadah (Endeavor Saudi Arabia), a Saudi non-profit company, operating in the entrepreneur support sector, from 2019G to date. • Chairman, Abdulaziz AlJammaz and Brothers Company, a Saudi closed joint stock company, operating in investment activities in various sectors, from 2018G to date. • Director, Ayar International Contracting Company, a Saudi limited liability company, operating in the contracting sector, from 2018G to date. • Director, Premium Choco Gift (Patchi), a US limited liability company, operating in the chocolate and gift sector, from 2016G to date. • Director, Derayah Financial, a Saudi closed joint stock company, operating in the investment service and stock trading service sector, from 2013G to date. • Director, Cedrus Invest Bank, a Lebanese joint stock company, operating in the banking service and investment solution sector, from 2011G to date. • Director, Benchmark, a Saudi limited liability company, operating in the real estate development sector, from 2010G to date. • Director, Olaya Real Estate and Commercial Investment Company, an Egyptian limited liability company, operating in the real estate investment sector, from 2007G to date. • Chairman, the Saudi Allied Company for Chocolate & Gift (Patchi), a Saudi limited liability company, operating in the chocolate and gift sector, from 2007G to date. • Director, the Saudi Lebanon Chocolates & Sweets Factories Co. (Patchi), a Saudi limited liability company, operating in the chocolate manufacturing sector, from 2007G to date. • Director, Sovana Cayman Islands, a limited liability company in the Cayman Islands, operating in the investment sector, from 2000G to date.
Significant Past Professional Experience	• CEO, the Company, from 2012G to 2021G. • Vice President, Abdulaziz AlJammaz and Brothers Company, a Saudi closed joint stock company, operating in investment activities in various sectors, from 2003G to 2012G. • Manager of Sales and Marketing, AlJammaz Distribution, a Saudi limited liability company, operating in the information technology supply sector, from 1999G to 2003G. • Sales Officer, AlJammaz Distribution, a Saudi limited liability company, operating in the information technology supply sector, from 1997G to 1999G.

Source: The Company

Table (5.4): Summarized Biography of Lubna Mansour Ahmed Qunash

Name	Lubna Mansour Ahmed Qunash*
Age	42 years
Nationality	British
Position	Director
Academic Qualifications	• Master of International Economics and Trade, George Washington University, USA, 2006G. • Master of Business Administration, George Washington University, USA, 2006G. • Bachelor of Business Administration, University of Jordan, the Hashemite Kingdom of Jordan, 2001G.
Current Positions	• Vice Chairman, the Company, from 2021G to date. • Director, North Star Holdings Limited, a limited liability holding company, operating in the acquisition of shares in other companies, from 2019G to date. • Director, Sokhon Clinic, a private company, operating in the hospital sector, from 2018G to date. • Managing Director, Carlyle Group - CECP Advisors LLP, a limited liability partnership, operating in the investment sector, from 2007G to date.

Significant Past Professional Experience	• Member, the Audit Committee and the Nomination and Remuneration Committee, the Company, from 2020G to 2021G. • Director and Member, the Audit Committee and Nomination and Remuneration Committee, Nabil Foods, a limited liability company, operating in the food industry sector, from 2016G to 2020G.

* The Director, Lubna Mansour Ahmed Qunash, will submit her resignation from the Board of Directors upon the completion of the Offering and Listing. The Company will invite the Ordinary General Assembly to elect a replacement director after the Listing (for further information on the steps to be taken by the Company in this regard, please refer to Section 15 "**Company's Post-Listing Undertakings**" of this Prospectus).

Source: The Company

Table (5.5): Summarized Biography of Assem Saud Ibrahim AlJammaz

Name	Assem Saud Ibrahim AlJammaz
Age	45 years
Nationality	Saudi
Position	Director
Academic Qualifications	• Bachelor of Computer Engineering, King Saud University, KSA, 1998G.
Current Positions	• Director representing the private sector, CITC, a Saudi governmental entity, regulating the communications and information technology sector, from 2019G to date. • Director, Abdulaziz AlJammaz and Brothers Company, a Saudi closed joint stock company, operating in investment activities in various sectors, from 2018G to date. • Director, Ayar International Contracting Company, a Saudi limited liability company, the operating in contracting sector, from 2018G to date. • CEO, VAD Technologies, a UAE limited liability company, operating in the supply and distribution of IT solutions and cloud services, from 2017G to date. • CEO, Tech Invest Com, a Saudi limited liability company, operating in the supply and distribution of information technology solutions and cloud services, from 2015G to date. • Board member, the Company, from 2012G to date. • CEO, AlJammaz Technologies, a Saudi limited liability company, operating in the supply and distribution of information technology solutions and cloud services, from 2000G to date. • Director, Sovana Cayman Islands, a limited liability company in the Cayman Islands, operating in the investment sector, from 2000G to date.
Significant Past Professional Experience	• General Manager, AlJammaz Retail, a Saudi limited liability company, operating in the sale of women's and children's clothing and accessories, from 2007G to 2018G. • General Manager, Gulf Solutions Corporation for Information Technology, a Saudi corporation, operating in the information technology solutions sector, from 2003G to 2012G. • General Manager, AlJammaz Establishment for Communications Devices, a Saudi institution, operating in communication devices sector, from 2000G to 2004G.

Source: The Company

Table (5.6): Summarized Biography of Louise Dumican Hlinovsky

Name	Louise Dumican Hlinovsky*
Age	39 years
Nationality	British
Position	Director
Academic Qualifications	• Professional qualification (legal practice course), College of Law, United Kingdom, 2006G. • Bachelor of Laws, University of Oxford, UK, 2003G.
Current Positions	• Director, the Company, from 2019G to date. • Manager, CEREP III CRC LIMITED, a British private limited company, operating in the finance management activities, from 2014G to date. • Manager, CSP II CRC LIMITED, a British private limited company, operating in the finance management activities, from 2014G to date. • Manager, CSP III CRC, a British private limited company, operating in the finance management activities, from 2014G to date. • Managing Director, Carlyle Group (CECP Advisors LLP), a limited partnership, operating in the investment and asset management sector, since 2011G.

Significant Past Professional Experience	• Member, the Nomination and Remuneration Committee, the Company, from 2019G to 2021G. • Legal advisor, Clifford Chance LLP, a British limited liability company, operating in the law and legal advice sector, from 2009G to 2011G.

* The Director, Louise Dumican Hlinovsky, will submit her resignation from the Board of Directors upon the completion of the Offering and Listing. The Company will invite the Ordinary General Assembly to elect a replacement director after the Listing (for further information on the steps to be taken by the Company in this regard, please refer to Section 15 "**Company's Post-Listing Undertakings**" of this Prospectus).

Source: The Company

Table (5.7): Summarized Biography of Faisal Omar Abbas Al-Saggaf

Name	Faisal Omar Abbas Al-Saggaf
Age	60 years
Nationality	Saudi
Position	Director
Academic Qualifications	• Master of Business Administration, Harvard Business School, USA, 1988G. • Bachelor of Economics, Harvard University, USA, 1982G.
Current Positions	• Director, the Company, from 2021G to date. • Head of the Company's Audit Committee, from 2021G to date. • Director, Tamer Group, a Saudi closed joint stock company, operating in pharmaceuticals, health and cosmetic services, luxury products and perfumes, from 2021G to date. • Director, SNB Capital, a Saudi closed joint stock company, operating in the asset management services, investment services, and fund and portfolio management sector, from 2021G to date. • Director, IKK Group of Companies, a closed Saudi joint stock company, operating in the trade, manufacturing and contracting sector, from 2021G to date.
Significant Past Professional Experience	• CEO, the National Commercial Bank (currently, the Saudi National Bank), a Saudi public joint stock company, operating in the banking services sector, from 2018G to 2020G. • Director, Middle East Paper Company (MEPCO), a Saudi joint stock company, operating in the paper industry sector, from 2016G to 2018G. • Director, Al-Ahly Takaful Company, a Saudi public joint stock company, operating in the cooperative insurance sector, from 2014G to 2018G. • Chief of Strategy and Performance Management, the National Commercial Bank (currently, the Saudi National Bank), a Saudi public joint stock company, operating in the banking services sector, from 2013G to 2018G. • CFO, the National Commercial Bank (currently, the Saudi National Bank), a Saudi public joint stock company, operating in the banking services sector, from 2006G to 2013G. • Head of Strategy and Performance Management, the National Commercial Bank (currently, the Saudi National Bank), a Saudi public joint stock company, operating in the banking services sector, from 2003G to 2006G. • Financial Controller, Saudi Business Machines, a Saudi limited company, operating in the technological solution services sector, from 2000G to 2003G. • Chief of Corporate Banking Group, Samba Financial Group (currently, the Saudi National Bank), a Saudi public joint stock company, operating in the banking services sector, from 1996G to 2000G. • Chief of Corporate Banking Group, the Saudi Hollandi Bank (currently, Alawwal Bank), a Saudi joint stock company, operating in the banking services sector, from 1990G to 1991G. • Assistant Chief of Corporate Banking Group, the Saudi American Bank (currently, the Saudi National Bank), a Saudi joint stock company, operating in the banking services sector, from 1983G to 1985G.

Source: The Company

Table (5.8): Summarized Biography of Mai Muhammad Hamad Al Hoshan

Name	Mai Muhammad Hamad Al Hoshan
Age	43 years
Nationality	Saudi
Position	Director
Academic Qualifications	• Certificate in HR Strategy in Organizational Transformation, London Business School, UK, 2012G. • CMI Certificate, licensed by the Capital Market Authority, KSA, 2010G. • Master of Engineering Management, Knowledge Management, George Washington University, USA, 2004G. • Bachelor of Business Administration, Organizational Behavior, Boston University, USA, 2002G.

Current Positions	• Director, the Company, from 2021G to date. • Head of the Company's Nomination and Remuneration Committee, 2021G to date. • Director and Member of the Executive Committee, the Saudi Fransi for Finance Leasing, a joint stock company, operating in the leasing finance sector, from 2019G to date. • Chief of Human Resources, Banque Saudi Fransi, a Saudi public joint stock company, operating in the banking services sector, from 2018G to date. • Director and member, the Nomination and Remuneration Committee, Riyadh Care Hospital and Care Family Medicine Center, a joint stock company, operating in the medical care sector, from 2018G to date.
Significant Past Professional Experience	• Chief of Human Resources, Alawwal Bank, a Saudi joint stock company, the banking services sector, from 2014G to 2018G. • Managing Director and Chief of Human Capital, SNB Capital, a Saudi joint stock company, operating in the security service sector, from 2007G to 2014G. • Management, Leadership and Development Advisor, the National Commercial Bank (currently, the Saudi National Bank), a Saudi public joint stock company, operating in the banking services sector, from 2005 to 2007G.

Source: The Company

Table (5.9): Summarized Biography of Deem Salah Muhammad Al-Bassam

Name	Deem Salah Muhammad Al-Bassam
Age	36 years
Nationality	Saudi
Position	Director
Academic Qualifications	• Certificate from the Idea Translation Program, Harvard University, USA, 2011G. • CBS Certificate of Executive Business Education, Columbia Business School, USA, 2010G. • Bachelor of Business Administration, Marketing, American University in Dubai, UAE, 2008G.
Current Positions	• Director, the Company, from 2021G to date. • Co-Founder, MDAR Food Co., a limited liability company, operating in dine-in restaurants and event organization sector, from 2015G to date. • Co-Founder, Salt Limited, a limited liability company, operating in the restaurant management sector, from 2014G to date. • Founder, Switch, a limited liability company, operating in the restaurant management sector, from 2009G to date.
Significant Past Professional Experience	N/A.

Source: The Company

Table (5.10): Summarized Biography of Wadih Shakib Cortbaoui

Name	Wadih Shakib Cortbaoui
Age	43 years
Nationality	Lebanese
Position	Board Secretary
Academic Qualifications	• Master of International Legal Studies, Georgetown University, USA, 2000G. • Bachelor of Laws, Saint Joseph's University, Lebanon, 1999G.
Current Positions	• Secretary of the Board of Directors, the Company, from 2021G to date. • Lawyer, Legal Advisor, and the Managing Partner, Cortbaoui & Kanaan Law Firm, from 2015G to date.
Significant Past Professional Experience	• Lawyer and Legal Advisor, Ramzi Greige & Partners Law Firm, from 2001G to 2015G.

Source: The Company

5.4 Board Committees

To be able to effectively perform its tasks and fulfill the relevant legal requirements, the Company has a number of committees that were formed by the General Assembly and the Board of Directors according to the Company's needs, circumstances and conditions. These committees are the Audit Committee and the Nomination and Remuneration Committee.

The following is a summary of the structure, responsibilities and members of each Committee:

5.4.1 Audit Committee

A- Formation of the Audit Committee

The Audit Committee consists of three (3) members appointed pursuant to the Extraordinary General Assembly's resolution dated 29/03/1443H (corresponding to 11/04/2021G). The Company also prepared a charter of the Audit Committee, which was approved by the Company as part of the Company's corporate governance manual in accordance with the Extraordinary General Assembly's resolution dated 29/03/1443H (corresponding to 11/04/2021G) based on the proposal of the Board of Directors dated 20/03/1443H (corresponding to 10/26/2021G), and as amended by the Extraordinary General Assembly's resolution dated 30/07/1443H (corresponding to 03/03/2022G). The following table shows the names of the members of the Audit Committee:

Table (5.11): Members of the Audit Committee

#	Name	Position	Capacity
1	Faisal Omar Abbas Al-Saggaf	Head of the Audit Committee	Independent Director
2	Silvano Sala Tisciat	Member of the Audit committee	Non-director member
3	Silvio de Girolamo	Member of the Audit committee	Non-director member

Source: The Company

B- Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee include:

Financial reporting:

1- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
2- Providing its expert opinion, at the request of the Board, regarding whether the Board's report and Company's financial statements are fair, balanced and understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy;
3- Analyzing any important or unusual issues contained in the financial reports;
4- Accurately investigating any issues raised by the CFO or any person assuming his/her duties or the Company's compliance officer or Auditor;
5- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
6- Considering the Company's accounting policies, expressing an opinion thereon and making recommendations to the Board of Directors with respect to them.

Internal Audit:

1- Considering and reviewing internal and financial control systems and risk management of the Company;
2- Considering the internal audit reports and following up on the implementation of the corrective measures in respect of observations made in such reports;
3- Monitoring and supervising the performance and activities of the internal auditor and the Internal Audit Department of the Company, if any, to verify the availability of the necessary resources and their effectiveness in performing the tasks and assignments entrusted thereto. If the Company does not have an internal auditor, the Committee shall submit its recommendation to the Board regarding the need to appoint an internal auditor; and
4- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggesting his/her remunerations.

Auditor:

1- Making recommendations to the Board of Directors about nomination and dismissal of Auditors, determining their fees and evaluating their performance after checking their independence and reviewing their work scope as well as the terms of their contracts;
2- Verifying the independence, objectivity and fairness of the Auditor and the effectiveness of auditing, taking into account relevant rules and standards;
3- Reviewing the Auditor's plan and work, ensuring that he does not perform technical or administrative works that fall outside the scope of auditing, and submitting its opinions thereon;
4- Responding to inquiries of the Company's Auditor; and
5- Studying the Auditor's report and the notes on the financial statements and following up the relevant actions.

Ensuring Compliance:

1- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
2- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
3- Reviewing contracts and transactions to be concluded by the Company with the related parties and expressing its views thereon to the Board of Directors; and
4- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Risk Management:

1- Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company, ensuring their implementation, and reviewing and updating them based on the Company's internal and external changing factors;
2- Determining and maintaining an acceptable level of risk for the Company and ensuring that the Company does not exceed such level;
3- Verifying the feasibility of the Company's continuity and the successful continuation of its activities, along with identifying risks that threaten its continuity during the next twelve months;
4- Overseeing the Company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up on risks to which the Company may be exposed in order to identify shortcomings;
5- Periodically re-assessing the Company's risk appetite and risk to which it is exposed, for example, by conducting stress tests;
6- Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;
7- Providing recommendations to the Board on matters related to risk management;
8- Ensuring the availability of adequate resources and systems to manage risks;
9- Reviewing the organizational structure for risk management and making recommendations regarding the same before it is approved by the Board;
10- Verifying the independence of the risk management employees from activities that may expose the Company to risk;
11- Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; and
12- Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.

C- Summarized Biography of the Members of the Audit Committee

The following are the Summarized Biographies of the members of the Audit Committee:

Table (5.12): Summarized Biography of Faisal Omar Abbas Al-Saggaf

Name	Faisal Omar Abbas Al-Saggaf
Position	Head of the Audit Committee
CV	Refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5.13): Summarized Biography of Silvano Sala Tisciat

Name	Silvano Sala Tisciat
Age	51 years
Nationality	Italian
Position	Member of the Audit Committee
Academic Qualifications	• Master of Business Administration, Bocconi School of Management, Italy, 1999G. • Bachelor of Economics, Business Finance, Bocconi University, Italy, 1994G.
Current Positions	• Member, the Audit Committee, the Company, from 2019G to date. • CFO, Abdulaziz AlJammaz and Brothers Company, a Saudi closed joint stock company, operating in investment activities in various sectors, from 2018G to date.
Significant Past Professional Experience	• CFO, MGH Systems Group, a British closed joint stock company, operating in the telecommunications sector, from 2011G to 2017G. • CFO, CRH Italia B.V., an Italian public joint stock company, operating in the building material sector, from 2007G to 2011G. • CFO, OMV Officine Metallurgiche Ventura S.p.A., an Italian closed joint stock company, operating in the steel product sector, from 2004G to 2007G. • Director for Europe, Analyst and Financial Planner, Perkin Elmer SBI, an Italian closed joint stock company, operating in the life sciences sector, from 2002G to 2004G. • Senior Financial Analyst, Eli Lilly Italia SRL, an Italian limited liability company, operating in the pharmaceutical sector, from 2000G to 2002G. • Financial Auditor, PricewaterhouseCoopers, an Italian closed joint stock company, operating in the accounting and legal auditing sector, from 1994G to 1998G.

Source: The Company

Table (5.14): Summarized Biography of Silvio de Girolamo

Name	Silvio de Girolamo
Age	59 years
Nationality	Italian
Position	Member of the Audit Committee
Academic Qualifications	• Certificate of Foreign Trade, Pavia Chamber of Commerce, Italy, 1999G. • Master of Business Administration, Bocconi University, Italy, 1999G.
Current Positions	• Member, the Audit Committee, the Company, from 2021G to date. • Founder, SdG for Future Company, an Italian company, operating in the management consulting sector, from 2021G to date.

Significant Past Professional Experience	• Chief Sustainability Officer and Chief of Risk, at Autogrill SBI, an Italian joint stock company, operating in the food sector, from 2018G to 2021G. • Member, the CSR Committee, the Italian General Confederation of Italian Industry, an Italian federation, operating in the industry sector, from 2016G to 2020G. • Director, CSR Manager Network, an Italian federation, operating in the corporate social responsibility sector, from 2014G to 2020G. • Vice President, Associazione Italiana Internal Auditors, an Italian federation, operating in the internal auditing sector, from 2014G to 2020G. • Member, the Sustainability Committee, Italy-America Chamber of Commerce, a US private non-profit organization, operating in commercial relations between the United States and Italy, from 2016G to 2019G. • Director and member, the Public Affairs Committee, the EU Internal Audit Service - Brussels, a European association, operating in the internal audit sector, from 2012G to 2019G. • Member, the Global Advisory Committee, the Institute of Internal Audit, a US institute, operating in the internal audit sector, from 2014G to 2018G. • Member of the Supervisory Board of Directors, Autogrill S.p.A., an Italian joint stock company, operating in the food sector, from 2014G to 2018G. • Member of the Supervisory Board of Directors, Alpha Retail, a limited company, operating in the retail clothing, appliances, dry goods, household appliances and groceries sector, from 2014G to 2018G. • Member of the Supervisory Board of Directors, Autogrill Austria AG, an Austrian joint-stock company, operating in the food sector, from 2014G to 2018G. • Head of Executive Audit and Corporate Social Responsibility, Autogrill Group, a joint stock company, operating in the food sector, from 2000G to 2018G. • Member, Stakeholder Council Global Reporting Initiative - Netherlands, a global forum, the stakeholder sector, from 2011G to 2017G. • Senior Auditor, Audit Division, Eni S.p.A., an Italian joint stock company, operating in the energy sector, from 1996G to 2000G. • Senior Auditor, District Operations, Merloni Domestic Appliances, a joint stock company, operating in the wholesale distribution of electrical appliances, televisions and radios, from 1994G to 1996G. • Senior Auditor, 3M Minnesota Manufacturing, a joint stock company, operating in adhesives, sheets, metal abrasive strips, dental products, electronic materials, medical products, and car care products, from 1992G to 1994G. • Auditor, 3M Minnesota Manufacturing, a joint stock company, operating in adhesives, sheets, metal abrasive strips, dental products, electronic materials, medical products, and car care products, from 1991G to 1992G. • Financial Supervisor, Coop Lombardia, an Italian cooperative company, operating in the general merchandise sector, from 1988G to 1990G.

Source: The Company

5.4.2 Nomination and Remuneration Committee

A- Formation of Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three (3) members appointed pursuant to the Board's resolution dated 11/04/1443H (corresponding to 11/16/2021G). The Company also prepared the charter of the Nomination and Remuneration Committee, which was approved by the Company as part of the Company's corporate governance manual in accordance with the Extraordinary General Assembly's resolution dated 29/03/1443H (corresponding to 11/04/2021G) based on the proposal of the Board of Directors dated 20/03/1443H (corresponding to 10/26/2021G), and as amended by the Extraordinary General Assembly's resolution dated 30/07/1443H (corresponding to 03/03/2022G). The following table shows the members of the Remuneration and Nomination Committee:

Table (5.15): Members of the Nomination and Remuneration Committee

#	Name	Position	Capacity
1	Mai Muhammad Hamad Al Hoshan	Head of the Nomination and Remuneration Committee	Independent Director
2	Ibrahim Abdulaziz Ibrahim AlJammaz	Member of the Remuneration and Nomination Committee	Executive Director
3	Akram Al Ahmadi	Member of the Remuneration and Nomination Committee	Non-director member

Source: The Company

B- Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee include:

1- Suggesting clear policies and standards for membership of the Board and the Executive Management;
2- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that the nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
3- Preparing a description of necessary capabilities and qualifications for Board Membership and functions of the Executive Management;
4- Determining the amount of time that the member shall allocate to the activities of the Board;
5- Performing an annual review of the necessary skills or experience requirements for Board Membership and functions of the Executive Management;
6- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
7- Annually ensuring the independence of the Independent Directors and the absence of any conflicts of interest if a Director also acts as a director of another company;
8- Setting job descriptions for executive, non-executive and independent Directors and Senior Executives;
9- Setting procedures to be followed if the position of a Director or a Senior Executive becomes vacant; and
10- Defining the Board's strengths and weaknesses, and suggesting solutions that serve the Company's interest.

C- Summarized Biographies of the Members of the Nomination and Remuneration Committee

The following are summarized biographies of the members of the Nomination and Remuneration Committee:

Table (5.16): Summarized Biography of Mai Muhammad Hamad Al Hoshan

Name	Mai Muhammad Hamad Al Hoshan
Position	Head of the Nomination and Remuneration Committee
CV	Refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5.17): Summarized Biography of Ibrahim Abdulaziz Ibrahim AlJammaz

Name	Ibrahim Abdulaziz Ibrahim AlJammaz
Position	Member of the Remuneration and Nomination Committee
CV	Refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5.18): Summarized Biography of Akram Al Ahmadi

Name	Akram Al Ahmadi
Age	40 years
Nationality	Saudi
Position	Member of the Remuneration and Nomination Committee
Academic Qualifications	• Master of Business Administration, University of Wisconsin-Whitewater, USA, 2013G. • Postgraduate Certificate in Human Resources, University of Wisconsin-Whitewater, USA, 2013G. • Bachelor of Arts, Psychology, King Abdulaziz University, KSA, 2006G.
Current Positions	• Member, the Nomination and Remuneration Committee, the Company, from 2021G to date. • CEO, Human Resources and Administrative Affairs, the Derayah Digital Bank project, a Saudi closed joint stock company (under incorporation), operating in the financial service sector, from 2020G to date.

Significant Past Professional Experience	• Chief of Human Resources, Development and Recruitment, Bupa Arabia for Cooperative Insurance Co., a Saudi listed joint stock company, operating in the insurance sector, from 2019G to 2020G. • Manager of Human Resources Development in Saudi Arabia, Modern Products, Inc., a Saudi joint venture with Procter & Gamble International Operations, operating in the consumables sector, from 2014G to 2019G. • Regional Director of Human Resources in India, the Middle East, and Africa, at Modern Products, Inc., a Saudi joint venture with Procter & Gamble International Operations, operating in the consumables sector, from 2016G to 2019G. • Manager of Development and Training in Saudi Arabia and Government Relations, Modern Products, Inc., a Saudi joint venture with Procter & Gamble International Operations, operating in the consumables sector, from 2014G to 2016G. • Senior Specialist in Human Capital, Al-Dara Medical Corporation, a Saudi joint stock company, operating in the medical field, 2014G. • Assistant Professor of Management, University of Wisconsin-Whitewater, an American university, operating in the higher education sector, from 2013G to 2014G. • Assistant Manager of Human Resources at the Western Region, Etihad Etisalat (Mobily), a Saudi limited liability company, operating in the communications sector, from 2007G to 2010G. • Customer Service Representative, Magrabi Hospitals and Centers, a Saudi limited liability company, operating in the medical service sector, from 2004G to 2005G.

Source: The Company

5.5 Executive Management

The Company's Executive Management consists of a team with the necessary expertise and skills to manage the Company under the direction of the Board of Directors. The Chief Executive Officer shall conduct the Company's day-to-day business in accordance with the Board's directions and policies to ensure that the Company achieves its objectives set by the Board of Directors.

5.5.1 Members of Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table (5.19): The Company's Executive Management

#	Name	Position	Nationality	Age	Date of Appointment to the Position	Date of Appointment	Share Ownership Pre-Offering	Share Ownership Post-Offering
1.	Filippo Luciano Sgattoni	CEO	Italian	49 years	20/10/1442H (corresponding to 06/01/2021G)	04/01/1437H (corresponding to 10/17/2015G)	N/A	12,500
2.	Yaser Waddah Wasef AlMasri	CFO	Jordanian	37 years	20/10/1442H (corresponding to 06/01/2021G)	08/07/1436H (corresponding to 04/26/2015G)	N/A	5,000
3.	Khalid bin Ahmed bin Othman Al-Hokail	Chief Technology Officer	Saudi	38 years	20/10/1442H (corresponding to 06/01/2021G)	08/10/1435H (corresponding to 08/04/2014G)	N/A	N/A
4.	Khaled Ali Anwar Sayed Ahmed	Chief Operating Officer | Dunkin' - North Africa	Egypt	55 years	20/10/1442H (corresponding to 06/01/2021G)	11/08/1433H (corresponding to 07/01/2012G)	N/A	4,500
5.	Ibrahim Abdulrahman Ibrahim Al-Suhaibani	Chief Operating Officer | Domino's - Kingdom of Saudi Arabia	Saudi	40 years	20/10/1442H (corresponding to 06/01/2021G)	21/12/1435H (corresponding to 10/15/2014G)	N/A	5,000
6.	Shobhit Mahendra Tandon	Chief Operating Officer | Domino's - International Markets	Indian	43 years	20/10/1442H (corresponding to 06/01/2021G)	28/05/1437H (corresponding to 03/08/2016G)	N/A	5,000
7.	Walid Taqi Muhammad Hassan	Chief Procurement Officer	Egypt	43 years	20/10/1442H (corresponding to 06/01/2021G)	28/05/1432H (corresponding to 05/01/2011G)	N/A	3,750
8.	Rasha Abdullah Saleh Al-Sadhan	CEO, Personnel and Culture	Saudi	39 years	20/10/1442H (corresponding to 06/01/2021G)	13/01/1442H (corresponding to 09/01/2020G)	N/A	3,750

Source: The Company

5.5.2 Executive Management Departments

A- Finance Department

The Finance Department shall have the following duties and responsibilities:

- Managing the Company's budgets;
- Managing accounts;
- Preparing and supervising the Company's profit reports;
- Considering, reviewing and verifying costs, expenses and revenues;
- Supervising and controlling the overall operations and financial activities of the Company;
- Submitting financial reports;
- Analyzing reports and financial statements, providing advice on investment activities, and suggesting strategies to be adopted by the Company;
- Maintaining the Company's financial position;
- Analyzing the daily and routine financial activities of the Company;
- Providing future financial plans;
- Communicating with auditors and financial analysts;
- Discussing the Company's objectives and future plans;
- Contributing to the planning process;
- Providing and presenting long-term financial management plans;
- Analyzing financial data and information; and
- Analyzing competitors in the labor market.

B- Technology Department

The Technology Department shall have the following duties and responsibilities:

- Developing technological products to serve customers and branches;
- Managing IT Infrastructure;
- Managing the Department's projects;
- Educating the employees about information security;
- Monitoring systems and ensuring their compliance with the state-of-the-art technology and information security developments;
- Managing the technical support office for branches and employees;

C- Operations Department | Dunkin'- North Africa

The Operations Department | Dunkin'- North Africa shall have the following duties and responsibilities:

- Ensuring budget fulfillment; managing store budget and budgets of each department; managing marketing activities and promotions;
- Ensuring EBITDA; performing strict cost control and optimizing revenue streams; establishing operational and marketing controls;
- Ensuring the opening of new stores upon the agreed times;
- Ensuring timely and quality implementation of budget plans and preparing advance budget plans for the following year;
- Developing a detailed business vision and creating a successful business model;
- Developing plans to open new stores for the following year;
- Ensuring smooth supply operations and identifying opportunities to ensure the supply continuity with the required speed, quantity and quality;
- Ensuring compliance with market standards and international brand standards;
- Ensuring the effectiveness of social and digital media on the ground;
- Creating and developing plans to launch new products that suit the local market;
- Developing domestic versions of the brand's products;
- Proactively identifying business risks, planning accordingly and ensuring that there are no failures in operations;

- Ensuring that audits are compliant and not in violation;
- Developing a plan and creating a culture of internal development, and setting standards for evaluation and promotions in a timely manner;
- Promoting career development and encouraging participation;
- Identifying and improving the strengths and weaknesses of each team member;
- Developing and creating cultures to build and grow a strong and stable workforce; and
- Creating a work culture that depends on data and numbers and focusing on the speed of service and value creation for customers.

D- Operations Department | Domino's - Saudi Arabia

The Operations Department | Domino's - Saudi Arabia shall have the following duties and responsibilities:

- Ensuring budget fulfillment; managing store budget and budgets of each department; managing marketing activities and promotions;
- Ensuring EBITDA; performing strict cost control and optimizing revenue streams; establishing operational and marketing controls;
- Ensuring the opening of new stores upon the agreed times;
- Ensuring timely and quality implementation of budget plans and preparing advance budget plans for the following year;
- Developing a detailed business vision and creating a successful business model;
- Developing plans to open new stores for the following year;
- Ensuring smooth supply operations and identifying opportunities to ensure the supply continuity with the required speed, quantity and quality;
- Ensuring compliance with market standards and international brand standards;
- Ensuring the effectiveness of social and digital media on the ground;
- Creating and developing plans to launch new products that suit the local market;
- Developing domestic versions of the brand's products;
- Proactively identifying business risks, planning accordingly and ensuring that there are no failures in operations;
- Ensuring that audits are compliant and not in violation;
- Developing a plan and creating a culture of internal development, and setting standards for evaluation and promotions in a timely manner;
- Promoting career development and encouraging participation;
- Identifying and improving the strengths and weaknesses of each team member;
- Developing and creating cultures to build and grow a strong and stable workforce; and
- Creating a work culture that depends on data and numbers and focusing on the speed of service and value creation for customers.

E- Operations Department | Domino's - International Markets

The Operations Department | Domino's - International Markets shall have the following duties and responsibilities:

- Ensuring budget fulfillment; managing store budget and budgets of each department; managing marketing activities and promotions;
- Ensuring EBITDA; performing strict cost control and optimizing revenue streams; establishing operational and marketing controls;
- Ensuring the opening of new stores upon the agreed times;
- Ensuring timely and quality implementation of budget plans and preparing advance budget plans for the following year;
- Developing a detailed business vision and creating a successful business model;
- Developing plans to open new stores for the following year;
- Ensuring smooth supply operations and identifying opportunities to ensure the supply continuity with the required speed, quantity and quality;
- Ensuring compliance with market standards and international brand standards;
- Ensuring the effectiveness of social and digital media on the ground;

- Creating and developing plans to launch new products that suit the local market;
- Developing domestic versions of the brand's products;
- Proactively identifying business risks, planning accordingly and ensuring that there are no failures in operations;
- Ensuring that audits are compliant and not in violation;
- Developing a plan and creating a culture of internal development, and setting standards for evaluation and promotions in a timely manner;
- Promoting career development and encouraging participation;
- Identifying and improving the strengths and weaknesses of each team member;
- Developing and creating cultures to build and grow a strong and stable workforce; and
- Creating a work culture that depends on data and numbers and focusing on the speed of service and creating value for customers.

F- Procurement Department

The Procurement Department shall have the following duties and responsibilities:

- Performing the Company's strategy developed in accordance with the approved purchasing policies;
- Establishing policies through which performance is developed and purchase orders are rapidly and accurately executed;
- Building strong relationships with different suppliers and establishing successful long-term partnerships;
- Fulfilling the Company's needs by contracting with approved suppliers and service providers of high quality, according to the required supply schedules;
- Monitoring various purchase demands and following up to convert them into purchase orders;
- Negotiating prices and contracts to obtain various products and services at the best value for money, taking into account quality requirements;
- Negotiating with suppliers the best terms of payment to maximize working capital;
- Coordinating with the Financial Department by submitting and recording the necessary documents for local purchases or imports of incoming products;
- Coordinating with the Financial Department to make suppliers' payments to ensure the consistent flow of various products and services and maintain strong relationships with suppliers;
- Coordinating with the Warehouse Department for incoming shipments and following up the supply dates for various products to ensure business continuity;
- Coordinating with the Warehouse Department regarding products and quantities to be purchased for stock;
- Coordinating with customs brokers for finalizing the clearance of incoming shipments through various outlets;
- Coordinating with the various sea, air and land shipping companies to import products from different countries around the world;
- Registering food products with the FDA's Platform;
- Following up on clearances of incoming external shipments on Fasah Platform; and
- Observing the requirements for importing products and registering with the Saber platform.

G- Personnel and Culture Department

The Personnel and Culture Department shall have the following duties and responsibilities:

- Announcing vacancies;
- Holding job interviews;
- Recruiting;
- Monitoring compliance with internal procedures and policies;
- Ensuring a safe work environment;
- Salaries and Incentives;
- Issuing clearances and paying compensation;
- Issuing and following up on warnings;
- Solving work issues;
- Ensuring compliance with labor laws;
- Training and development;

- Developing training plans;
- Developing plans to improve employee performance;
- Keeping records;
- Improving the Company's performance by setting an annual labor budget;
- Designing strategic HR plans that will positively affect the Company's performance;
- Working closely with Management and employees to improve employee engagement and labor relations and increase productivity; and
- Reviewing and updating policies and procedures

5.5.3 Employment Contracts with the CEO and CFO

The following table shows a summary of the employment and service contracts between the Company and the CEO and CFO:

Table (5.20): Summary of Employment and Service Contracts with the CEO and CFO

Name	Position	Contract Date	Contract Term
Filippo Luciano Sgattoni	CEO	29/02/1442H (corresponding to 10/17/2020G)	1 year - automatically renewable
Yaser Waddah Wasef AlMasri	CFO	14/09/1442H (corresponding to 04/26/2021G)	1 year - automatically renewable

Source: The Company

5.5.4 Summary Biographies of Executive Management Members

The following are the Summarized Biographies of the members of the Executive Management:

Table (5.21): Summarized Biography of Filippo Luciano Sgattoni

Name	Filippo Luciano Sgattoni
Age	49 years
Nationality	Italian
Position	CEO
Academic Qualifications	• Master of Business Administration and Innovation, Polytechnic College of Milan, Italy, 1999G. • Bachelor of Economics, University of Ancona, Italy, 1997G.
Current Positions	• CEO, the Company, from 2021G to date.
Significant Past Professional Experience	• Vice President and Group CFO, the Company, from 2015G to 2021G. • Group controlling director, Autogrill, an Italian public joint stock company, operating in the restaurant and cafe management and operation sector, from 2012G to 2015G. • Chief financial officer, Autogrill, an Italian public joint stock company, operating in the restaurant and cafe management and operation sector, from 2010G to 2012G. • Chief financial officer, Autogrill, a public joint stock company in Germany, the Czech Republic and Poland, operating in the restaurant and cafe management and operation sector, from 2009G to 2010G. • Chief financial officer, Autogrill, a Spanish public joint stock company, operating in the restaurant and cafe management and operation sector, from 2006G to 2009G. • Finance director, HMSHost International, a branch of Autogrill, a Dutch public joint stock company, operating in the restaurant and cafe management and operation sector, from 2004G to 2006G. • Business controller, Autogrill, an Italian public joint stock company, operating in the restaurant and cafe management and operation sector, from 1999G to 2004G.

Source: The Company

Table (5.22): Summarized Biography of Yaser Waddah Wasef AlMasri

Name	Yaser Waddah Wasef AlMasri
Age	37 years
Nationality	Jordanian
Position	CFO
Academic Qualifications	• Certified Financial Analyst, Chartered Financial Analyst Institute (CFAI), USA, 2016G. • Certified Public Accountant, American Institute of Certified Public Accountants (AICPA), USA, 2010G. • Master of Business Administration, New York University of Technology, Hashemite Kingdom of Jordan, 2009G. • Bachelor of Accounting and Finance, Al-Ahliyya Amman University, Hashemite Kingdom of Jordan, 2007G.
Current Positions	• CFO, the Company, 2021G to date.
Significant Past Professional Experience	• Finance Director, the Company, from 2015G to 2021G. • Corporate financial manager, Philips Lighting, a Saudi closed joint stock company, operating in the lighting sector, from 2012G to 2015G. • Assistant manager, PwC Office in Jordan and Saudi Arabia, a limited liability company, operating in the auditing and financial advisory sector, from 2007G to 2012G.

Source: The Company

Table (5.23): Summarized Biography of Khalid bin Ahmed bin Othman Al-Hokail

Name	Khalid bin Ahmed bin Othman Al-Hokail
Age	39 years
Nationality	Saudi
Position	Chief Technology Officer
Academic Qualifications	• Master of Computer Science, Washington University in St. Louis, USA, 2008G. • Bachelor of Computer Science, King Saud University, KSA, 2005G.
Current Positions	• Chief Technology Officer, the Company, from 2019G to date. • Director, the Marketing Department LLC, a Saudi limited liability company, operating in the digital marketing sector, from 2018G to date.
Significant Past Professional Experience	• Director of Restaurant Technology, the Company, from 2016G to 2019G. • Manager of E-Commerce, the Company, from 2014G to 2016G. • Managing Director, FutureSteps, a private Saudi institution, operating in the hardware, software and information technology trade sector, from 2010G to 2018G. • Executive manager, Value Added Services, Mobily, a Saudi public joint stock company, operating in the telecommunications sector, from 2012G to 2014G. • Researcher in Computer Sciences, King Abdulaziz City for Science and Technology, a Saudi Government scientific institution, operating in the science and technology sector, from 2004G to 2012G.

Source: The Company

Table (5.24): Summarized Biography of Khaled Ali Anwar Sayed Ahmed

Name	Khaled Ali Anwar Sayed Ahmed
Age	55 years
Nationality	Egypt
Position	Chief Operating Officer | Dunkin'- North Africa
Academic Qualifications	• Bachelor of English, Ain Shams University, Arab Republic of Egypt, 1988G.
Current Positions	• Chief Operating Officer, Dunkin'- North Africa, the Company, from 2019G to date.

Significant Past Professional Experience	• Regional country manager, Alamar Foods Egypt, an Egyptian limited liability company, operating in the restaurant and cafe management and operation sector, from 2011G to 2019G. • Operations manager, Alamar Foods Egypt, an Egyptian limited liability company, operating in the restaurant and cafe management and operation sector, from 2005G to 2011G. • Manager of development and new openings, Alamar Foods Egypt, an Egyptian limited liability company, operating in the restaurant and cafe management and operation sector, from 2004G to 2005G. • Training , manager, Alamar Foods Egypt, an Egyptian limited liability company, operating in the restaurant and cafe management and operation sector, from 2000G to 2004G. • Production ,anager, Alamar Foods Egypt, an Egyptian limited liability company, operating in the restaurant and cafe management and operation sector, from 1995G to 2000G. • Restaurant general manager , Kuwait Food Co. (Americana), a UAE limited liability company, operating in the restaurant sector, from 1992G to 1995G. • Translator, King Saud Hospital, a Saudi Government hospital, operating in the medical sector, from 1990G to 1992G.

Source: The Company

Table (5.25): Summarized Biography of Ibrahim Abdulrahman Ibrahim Al-Suhaibani

Name	Ibrahim Abdulrahman Ibrahim Al-Suhaibani
Age	40 years
Nationality	Saudi
Position	Chief Operating Officer | Domino's - Saudi Arabia
Academic Qualifications	• Executive Master of Business Administration (MBA), London Business School, UK, 2021G. • Bachelor of Business Management, Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, 2014G.
Current Positions	• Chief Operating Officer | Domino's - Saudi Arabia, the Company, from 2014G to date. • Director, Drive7, a Saudi closed joint stock company, operating in the car service and maintenance center sector, from 2020G to date. • Owner, Mechraq for Design, a Saudi limited liability company, operating in designs, in 2020G.
Significant Past Professional Experience	• Chief of operations | Domino's - Kingdom of Saudi Arabia in the Company from 2014G to 2021G. • Vice chairman, the FranWay, a Saudi closed joint stock company, operating in the franchising management sector, from 2018G to 2020G. • Director of business development, PHI, a Saudi limited liability company, operating in the advertising sector, from 2012G to 2014G. • Director of corporate communications, Atheel Holding, a Saudi limited liability company, operating in the investment and development management sector, from 2006G to 2012G. • Brand manager, the National Factory, a Saudi limited liability company, operating in the beverages production and distribution sector, from 2005G to 2006G. • Customer service officer, Al-Khuraiji Advertising (Leoprint), a Saudi limited liability company, operating in the advertising sector, from 2003G to 2005G.

Source: The Company

Table (5.26): Summarized Biography of Shobhit Mahendra Tandon

Name	Shobhit Mahendra Tandon
Age	43 years
Nationality	Indian
Position	Chief Operating Officer | Domino's - International Markets
Academic Qualifications	• Master of Strategic Management, University of Hyderabad (ISB), India, 2012G. • Executive MBA, University of Ghaziabad (IMT), India, 2009G. • MBA, Symbiosis Institute of Management Studies (SIMS), Pune, India, 2005G. • Diploma in Hotel Management, Bangalore University (AHMCT & AN), India, 1999G.
Current Positions	• Chief Operating Officer | Domino's - International Markets, the Company, from 2016G to date.
Significant Past Professional Experience	• Business head, Landmark Group, an Emirati closed joint stock company, operating in the food and beverages sector, from 2014G to 2016G. • General manager of Marketing, Domino's Pizza, Jubilant FoodWorks, an Indian public shareholding company, operating in the food and beverage sector, from 2006G to 2014G. • Operations manager, Radhakrishna Hospitality Services, an Indian limited liability company, operating in the food and beverages sector, from 2004G to 2006G.

Source: The Company

Table (5.27): Summarized Biography of Walid Taqi Muhammad Hassan

Name	Walid Taqi Muhammad Hassan
Age	43 years
Nationality	Egypt
Position	Chief Procurement Officer
Academic Qualifications	• Bachelor of Accounting, Ain Shams University, Arab Republic of Egypt, 1999G.
Current Positions	• Chief Procurement Officer, the Company, from 2021G to date.
Significant Past Professional Experience	• Procurement and supply chain Director - Saudi Arabia, the Company, from 2019G to 2021G. • Supply chain manager - Saudi Arabia, the Company, from 2014G to 2019G. • Procurement manager, the Company, from 2011G to 2014G.

Source: The Company

Table (5.28): Summarized Biography of Rasha Abdullah Saleh Al-Sadhan

Name	Rasha Abdullah Saleh Al-Sadhan
Age	39 years
Nationality	Saudi
Position	Chief People & Culture Officer
Academic Qualifications	• Bachelor of English Literature and Linguistics, King Saud University, Saudi Arabia, 2004G.
Current Positions	• Chief People & Culture Officer, the Company, from 2020G to date.
Significant Past Professional Experience	• Human resources business partner, Seera Group, an Emirati public joint stock company, operating in the travel and tourism sector, from 2019G to 2020G. • Head of talent acquisition, Saudi Investment Bank, a Saudi public joint stock company, operating in the banking services sector, in 2018G. • Leader, human resources, Ernst & Young, a Saudi limited liability company, operating in the consulting sector, from 2013G to 2018G. • Human resources specialist, Care Co., a Saudi public joint stock company, operating in the hospital management sector, from 2012G to 2013G. • Senior human resources advisor, KPMG, a Saudi limited liability company, operating in the consulting sector, from 2008G to 2012G. • Customer service representative, Al Rajhi Bank, a Saudi public joint stock company, operating in the banking services sector, from 2007G to 2008G. • Customer service representative, SADAD, a Saudi Government entity, operating in the payments sector, from 2004G to 2006G.

Source: The Company

5.6 Events of Bankruptcy and Insolvency Involving the Directors and Executive Management

The Directors declare that, as of the date of this Prospectus, there are no bankruptcy events involving the Directors, Executive Management, or the Secretary. There was no declaration, within the last five years, of any insolvency in any company in which any of the Directors, Executive Management, or the Secretary was appointed in an administrative or supervisory position.

5.7 Direct and Indirect Interests of the Directors, Secretary, and Executive Management

The Directors declare that, except as disclosed in Section 5.3 "**Board of Directors**", Section 5.5.1 "**Members of Executive Management**", Section 5.11 "**Employee Shares**", Section 12.6 "**Related Party Agreements and Transactions,**" and Table 5.29: Details of Third Party Agreements and Transactions in Which the Directors Have an Interest" of this Prospectus, none of the Directors, Executive Management, or the Secretary, or any of their Relatives has a direct or indirect interest in the shares and debt instruments of the Company and its Subsidiaries, if any, or any interest in any other matter, which would impact the business of the Company.

The Directors also declare that, as of the date of this Prospectus, the Directors do not conduct any business competing with the Company's business, according to Article Seventy-Two (72) of the Companies Law.

The Directors also declare that, except as disclosed in Section 12.6 "**Third Party Agreements and Transactions**" and Table 5.29: Details of Third Party Agreements and Transactions in Which the Directors Have an Interest" of this Prospectus, none of the Directors, Executive Management, or the Secretary or any of their Relatives has any interest in any applicable contract or arrangement in effect or to be concluded as of the date of this Prospectus in relation to the business of the Company and its Subsidiaries.

The following table shows the details of third-party agreements and transactions in which the Directors have an interest (for further information on such agreements, please refer to Section 12.6 "**Third Party Agreements and Transactions**" of this Prospectus).

Table (5.29): Details of Third Party Agreements and Transactions in Which the Directors Have an Interest

#	Agreement/Transaction	Transaction Value (SAR)	Directors and Executive Management who have an Interest	Type of Interest	Cause of Interest
1	Collecting Zakat and axes with Abdulaziz Ibrahim AlJammaz and Brothers Company	4,243,136	Ibrahim Abdulaziz Ibrahim AlJammaz Assem Saud Ibrahim AlJammaz	Direct and Indirect	The Directors, Ibrahim Abdulaziz Ibrahim AlJammaz, Assem Saud Ibrahim AlJammaz and their Relatives own shares in Abdulaziz Ibrahim AlJammaz and Brothers Company.
2	Miscellaneous expenses and payments with AlJammaz Establishment	1,814,868	Ibrahim Abdulaziz Ibrahim AlJammaz	Direct	The Director, Ibrahim Abdulaziz Ibrahim AlJammaz, is the owner of AlJammaz Establishment.
3	Expenses with AlJammaz Agriculture	53,707	Ibrahim Abdulaziz Ibrahim AlJammaz Assem Saud Ibrahim AlJammaz	Direct and Indirect	The Directors, Ibrahim Abdulaziz Ibrahim AlJammaz, Assem Saud Ibrahim AlJammaz and their Relatives own shares in Abdulaziz Ibrahim AlJammaz and Brothers Company, which in turn owns 100% of AlJammaz Agriculture.
4	Purchase of assets with Gulf Solutions	60,638	Assem Saud Ibrahim AlJammaz	Direct	The Director, Assem Saud Ibrahim AlJammaz, owns 100% of Gulf Solutions.

Source: The Company

5.8 Remuneration of Directors and Executive Management

The following table shows the details of the in-kind remunerations and benefits granted by the Company and its Subsidiaries in the financial years ended December 31, 2019G, 2020G and 2021G to the Directors and five (5) members of the Executive Management who received the highest remunerations and compensations from the Company and its Subsidiaries including the CEO and CFO:

Table (5.30): Remunerations of the Directors and the Executive Management during the Financial Years ended December 31, 2019G, 2020G and 2021G.

SAR	FY 2019G	FY 2020G	FY 2021G
Directors	695,909	424,958	520,912
Members of Executive Management, including the CEO and CFO	14,741,945	13,571,840	13,644,032

Source: The Company

5.9 Corporate Governance

The Company approved its corporate governance manual by virtue of the Extraordinary General Assembly's resolution dated 29/03/1443H (corresponding to 11/04/2021G) based on the proposal of the Board of Directors issued on the Board of Directors dated 20/03/1443H (corresponding to 10/26/2021G) and amended by the Extraordinary General Assembly's resolution dated 30/07/1443H (corresponding to 03/03/2022G) in accordance with Article 94 of the Corporate Governance Regulations, which includes the Charter of the Audit Committee pursuant to Article 54 of the Corporate Governance Regulations, and the Charter of the Nomination and Remuneration Committee pursuant to Articles 60 and 64 of the Corporate Governance Regulations. The Company's corporate governance manual and related regulations include provisions related to the following:

- Shareholders' equity;
- The Board of Directors, including the Board's formation, membership, meetings, working procedures, competencies, powers, and remuneration;
- Board Committees;
- Executive Management;
- Control, internal audit and auditor;
- Disclosure and transparency;
- Conduct and Ethics Policies; and
- Document retention.

The Company shall comply with mandatory governance requirements applicable to joint stock public companies listed on the Exchange, except for certain provisions that are only applicable to listed companies, given that the Company's shares have not yet been listed on the Exchange. These requirements will be fulfilled once the Company is admitted and listed on the Main Market. Such provisions are as follows:

- Paragraph (a) of Article 8 providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph (c) of Article 8 related to voting in the General Assembly which shall be confined to the Board nominees whose information has been announced as per paragraph (a) of Article 8.
- Paragraph (d) of Article 13 related to the publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Paragraph (c) of Article 14 related to the availability of information on the items of the General Assembly through the websites of the Exchange and the Company.
- Paragraph (e) of Article 15 related to disclosing to the Public, the CMA and the Exchange the results of the General Assembly meeting through the websites of the Exchange and the Company.
- Paragraph (d) of Article 17 providing that the Company shall notify the CMA of the names of the Directors, description of their memberships and any changes that may affect their membership.
- Paragraph (b) of Article 19 providing that upon the termination of the membership of a Director, the Company shall promptly notify the CMA and the Exchange and shall specify the reasons for such termination.
- Article 68 providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board.
- Article 89, Article 90, Paragraph (b) of Article 91, Article 92 and Article 93, related to disclosure policies and procedures.

5.10 Conflict of Interests

Neither the Company's Bylaws nor any of the internal regulations and policies grant any powers enabling a Director to vote on a contract or offer in which he directly or indirectly has a material interest. Pursuant to Article 71 of the Companies Law, a member of the Board of Directors may not have a direct or indirect interest in the transactions and contracts completed for the benefit of the company without the permission of the General Assembly.

Pursuant to said Article, the member must inform the Board of Directors of any personal interest he may have in the transactions or contracts completed for the benefit of the company. The Chairman of the Board of Directors shall notify the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has a personal interest. Such notification shall be accompanied by a special report from the auditor. This notification shall be recorded in the minutes of the Board's meeting. Such member shall not participate in voting on the resolution to be adopted in this regard. Based on the foregoing, the Directors declare that they shall:

- comply with Articles 71 and 72 of the Companies Laws and Articles 44 and 46 of the Corporate Governance Regulations;
- not vote on contracts entered into with the related parties in the General Assembly Meetings if they have an interest either directly or indirectly; and
- not compete with the Company's business, and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.

5.11 Employee Shares

Except as mentioned below, the Company does not have any employee share schemes in place prior to the application for the registration and Offering of securities that are the subject of this Prospectus. None of the Company's employees own shares in the Company as of the date of this Prospectus. However, it should be noted that the Company has decided to set up an employee incentive ownership plan for the purpose of providing incentives to the outstanding employees of the Company to maintain them in order to achieve the goals of the Company. The Company's Extraordinary General Assembly on 29/03/1443H (corresponding to 11/04/2021G) approved the establishment of the employees' share scheme consisting of three hundred thousand (300,000) shares that the Company had issued as treasury shares pursuant to the Extraordinary General Assembly's resolution dated 29/03/1443H (corresponding to 04/11/2021G). The Extraordinary General Assembly authorized the Board of Directors to determine the terms of the Employees' Shares Scheme, including the allotment price for each share offered to the employee if offered in exchange of a fee, and the finalization of the Company's purchase of its share in accordance therewith. Accordingly, the Board of Directors set the terms of the Employees' Share Scheme. There are two categories of employees participating in the Employees' Share Scheme as follows:

a- **First Category:** This category includes the employees of the Group who are granted shares under the Employees' Share Scheme. A total of one hundred and thirty-one thousand (131,000) treasury shares were allocated to the first category, and the maximum number of shares that will be granted to each beneficiary employee within this category was also determined. Shares will be granted to beneficiary employees in the first category as follows: (i) 25% of the maximum number of shares specified for the beneficiary employee shall vest at Listing; (ii) 35% of the maximum total shares specified for the beneficiary employee shall vest upon the first anniversary of Listing, and (iii) 40% of the maximum total shares specified for the beneficiary employee shall vest upon the second anniversary of Listing.

b- **Second Category:** This category includes individuals who are identified by the Nomination and Remuneration Committee as advisors to the Company or as members of special committees. A total of seventy-eight thousand (78,000) treasury shares were allocated to the second category, and the maximum number of shares that will be granted to each beneficiary employee within this category was also determined. 100% of the shares allocated to the beneficiary employees within the second category shall vest at Listing.

It should be also noted that, as of the date of this Prospectus, a total of ninety-one thousand (91,000) treasury shares have not been allocated to any of the employee categories yet.

With regard to Saudi employees and/or employees residing in the Kingdom, the vested award will be settled in the form of shares in the Company. The ownership of the shares will be transferred to the employees within thirty (30) days from the maturity date shown above for the first category and as soon as possible from the maturity date shown above for the second category, in accordance with the provisions of the employee share program approved by the Board of Directors. As for non-Saudi employees that do not reside in the Kingdom, the vested award will be distributed in cash (i.e., the Company will sell the shares granted to non-Saudi employees who do not reside in the Kingdom on their behalf based on the market share price when the shares are sold and distribute the reward to the relevant employee in cash from the sale proceeds) in accordance with the provisions of the employee share program approved by the Board of Directors. The sale date of the shares is determined according to the category to which the employee participating in the non-Saudi and non-resident employee shares belongs, as described above. For the first category, the date of sale of shares will be as follows: (i) 25% of the maximum number of shares specified for the beneficiary employee within this category within thirty (30) days from the maturity date (which is the Listing date); (ii) 35% of the maximum total shares specified for the beneficiary employee within this category within thirty (30) days from the maturity date (which is upon the first anniversary of Listing); (iii) 40% of the maximum total shares specified for the beneficiary employee within this category within thirty (30) days from the maturity date (which is upon the second anniversary of Listing). As for the second category, the sale date of 100% of the shares allocated to the beneficiary employee within this category will be at the earliest time possible after the maturity date (which is the date of Listing).

The following table sets out details of the shares owed immediately after Listing to members of the Company's Executive Management falling within the first category in accordance with the foregoing:

Table (5.31): Shares Owed to Members of the Company's Executive Management Immediately Post-Listing

#	Name	Position	Shares Owed Immediately Post-Listing
1.	Filippo Luciano Sgattoni	CEO	12,500
2.	Yaser Waddah Wasef AlMasri	CFO	5,000
3.	Khalid bin Ahmed bin Othman Al-Hokail	Chief Technology Officer	N/A
4.	Khaled Ali Anwar Sayed Ahmed	Chief Operating Officer | Dunkin' - North Africa	4,500
5.	Ibrahim Abdulrahman Ibrahim Al-Suhaibani	Chief Operating Officer | Domino's - Kingdom of Saudi Arabia	5,000
6.	Shobhit Mahendra Tandon	Chief Operating Officer | Domino's - International Markets	5,000
7.	Walid Taqi Muhammad Hassan	Chief Procurement Officer	3,750
8.	Rasha Abdullah Saleh Al-Sadhan	CEO, Personnel and Culture	3,750

For further information on the Company's employees and compliance with Saudization, please refer to Section 4.15 "**Employees**" of this Prospectus.

6. Management's Discussion and Analysis of the Financial Condition and Results of Operations

6.1 Introduction

The following management discussion and analysis for Alamar Foods Company (Company) and its subsidiaries (Group) presents analytical review of its operational performance and consolidated financial position over the years ended 31 December 2019G, 2020G and 2021G. This section is based on audited financial statements for the fiscal years ended December 2019G, 2020G and 2021G.

These consolidated financial statements have been prepared by the Company and audited in accordance with International Financial Reporting Standards ("**IFRS**") applied in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Certified Public Accountants ("**SOCPA**"). The financial statements have been audited by KPMG for accounting and auditing consultancies.

Neither KPMG for accounting and auditing consultancies, nor its subsidiaries and any of its employees has any shares or interest of any kind in the company that would affect their independence. KPMG have given their written consent to refer in this Management Discussion and Analysis ("**MD&A**") to their role as the Company's auditors for the financial years ended 31 December 2019G, 2020G and 2021G.

All figures in this section have been presented in Saudi Arabian Riyals ("**SAR**") and have been rounded up to the nearest thousand. As such, if summed, the numbers may differ to those which are stated in the tables. Subsequently, all annual percentages, margins, expenses and CAGRs are based on the rounded figures. This Section may contain forward-looking statements in connection with the Company, based on its management's current plans and expectations regarding the Group's growth, results of operations and financial conditions, and as such may involve risks and unconfirmed expectations. Actual results of the Group could differ materially from those expressed or implied by these expectations, as a result of various factors and future events, including factors discussed in this section or elsewhere in this Shareholders Circular, particularly those set out in Section (2) "**Risk Factors**".

6.2 Directors' Declaration for Financial Information

Members of the board of the directors acknowledge that the financial information contained in this Section is extracted from the financial statements of the Company and its subsidiaries without substantial adjustments for the financial years ended 31 December 2019G, 2020G and 2021G.

The financial statements have been prepared in accordance with the IFRS issued by IASB and approved in the kingdom and other standards and publications issued by SOCPA..

The Board of Directors acknowledge that there is no concern in the Chartered Accountant's report for the financial statements for the fiscal years ended 31 December 2019G, 2020G and 2021G.

The Board of Directors acknowledge that there are no fundamental changes in the Company's accounting policies.

The Board of Directors acknowledge that there are no fundamental changes to the listing entity.

The Board of Directors acknowledge that there is no substantial adjustment to the financial statements for the fiscal years ended 31 December 2019G, 2020G and 2021G.

The Board of Directors acknowledge that the Company and its subsidiaries have working capital sufficient for at least 12 months immediately following date of publication of the Prospectus.

The Board of Directors acknowledge that there has been no negative fundamental change in the Group's financial or commercial position (including the sale of Premier Foods in 2019G and consolidation in 2020G) in the three financial years immediately preceding the application for registration and offer of securities that are subject of this Prospectus and the period covered in the Auditors' Report up to the date of approval of the Prospectus.

The Board of Directors declares that there is no intention to introduce any material changes to the nature of the Group's activity. The Board of Directors confirms that operations have not discontinued in a way that could affect or has affected its financial position materially during the past 12 months. The Board of Directors confirms that all material facts regarding the Group and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statement herein misleading. The Board of Directors confirms that the Company's and its Subsidiaries' capital is not under option. The Board of Directors confirms that the Group does not have any contractual securities or other assets which value is subject to fluctuations or is difficult to estimate.

The Board of Directors confirms that there are no commissions, discounts, brokerage fees or any non-cash compensation granted by the Group relating to the issuance or offering of any securities.

6.3 Key accounting estimates and assumptions

BASIS OF PREPARATION

Statement of compliance

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

On 9 January 2020, Alamar Foods Company acquired 100% of the shares and voting interest in Alamar Foods DMCC, and all its subsidiaries. The Consolidated Financial Information for the year ended 31 December 2020 include the consolidated results and statements of financial positions of the Alamar Foods DMCC and all its subsidiaries. Under combined financial basis, all assets, liabilities, results, share capital and reserves of the relevant entities are aggregated after eliminating inter-company balances and unrealized profits. All revenues and costs as well as assets and liabilities directly associated with the business activity of the Group are included in the historical financial information. All significant intercompany accounts and transactions between the businesses comprising the Company have been eliminated in all years presented.

The purpose of the Consolidated Financial Information is to provide general purpose historical financial information of Alamar Foods Group for the inclusion in the prospectus for the initial public offering and for the admission to the regulated market.

The financial information of discontinued operations (Premier Foods Industries, which was disposed of in May 2019) is presented on a disposal group basis in the Consolidated Financial Information. Disposals of subsidiaries or a discontinuation of a material section of the business are reflected by separate analysis between the continuing business and the disposed or discontinued business.

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company - Morocco. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. The Consolidated Financial Information for the year ended 31 December 2020 include the consolidated results and statements of financial positions of HEA Trade and Services Company.

Basis of measurement

The consolidated financial information has been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method and equity accounted investees which are accounted for under equity method. Further, the consolidated financial information is prepared using the accrual basis of accounting.

Going Concern

In response to the spread of COVID-19 ("**coronavirus**") in GCC and other territories, the Group has been closely monitoring the impact of coronavirus on the Group's businesses and has put in place contingency measures. These contingency measures include regular monitoring of cash flows and utilizing undrawn facilities in order to meet working capital requirements. The Group will keep contingency measures under review as the situation evolves. As far as the Group's business is concerned, the outbreak of this pandemic did not cause a major disruption to the work, as work was being done and operational activities continued during the year. However, the impact of this pandemic remains subject to significant levels of uncertainty, with a full range of potential ramifications unknown.

Management anticipates that it will continue to achieve positive financial performance and positive cash flow for the Group will continue through increasing customer demand as well as implementing cost-saving measures if needed. Based on the available information and the improvement in financial performance in the current year, management expects an additional improvement in cash flows in subsequent periods and are confident that the Group has sufficient resources to continue its business in the foreseeable future. Accordingly, this consolidated financial information has been prepared on a going concern basis.

Functional and presentation currency

The consolidated financial information is presented in Saudi Riyal ("**SAR**") which is the functional and presentation currency of the Group. All amounts have been rounded to the nearest SAR, unless otherwise indicated. Refer to "**Significant Accounting Policies**" for translation of foreign operations.

Significant accounting policies

The accounting policies listed below have been consistently applied to all periods presented in the consolidated financial information, other than those disclosed in 'Changes in significant accounting policies'.

Basis of consolidation and combination

The consolidated financial information incorporates the financial information of the Company and the entities controlled by the Company (its subsidiaries) (together reported for the consolidated financial information purpose as "**the Group**") on a consolidated and combined basis in accordance with Basis of Preparation.

Control exists when the Group:

a- has control over the investee;

b- is exposed, or has rights, to variable returns from its investment with the investee; and

c- has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

Transactions eliminated on consolidation and combination

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation and combination.

The Group accounts for business combinations using the acquisition method when the combination of activities and the assets acquired meet the definition of a business and control has passed to the Group. When determining whether a particular group of assets and activities is a business, the group assesses whether the acquired group of assets and activities includes, at a minimum, significant inputs and processes, and whether the acquired group has the ability to produce outputs. The Group has the option of applying a "**concentration test**" which allows for a simplified assessment to check whether the set of activities and assets acquired do not constitute a business. The concentration test is satisfied if nearly all of the fair values of the total assets acquired are concentrated in one specific asset or group of similar assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a transaction purchase price is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

Non-controlling interest

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

Consolidated financial information

IFRS does not currently provide a basis for the preparation of consolidated financial information in the absence of a relationship between the parent company and the subsidiary. When aggregating financial information such as separate entities or a group of entities under joint control without such a parent, as in the case on the basis of the preparation, the combined group does not meet the definition of a group as defined in IFRS 10. Accordingly, the financial information presented for year 2019G is not in line with IFRS 10.

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the consolidated financial information in accordance with IFRS from the date on which control commences until the date on which control ceases. When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any related non-controlling interest and the 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.

Investments in an equity - accounted investees

The Group's interest in equity - accounted investees comprise interests in associates and a joint venture.

An associate is an entity over which the Group has significant influence but not control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial information using the equity method of accounting. Under the equity method, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates and joint ventures, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. An excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of profit or loss.

Where a group entity transacts with an associate of the Group, unrealized gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The requirements of IAS 28 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into SAR at the exchange rates as of reporting date. The income and expenses of foreign operations are translated into SAR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Revenue recognition

The Group recognizes revenue from the sale of goods and services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group sells goods to its customers. For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. A receivable is recognized by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenues from restaurant sales under the Domino's Pizza, Dunkin Donuts franchises and other restaurants are recognized, net of discount at a point in time at which the goods are delivered.

Other operating income

Royalty and advertising revenue from related and third-party sub-franchisee contracts are recorded on a monthly basis based on the sales achieved by the respective sub-franchisee. This revenue is presented net of royalties paid to the franchiser in respect of the sub-franchisee sales.

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Interest expense; and
- Remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service if the Group has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Zakat

Zakat is provided in accordance with the regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the period. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Taxes relating to subsidiaries operating outside the Kingdom of Saudi Arabia are calculated in accordance with tax laws applicable in those countries. Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on initial recognition of an asset or liability in a transaction that is not a business combination and that does not affect accounting or tax profit or loss;
- Temporary differences relating to investments in subsidiaries, associates and joint arrangements, to the extent that the Group can control the timing of reversal of the temporary differences and to the extent that it is probable that they not reversible in the foreseeable future; and
- Tax differences resulting from the initial proof of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Future taxable profits are determined based on the reversal of temporary differences. If the amount of the temporary tax differences is not sufficient to fully recognize the deferred tax asset, then future taxable profits adjusted to reflect the current temporary differences are taken into account based on the business plans of the independent subsidiaries in the group. Deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that the realization of related tax benefits is no longer probable.

Property, plant and equipment

Property, plant and equipment, except for land and capital work-in-progress, are stated at cost (including capitalized borrowing cost) less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the straight-line method and is generally recognized in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The Group applies the following annual rates of depreciation to its property, plant and equipment:

	Rate
Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture and fixtures	10% - 20%
Machines and equipment	10% - 20%
Computer devices and hardware	25%
Vehicles	25%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress

Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Other intangible assets

Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Other intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization is calculated on the straight-line basis to write-down the cost of other intangible assets over their expected useful lives. Franchise rights are amortized over the term of the agreements (5 – 12 years).

The Group applies an annual rate of amortization of 25% to software.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("**CGU**") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

An impairment loss is recognized immediately in profit or loss. An impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit primarily, and then to reduce the carrying amount of other assets belonging to the cash-generating unit on a pro-rata basis.

An impairment loss relating to goodwill is not reversed. For other assets, impairment is reversed only to the extent that it does not exceed the carrying amount that would be determined, net of depreciation or amortization, if no impairment had been recognized. An impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Foreign currencies

The individual financial information of each Group entity is presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the consolidated financial information of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities including goodwill and fair value adjustments arising on acquisition of the Group's foreign operations are expressed in Saudi Arabian Riyals ("**SAR**") using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are initially recognized at cost and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("**FVTPL**").

Despite the above, the Group may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies are applied to the subsequent measurement of financial assets:

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets carried at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by the impairment loss. Foreign currency translation income and gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Investments in debt instruments carried at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method. Foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When recognition is discontinued, the cumulative gain and loss is reclassified to other comprehensive income to profit or loss.
Equity investments carried at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss.

Clearing

The amounts of financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when the Group has a current legal right to set off those amounts and the Group intends to settle them on a net basis or sell the assets to settle the liabilities simultaneously.

Business Model Evaluation

The Group makes an assessment of the purpose of the business model in which a financial asset is held at a portfolio level because this better reflects the way the business is managed and the information provided to management. The information considered includes:

- The specific policies and objectives of the portfolio and the operation of these policies in practice. This includes whether management's strategy focuses on earning contractual interest income, maintaining specific interest rate data, matching the term of the financial assets to the term of any related liabilities or projected cash outflows, or realizing cash flows through the sale of the assets;
- Evaluate the way the portfolio is performing and report this to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- How business managers are rewarded - whether the remuneration is based on the fair value of the assets under management or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in previous periods, the reasons for these sales and expectations regarding future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose in line with the Group's continued recognition of assets.

Financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Assess whether the contractual cash flows are only payments of principal and interest:

For the purpose of this assessment, "**principal amount**" is defined as the fair value of the financial assets on initial recognition. "**Interest**" is defined as consideration for the time value of money, against the credit risk associated with the principal amount outstanding during a given period and against other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal or interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial assets contain a contractual term that could change the timing or amount of contractual cash flows and, if so, not meet that condition. In making this assessment, the Group considers the following:

- Potential events that will change the amount or timing of cash flows;
- Terms that may change the contractual coupon rates, including the variable rate features;
- Prepaid and rollover features; And
- Conditions that limit the Group's claim to cash flows from specific assets (non-recourse features).

The advance feature complies with the "**only payments of principal and interest**" rule if the advance is substantially unpaid amounts of principal and interest on the principal outstanding, which may include reasonable compensation for early termination. In addition, for a financial asset acquired at a discount or premium to its contractual face value, a feature that permits or requires payment in an amount that substantially represents the contractual face value plus the contractual interest accrued (unpaid) (which may also include reasonable rewards for early termination) It is treated as consistent with this Standard if the fair value of the repayment feature is immaterial on initial recognition.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime Expected Credit Loss ("**ECL**") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment and estimating ECLs, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due for financial assets due from private sector customers and more than five years past due from government customers unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measuring expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is not reclassified to profit or loss but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not 1) a contingent consideration to a buyer in a business combination, 2) a derivative, 3) held for trading, or 4) designated at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that is specifically used to discount estimated future cash payments (and includes all fees and payment points that are an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or a shorter period (as appropriate) to the amortized cost of the financial liability.

Stop provisioning for financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expired. The Group also stops recognizing financial liabilities when its terms are modified and when the cash flows of the modified liabilities are significantly different, in which case new financial liabilities are recognized at fair value based on modified terms. The difference between the carrying amount of the derecognized financial liability and the consideration paid and receivable, including any transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

Assets held for sale

Non-current assets, or disposal groups comprising of assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered principally through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount or fair value less costs to sell. Any impairment loss from the disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventory, financial assets, deferred tax assets, employee benefit assets, investment properties or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses are recognized on initial classification as held for sale or held for distribution and subsequent gains and losses arising from re-measurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and an equity-accounted investee is no longer accounted for.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Further, no borrowing cost is capitalized during the idle period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of work-in-process and finished goods are determined on the weighted average basis which includes, inter alia, an allocation of labor and manufacturing overheads.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Reporting Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance. and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Leases – before 1 January 2019

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Share Capital

Ordinary shares are classified as equity which is residual interest in the assets of an entity after deducting all its liabilities.

Expenses

Expenses are recognized when incurred on accrual basis of accounting. Expenses are classified as follows:

- **Cost of sales:** These include the cost directly attributable to provision of services and sales of goods, i.e., directly related to revenue recognized.
- **Selling and marketing expenses:** These are arising from the Company's efforts underlying the selling and marketing functions.
- **General and administrative expenses:** all other expenses are classified as general and administrative expenses.
- Allocations between cost of revenue, general and administrative expenses and selling and distribution expenses, when required, are made on consistent basis.

Finance costs

Finance costs comprise bank charges, finance cost on short-term borrowing and finance costs on lease liabilities. Finance costs are recognized when incurred on accrual basis of accounting. Finance costs are recognized using effective interest method.

Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank or other counter party, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Application of new and revised International Financial Reporting Standards (IFRS)

IFRS issued but not yet effective

a- Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing the consolidated financial information.

Effective date	New standards or amendments
1 January 2021	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
1 January 2022	Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to IFRS Standards 2018-2020
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Leases

The Group has initially adopted IFRS 16 'Leases' from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019.

Significant accounting policies under IFRS 16 - effective from 1 January 2019

The Group adopted IFRS 16 'Leases' with effect from 1 January 2019. The standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases - Incentives' and SIC 27 'Evaluating the Substance of Transactions in the Legal Form of a Lease'.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's Financial Position, unless the term is twelve months or less or the lease for low value asset. Thus, the classification required under IAS 17 'Leases' into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is depreciated over the useful life.

The Group recognizes a right-of-use asset ("**RoU asset**") and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate for property leases and interest rate implicit in the lease for vehicle leases.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Generally, RoU asset would be equal to the lease liability. However, if there are any additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

Impact of adoption of IFRS 16

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transitions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

Significant accounting policies under IFRS 16 - effective from 1 January 2019

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than twelve months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Group recognized right-of-use assets and lease liabilities. The prepaid and accrued rentals are adjusted against the right-of-use assets.

The impact of transition on the consolidated statement of financial position is summarized below:

Impact on	1 January 2019
Right-of-use assets	214,130,575
Lease liabilities	202,345,663
Trade and other payables	(894,556)
Prepayments and other assets	(12,679,466)

When measuring lease obligations for leases that were classified as operating leases under IAS 17, the Group discounted lease payments using its incremental borrowing interest rate as follows on 1 January 2019.

Country	Additional Borrowing Rate
Saudi Arabia	3.26%
United Arab Emirates	8.05%
Lebanon	8.57%
Egypt	17.25%
Qatar	4.25%
Bahrain	2.60%
Jordan	9.63%

Impact for the period

As a result of initially applying IFRS 16, the Group has recognized for the year ended 31 December 2019, SAR 57,081,404 of depreciation charges and SAR 11,125,893 of interest costs from these leases, resulting in a carrying value of SAR 199.5 million and SAR 197.8 million for right of use assets and lease liabilities respectively as at 31 December 2019.

Common control transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The extent of NCI in each of the combining entities before and after the business combination is not relevant in determining whether the combination involves entities under common control.

The Group accounts for business combinations under common control using book-value (carry-over basis) accounting (also referred to as 'predecessor accounting method') and recognizes the assets acquired and liabilities assumed using the book values in the financial information of the entity transferred when the control is transferred to the Group. The results and statement of financial position of entity acquired are consolidated prospectively from the date of acquisition.

The difference between purchase consideration and book value of assets acquired, and liabilities assumed is recognized in equity as an adjustment to retained earnings.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity under common control transaction 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 information of subsidiaries is included in the consolidated financial information from the date on which control commences until the date on which control ceases.

NCI are measured initially 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 acquired under common control that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary acquired under common control, it recognized as 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.

COVID -19 related rent concessions (Amendment to IFRS 16)

The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e., for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

The Group has recorded SAR 6.4 million in the statement of profit or loss for the year 2020 to reflect changes in the lease payments that arise from the rent concessions to which the lessee has applied the practical expedient.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Consolidation - important provisions regarding control of a subsidiary.

Although the Group owns less than half of HEA Trading and Services and has less than half of its voting rights, management has determined that the Group controls the facility. This is due to an agreement signed between the shareholders grants Al-Amar Food Company the right to assign, remove and determine the remuneration of management responsible for directing related activities. In addition, the agreement gives the right to control the operating and financial policies of the subsidiary.

Leases

In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Management revises the lease term if there is a change in the non-cancellable period of a lease.

Important estimates and assumptions

Impairment of goodwill

The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. This complex valuation process used to determine fair value less costs of disposal and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows.

Impairment of property, plant and equipment, right of use assets and intangible assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Useful lives and residual values of property, plant and equipment and right-of-use assets

Estimates of the useful lives and residual values of property, plant and equipment, right-of-use assets and intangible assets are made for the purpose of calculating depreciation and amortization, respectively. These estimates are made based on the expected use of the useful lives. Residual value is determined based on experience and observable data when available.

Defined employee benefit obligations

The defined employee benefit obligation is determined using an actuarial valuation that requires estimates of various inputs.

6.4 Key factors affecting group performance

The following is a discussion of the most significant factors that have affected or are expected to affect the Group's financial position and results of operations. These factors are based on the information currently available to the Group and may not represent all the factors that may have an impact on the Group's business.

6.4.1 Risks related to the dependence of the Group's growth strategy in part on opening profitable new stores

As part of the Group's planned growth and strategy, the Group intends to increase its number of stores, including sub-franchise stores, by 50% by 2025 (for more information on the Group's planned growth and strategy, refer to section 6.4, "**Strategy and future progress**", of this Prospectus). Each new store may take some time from its opening date to reach profitable operating levels due to inefficiencies typically associated with new stores, including lack of market awareness, competition and the need to hire and train new staff. There can be no assurance that any new store will be profitable or will achieve its projected investment returns. Additionally, the Group's new stores could impact the sales of its existing stores in the same vicinity given that some customers may prefer visiting or placing orders from the new stores. There can also be no assurance that sales cannibalization will not occur or become more significant in the future as the Group increases its presence in existing markets, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

6.4.2 Risks related to increase in costs of food ingredients and raw materials

The Group's business depends on reliable sources of large quantities of food ingredients and raw materials such as protein (including poultry and beef), cheese, oil, flour and vegetables. Food ingredients and raw materials are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as changes in international trade policies and international barriers to trade, the emergence of a trade war, climate and environmental conditions where weather conditions or natural events or disasters may affect expected harvests of such raw materials, as well as outbreak of viruses and diseases, such as COVID-19. There can be no assurance that the Group will continue to purchase food ingredients and raw materials at reasonable prices, or that food ingredients and raw materials prices will remain stable in the future. This, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

6.4.3 Risks related to achieving growth and profitability at the desired rate in the future

The group's net income increased at a CAGR of 37.8% from 2019G to 2021G. However, the Group's rapid revenue growth in recent periods should not be viewed as indicative of its future performance, and there can be no assurance that the Group will be able to sustain, or exceed, the revenue growth or profitability achieved in recent periods. As the Group's revenues increase, its profitability may also decrease as the Group scales up its business operations and delivery services, and diversifies into new products, businesses, markets and sources of revenue, including into business lines with lower margins.

The Group may not be successful in its efforts to increase its revenue growth and profitability. In addition, the Group may not be able to address the risks and difficulties that it may encounter in a rapidly changing and competitive market. If the demand for food and beverage does not develop as the Group expects, or if the Group is unable to address the needs of its customers, this would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

6.4.4 Risks related to inventory levels

The Group had a total inventory (net of provision) of SAR 20.5 million, SAR 33.8 million and SAR 50.8 million, representing 4.3%, 5.5% and 6.8% of the Group's total assets as in the years ended 31 December 2019G, 2020G and 2021G respectively. The Group has recorded provisions amounting to nil, SAR 39,000 and nil as of the years ended 31 December 2019G, 2020G and 2021G, respectively. The Group's policy is to seek to maintain an optimal level of inventory to control inventory carrying costs and more efficiently deploy working capital, while ensuring timely delivery of quality ingredients and packaging materials. If the Group is not able to maintain optimal stock levels and monitor inventory periodically, this will lead to a severe decrease or an excess in inventory levels, leading to the Group's inability to meet consumer requirements, or sell products, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

6.4.5 Risks related to working capital management

In the future, the Group may face difficulties in properly covering or managing working capital needs and although the Group's financing agreements may contribute to covering those needs, this may not be sufficient to cover them as much as required. Capital management difficulties may have a negative impact on the Group's business, results of operations, financial position, and future prospects.

6.4.6 Risks related to future capital expenditures

The Group's capital expenditures could increase as a result of a number of factors (for further information on the Group's financial and operational performance, please see Section 6 of the Management Discussion and Analysis of the financial position and results of operations" of this Prospectus, including, but not limited to costs related to the Group's planned growth and strategy (for more information on the Group's planned growth and strategy, refer to Section 6.4 "**Strategy and Future Growth**" of this Prospectus). The Group's capital expenditures amounted to SAR 47.6 million, SAR 30.0 million and SAR 47.8 million for the years ended 31 December, 2019G, 2020G and 2021G, respectively. Any increases in the Group's future capital expenditures may also reduce its profit margin and funds available for operation of the Group's existing stores and increase the Group's operating expenses, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

6.4.7 Risks related to seasonality

The revenues of the Group are subject to seasonal variations. In general, footfall and sales are lowest during the month of Ramadan. The Group may not anticipate the extent of future seasonal changes in footfall and the volume of sales. Such seasonal variations in sales may make the Group's business planning and its ability to predict its future income streams more difficult. Consequently, the Group may not be able to budget effectively with respect to its operating costs. In addition, there can be no assurance that the Group will have sufficient resources to fully capitalize on seasons with higher footfall and sales. This, in turn, would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

6.4.8 Risks related to changes in the regulatory environment

In carrying out its work, the Group is subject to a number of government bodies in the countries in which it operates. The regulatory environment in each country is subject to constant changes and developments. Therefore, relevant regulators are likely to adopt changes in the systems, regulations and policies that the Group cannot anticipate, including, changes in tax regulations and policies, antitrust, liquidation, corporate governance, imports and exports, environmental protection and health and safety standards that may affect the Group's business and operations. Any of these future regulatory changes may have a negative impact on the Company's business, results of operations, financial position and future expectations.

6.4.9 Risks related to political instability and security concerns in states where the Group exercises or may carry out its activities

The Group's core operations and customer base are located in the Middle East, North Africa and Pakistan region. The Middle East, North Africa and Pakistan region is exposed to a number of geographical, political and security risks. Any geographical and political events or future developments in the geographical and political situation may contribute to the instability of the Middle East, North Africa, Pakistan and surrounding areas (which may or may not directly include the countries in which the Group operates), and investments in the Middle East, North Africa and Pakistan are therefore highly uncertain. Any unexpected changes in the political, social or other situations in the Middle East, North Africa and Pakistan, or any future terrorist attacks or acts of sabotage targeting any of the countries in which the Group operates or any other countries that the Group may wish to expand into, have a negative impact on the markets in which the Group operates, its ability to retain customers and investments made by the Group or attract customers or investments in the future, which will have a negative impact on the Group's business, results of operations, financial position and future expectations.

For more information about risks, refer to section 2 "**Risk Factors**" from this Prospectus.

6.5 Summary of financial information and key performance indicators

The selected consolidated financial information and key performance indicators ("**KPIs**") of the companies set out below should be read together with the audited financial information for the financial years ended 31 December 2019G, 31 December 2020G and 31 December 2021G including, in each case, the notes thereto in the financial statements and the Auditor's Report thereon of this circular.

6.5.1 Summary of consolidated financial information of Alamar Foods Company

Table (6.1): Summary of consolidated financial information of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Statement of profit and loss and other comprehensive income			
Revenue	457,271	695,448	868,136
Cost of sales	(322,795)	(464,699)	(561,036)
Gross profit	**134,476**	**230,749**	**307,100**
Selling and distribution expenses	(49,684)	(63,948)	(84,583)
General and administrative expenses	(66,859)	(93,192)	(95,935)
Other income	9,762	12,067	19,187
Impairment loss of cash and cash equivalents	-	(3,750)	-
Impairment loss of trade and other receivables	-	(36)	(2,712)
Operating profit	**27,695**	**81,890**	**143,057**
Reversal of impairment loss on property and equipment	-	1,900	1,121
Finance costs and bank charges	(6,786)	(14,857)	(16,038)
Share of losses of equity-accounted investee	(1,340)	(816)	796
Impairment loss on equity-accounted investee	-	(6,617)	1,533
Profit before zakat and tax	**19,569**	**61,500**	**130,470**
Zakat and income tax	(3,296)	(5,578)	(13,061)
Profit for the period from continued operations	**16,273**	**55,922**	**117,408**
Discontinued operations			
Profit/(loss) from discontinued operations, net of zakat and income tax	7,850	-	-
Profit for the period	**24,123**	**55,922**	**117,408**
Statement of other comprehensive income			
Remeasurement loss of employee defined benefit liabilities	37	(1,025)	(2,814)
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	-	2,529	(8,658)
Other comprehensive (loss) / income for the year	**37**	**1,504**	**(11,472)**
Total comprehensive income for the year	**24,160**	**57,426**	**105,936**
KPI's			
Gross profit margin	29.4%	33.2%	35.4%
Net income margin	5.3%	8.0%	13.5%
Summary of the statement of financial position			
Total equity	**238,230**	**226,992**	**340,365**

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Total non-current assets	247,075	374,219	412,189
Total current assets	226,377	237,384	337,717
Total assets	**473,452**	**611,603**	**749,906**
Total non-current liabilities	113,438	170,941	188,215
Total current liabilities	121,784	213,670	221,326
Total liabilities	**235,222**	**384,611**	**409,541**
Total liabilities and equity	**473,452**	**611,603**	**749,906**
Current ratio	1.9	1.1	1.5
Total liabilities to total assets	49.7%	62.9%	54.6%
Summary of the statement of cash-flows			
Net cash generated from operating activities	13,716	193,623	193,093
Net cash (used in) investing activities	52,664	(21,885)	(48,732)
Net cash generated from / (used in) financing activities	(92,630)	(56,389)	(76,202)
Cash and cash equivalents at beginning of year	44,842	17,024	128,105
Net foreign currency differences	-	(518)	(5,697)
Impairment loss	-	(3,750)	-
Reclassification to assets held for sale	(1,568)	-	-
Cash and cash equivalents at end of year	**17,024**	**128,105**	**190,567**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

A- Result of operations of the Group

1- Consolidated statement of profit or loss and other comprehensive income

The following tables set out the Group's consolidated statements of profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 31 December 2020G and 31 December 2021G:

Table (6.2): Audited consolidated income statement for the period ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Statement of comprehensive income			
Revenue	457,271	695,448	868,136
Cost of sales	(322,795)	(464,699)	(561,036)
Gross profit	**134,476**	**230,749**	**307,100**
Selling and distribution expenses	(49,684)	(63,948)	(84,583)
General and administrative expenses	(66,859)	(93,192)	(95,935)
Other income	9,763	12,067	19,188
Impairment loss of cash and cash equivalents	-	(3,750)	-
Impairment loss of trade and other receivables	-	(36)	(2,712)
Operating profit	**27,695**	**81,890**	**143,057**
Reversal of impairment loss on property and equipment	-	1,900	1,121
Finance costs and bank charges	(6,786)	(14,857)	(16,038)

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Share of losses of equity-accounted investee	(1,340)	(816)	796
Impairment loss on equity-accounted investee	-	(6,617)	1,533
Profit before zakat and tax	**19,569**	**61,500**	**130,470**
Zakat and income tax	(3,296)	(5,578)	(13,061)
Profit for the period from continued operations	**16,273**	**55,922**	**117,408**
Discontinued operations			
Profit from discontinued operations, net of zakat and income tax	7,850	-	-
Profit for the period	**24,123**	**55,922**	**117,408**
Statement of other comprehensive income			
Remeasurement loss of employee defined benefit liabilities	37	(1,025)	(2,814)
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	-	2,529	(8,658)
Other comprehensive (loss) / income for the year	**37**	**1,504**	**(11,472)**
Total comprehensive income for the year	**24,160**	**57,426**	**105,936**
KPI's			
Gross profit margin	29.4%	33.2%	35.4%
Net income margin	5.3%	8.0%	13.5%

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Revenues

The Company generated revenue in 2019G, 2020G and 2021G through Domino's outlets in Saudi Arabia, with the exception of Mecca, a sub-franchise market.

After the acquisition of 100% of the shares of Alamar foods DMCC and its subsidiaries by Alamar KSA, the Group generated revenue mainly through Domino's outlets in the Middle East and North Africa and Dunkin outlets in Egypt and Morocco, with the exception of Mecca, Pakistan and Kuwait, which represent sub-franchised operations. The Group's revenues for the sale of Domino's products accounted for 90.8% in 2021G, Dunkin products accounted for 7.3% in 2021G and supply center revenues of 1.9% in 2021G, which represents sales of raw materials to sub-franchised operations.

Domino's

As of 31 December 2021G, Alamar Group operated 383 Domino's Corporate outlets (owned by the company). Domino's products are sold through carry-out and delivery channels. Customer orders reach these two channels through four service methods:

- Walk-in (mainly carry-out and includes dine-in);
- GOLO ("**Global Online Ordering**") which is the Company's own digital ordering platform;
- Aggregators which represent third party food ordering platforms; and
- Call center.

Dunkin

Alamar Group operated 44 Dunkin outlets as of 31 December 2021G. The group generated all its Dunkin revenues from Egypt and Morocco in 2021G.

Cost of sales

Cost of sales includes cost of materials, depreciation and amortization, salaries and other benefits, royalties, utilities, rent expenses and other expenses. Cost of sales in 2020G increased by 44.0% from SAR 322.8 million in 2019G (70.6% of total revenue) to SAR 464.7 million in 2020G (66.8% of total revenue) due to the acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G.

Cost of sales in 2021G increased by 20.7% to SAR 561.0 million (64.6% of total revenue), as a result of the overall increase in sales during the period and the discontinuation of government support on local employee salaries.

Gross profit

Gross profit increased by 71.6% from SAR 134.5 million in 2019G to SAR 230.7 million in 2020G, and gross profit margin increased from SAR 29.4% in 2019G to SAR 33.2% in 2020G driven by acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G.

Gross profit further increased from SAR 230.7 million in 2020G to SAR 307.1 million in 2021G, and gross profit margin increased from 33.2% in 2020G to SAR 35.4% in 2021G mainly due to efficiency in the purchase of raw materials and higher sales during the period.

General and administrative expenses

General and administrative expenses mainly consist of salaries and other benefits, depreciation and amortization, legal and professional fees, rent and other expenses. General and administrative expenses increased from SAR 66.9 million in 2019G to SAR 93.2 million in 2020G, this was due to the acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G.

General and administrative expenses increased in 2021G to SAR 95.9 million due to the increase in headcount and the suspension of the SANID support program in Saudi Arabia during 2020G.

Sales and distribution

Selling and distribution expenses mainly consist of advertising expenses, commission expenses, salaries and other benefits and other selling and distribution expenses. Selling and distribution expenses increased from SAR 49.7 million in 2019G to SAR 64.0 million in 2020G mainly due to the acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G. Selling and distribution expenses further increased to SAR 84.6 million in 2021G, due to the increase in social media ads, internet ads and commission expenses.

Finance costs and bank charges

Finance costs and bank charges include credit sales transaction fees and charges on lease liabilities. Finance costs and bank charges increased from SAR 6.8 million in 2019G to SAR 14.9 million in 2020G due to the acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G.

In 2021G, finance costs and bank charges increased to SAR 16.0 million as a result of higher credit sales transaction fees. This was offset by a partial reduction in financing fees on rental obligations.

Other income

Other income consists of royalty and advertising, development and store opening, lease rent concessions and other income. Other income increased from SAR 9.8 million in 2019G to SAR 12.1 million in 2020G due to the acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G. Other income increased to SAR 19.2 million in 2021G, mainly due to higher advertising royalty and advertising fees and beverage income.

Profit for the year

Net profit reached SAR 55.9 million in 2020G (profit of SAR 24.2 million in 2019G) due to the increase in net profit due to the acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G. Net profit increased to SAR 117.4 million in 2021G, mainly due to higher gross profit as a result of cost efficiency and higher revenues during the period. Net income margin increased from 5.3% in 2019G to 8.0% in 2020G, and further increased to 13.5% in 2021G.

Revenues by product

Table (6.3): Revenue by product breakdown for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Sales of products from Domino's Pizza outlets	439,269	644,158	788,423	46.6%	22.4%
Sales of products from Dunkin Donuts outlets	-	35,819	63,174	-	76.4%
Others	18,002	15,471	16,539	(14.1%)	6.9%
Total revenue	**457,271**	**695,448**	**868,136**	**52.1%**	**24.8%**
As a percentage of revenue					
Sales of products from Domino's outlets	96.1%	92.6%	90.8%		
Sales of products from Dunkin outlets	0%	5.2%	7.3%		
Others	3.9%	2.2%	1.9%		

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Domino's

Domino's revenue increased by 46.6% to SAR 644.2 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary during 2020G. This has led to an increase in the number of Domino's Corporate outlets from 248 in 2019G to 359 in 2020G.

Domino's revenues increased by 22.4% to SAR 788.4 million in 2021G, as a result of the increase in the order count after reducing Covid-19 restrictions in different regions and increasing the number of the Company's branches during the period.

Dunkin

As of 31 December 2021G, Alamar Group operated 44 outlets of Dunkin Donuts, the group generated full Dunkin Donuts' revenues from Egypt and Morocco in 2021G. Dunkin revenue increased by 76.4% to SAR 63.2 million in 2021G, driven by an increase in the number of working hours following the easing of Covid-19 restrictions and the expansion of the Company's branches during the period (seven new branches in Egypt and four new branches in Morocco).

Others

Other sales represent sales of supply centres to sub-franchise operations. Other sales decreased by 14.1% from SAR 18.0 million in 2019G to SAR 15.5 million in 2020G due to the impact of the Covid-19 pandemic on sub-franchise operations. Other sales increased by 6.9% to SAR 16.5 million in 2021G, as a result of improved conditions for sub-franchise operations after easing some of the Covid-19 restrictions by governments.

Cost of sales

Table (6.4): Cost of sales breakdown for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Raw materials, supplies, and goods	136,795	198,911	262,071	45.4%	31.8%
Salaries and other benefits	83,265	115,075	132,162	38.2%	14.8%
Depreciation and amortization	53,153	85,245	87,457	60.4%	2.6%
Rent and royalties	30,568	38,901	48,113	27.3%	23.7%
Utilities	19,014	26,567	31,234	39.7%	17.6%
Total cost of sales	**322,795**	**464,699**	**561,036**	**44.0%**	**20.7%**
As a percentage of revenue					
Raw materials, supplies, and goods	29.9%	28.6%	30.2%		

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Salaries and other benefits	18.2%	16.5%	15.2%		
Depreciation and amortization	11.6%	12.3%	10.1%		
Rent and royalties	6.7%	5.6%	5.5%		
Total cost of sales	**70.6%**	**66.8%**	**64.6%**		

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Raw materials, supplies and goods

Raw materials, supplies and goods mainly include direct material, cleaning material and other expenses. Direct material for Domino's and Dunkin related to recipe ingredients and packing materials.

Other expenses consist of GOLO subscription fees, delivery expenses, attestation, translation, store wares and other fees.

Raw materials, supplies and goods expenses increased by 45.4% from SAR 136.8 million in 2019G to SAR 198.9 million in 2020G as a result of acquisition of operations of Alamar foods DMCC and its subsidiary during 2020G, this led to a rise in the number of Domino's outlets from 248 in 2019G to 359 and the addition of 33 outlets to Dunkin Donuts during the same period.

Raw materials, supplies and goods increased by 31.8% to SAR 262.1 million in 2021G as a result of the overall increase in sales during the period.

Salaries and other benefits

Salaries and other benefits include costs for outlet and supply center personnel (e.g., salaries, wages, residency fees, visas, overtime and other benefits and allowances).

During 2020G, salary and other benefits costs increased by 38.2% from SAR 83.3 million in 2019G to SAR 115.1 million in 2020G as a result of the acquisition of operations of Alamar foods DMCC and its subsidiary in 2020G.

Salary and other benefits costs increased by 14.8% from SAR 115.1 million in 2020G to SAR 132.2 million in 2021G as a result of the following reasons:

- Opening 38 new outlets during the period, requiring an average of eight staff per outlet
- Increase in working hours after lifting some of the Covid-19 restrictions imposed in different countries
- Government support for the salaries of local employees (through SANID program) has been discontinued after reducing the Covid-19 restrictions

Depreciation and amortization

Depreciation and amortization expenses relate to property, equipment, intangible assets and right-of-use assets.

Depreciation and amortization expenses increased to SAR 85.2 million in 2020G as a result of the acquisition of operations of Alamar foods DMCC and its subsidiary in 2020G.

The expenses increased to SAR 87.5 million in 2021G, mainly due to the addition of 38 new outlets during the period.

Rent and royalties

Rent expenses include rent related to stores, factories, trucks and others.

After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets. Rent expenses remaining in subsequent years represent expenses recognized in respect of short-term leases with lease term not exceeding one year.

Royalties are mainly related to royalty fees paid by the Group to Domino's and Dunkin International. Royalty expenses are derived based on a fixed percentage of weekly sales.

Rent and royalties increased by 27.3% from SAR 30.6 million in 2019G to SAR 38.9 million in 2020G as a result of the acquisition of operations of Alamar foods DMCC and its subsidiary in 2020G.

Rent and royalties increased by 23.7% from SAR 38.9 million in 2020G to SAR 48.1 million in 2021G due to higher royalties' expenses resulting from higher revenues.

Utilities

Utilities primarily consist of electricity, internet subscription, mobile charges and other expenses.

Utilities expenses increased by 39.7% from SAR 19.0 million in 2019G to SAR 26.6 million 2020G as a result of the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G. This has led to a rise in the number of Domino's outlets from 248 in 2019G to 359 and the addition of 33 Dunkin outlets during the same period.

Utilities expenses increased by 17.6% from SAR 26.6 million in 2020G to SAR 31.2 million in 2021G as a result of the increase in the number of working hours and the addition of 23 new outlets during the period.

Gross profits

Gross profit increased by 71.6% from SAR 134.5 million in 2019G to SAR 230.7 million in 2020G, and gross profit margin increased from SAR 29.4% in 2019G to SAR 33.2% in 2020G driven by acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Gross profit increased by 33.2% from SAR 230.7 million in 2020G to SAR 307.1 million in 2021G, and gross profit margin increased from 33.2% in 2020G to SAR 35.4% in 2021G, mainly due to efficiency in the purchase of raw materials and high sales during the period.

Selling and distribution expenses

Table (6.5): Selling and distribution expenses breakdown for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Advertising	32,451	31,902	47,915	(1.7%)	50.2%
Commission expense	-	12,012	13,922	-	15.9%
Salaries and other benefits	6,815	7,578	8,062	11.2%	6.4%
Depreciation and amortization	3,275	4,491	5,024	37.1%	11.9%
Delivery	4,228	4,659	5,179	10.2%	11.2%
Other expenses	2,915	3,306	4,481	13.4%	35.5%
Total selling and distribution expenses	**49,684**	**63,948**	**84,583**	**28.7%**	**32.3%**
As a percentage of revenue					
Advertising	7.1%	4.6%	5.5%		
Commission expense	-	1.7%	1.6%		
Salaries and other benefits	1.5%	1.1%	0.9%		
Total selling and distribution expenses	**10.9%**	**9.2%**	**9.7%**		

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Advertising

Advertising expenses include internet advertisements, outdoor media, agency fees TV and radio, distribution and printing and other expenses.

Advertising and promotion expenses decreased by 1.7% from SAR 32.5 million in 2019G to SAR 31.9 million in 2020G due to the shift towards digital advertising, which increased demand as a result of the Covid-19 pandemic and moving away from outdoor advertising.

Advertising and promotion expenses increased by 50.2% from SAR 31.9 million in 2020G to SAR 47.9 million in 2021G as a result of increased social media and internet ads.

Commission expenses

Commission expenses represent the take rate of aggregators from the selling price of aggregator orders, in addition to marketing spend on aggregator platforms (e.g., charge to appear as part of the top recommended restaurants).

Commission expenses amounted to SAR 12.0 million in 2020G and were part of other expenses under general and administrative expenses (reclassified to selling and distribution expenses in subsequent years). Commission expenses increased by 15.9% from SAR 12.0 million in 2020G to SAR 13.9 million in 2021G driven by growth in revenues from food delivery platforms.

Salaries and other benefits

Salaries and other benefits cost include salaries and wages, residency and visa fees, overtime, and other benefits and allowances. The cost of salaries and other benefits increased by 11.2% from SAR 6.8 million in 2019G to SAR 7.6 million in 2020G as a result of the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

The cost of salaries and other benefits increased by 6.4% from SAR 7.6 million in 2020G to SAR 8.1 million in 2021G.

Depreciation and amortization

Depreciation and amortization expenses relate to property and equipment, intangible assets and right-of-use assets.

It increased by 37.1% from SAR 3.3 million in 2019G to SAR 4.5 million in 2020G as a result of increased rented vehicles due to the expansion of delivery services during the year. Depreciation and amortization expenses continued to rise by 11.9% to SAR 5.0 million in 2021G.

Delivery

Delivery expenses relate to vehicle fuel and leases. Vehicle leases relate to short-term lease with a term not exceeding one year.

Delivery expenses increased by 10.2% from SAR 4.2 million in 2019G to SAR 4.7 million in 2020G because of the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Delivery expenses increased by 11.2% from SAR 4.7 million in 2020G to SAR 5.2 million in 2021G, driven by growth in delivery revenues.

Other expenses

Other expenses include leasing, storage, telephone and fax, insurance expenses and other miscellaneous expenses.

Other expenses increased by 13.4% from SAR 2.9 million in 2019G to SAR 3.3 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G. Other expenses increased by 35.5% from SAR 3.3 million in 2020G to SAR 4.5 million in 2021G.

General and administrative expenses

Table (6.6): General and administrative expenses breakdown for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Salaries and other benefits	44,031	59,990	66,592	36.2%	11.0%
Depreciation and amortization	5,340	8,059	6,234	50.9%	(22.6%)
Rent	293	393	396	34.1%	0.8%
Travel expenses	3,841	1,678	2,301	(56.3%)	37.1%
Utilities	1,335	2,727	2,230	104.3%	(18.2%)
Legal and professional fees	5,219	9,047	7,944	73.3%	(12.2%)
Maintenance	1,191	1,016	1,129	(14.7%)	11.1%
Other expenses	5,612	10,282	9,109	83.3%	(11.4%)
Total general and administrative expenses	**66,859**	**93,192**	**95,935**	**39.4%**	**2.9%**

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
As a percentage of revenue					
Salaries and other benefits	9.6%	8.6%	7.7%		
Depreciation and amortization	1.2%	1.2%	0.7%		
Total general and administrative expenses	**14.6%**	**13.4%**	**11.1%**		

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Salaries and other benefits

Salary and other benefits costs increased by 36.2% from SAR 44.0 million in 2019G to SAR 60.0 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Salary and other benefits costs increased by 11.0% from SAR 60.0 million in 2020G to SAR 66.6 million in 2021G due to increased staff and the suspension of SANID Support Program in Saudi Arabia.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets. These expenses increased by 50.9% from SAR 5.3 million in 2019G to SAR 8.1 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Depreciation and amortization expenses decreased by 22.6% from SAR 8.1 million in 2020G to SAR 6.2 million in 2021G.

Legal and professional fees

Legal and professional fees are related to audit, tax, marketing agencies, IT services and other legal services.

Legal and professional fees increased by 73.3% from SAR 5.2 million in 2019G to SAR 9.0 million in 2020G due to the acquisition of operations of Alamar foods DMCC and its subsidiary in 2020G.

Legal and professional fees decreased by 12.2% from SAR 9.0 million in 2020G to SAR 7.9 million in 2021G due to the completion of supply chain projects.

Utilities

Utilities expenses consist of electricity, internet subscription, mobile charges, gas, and other expenses.

Utilities expenses increased by 104.7% from SAR 1.3 million in 2019G to SAR 2.7 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Utilities expenses also decreased by 18.2% from SAR 2.7 million in 2020G to SAR 2.2 million in 2021G.

Travel expenses

Travel expenses include hotel expenses, ticket expenses, meals and other related expenses.

Travel expenses decreased by 56.3% from SAR 3.8 million in 2019G to SAR 1.7 million in 2020G as a result of travel restrictions due to the Covid-19 pandemic.

Travel expenses increased by 37.1% to SAR 2.3 million as a result of easing travel restrictions during the year.

Maintenance

Maintenance includes expenses related to IT software expenses, application and hardware maintenance expenses, leasehold building maintenance expenses, vehicles maintenance expenses and other repair and maintenance expenses. Maintenance expenses amounted to SAR 1.1 million in 2021G.

Other expenses

Other expenses include miscellaneous expenses such as penalty expenses, subscription expenses, rent expenses, corporate activities expenses, events expenses and other provision expenses. Other expenses increased by 83.3% from SAR 5.6 million in 2019G to SAR 10.3 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Other expenses decreased by 11.4% from SAR 10.3 million in 2020G to SAR 9.1 million in 2021G, mainly driven by lower fines as a result of strict internal policies to avoid such fines and lower Covid-19 restrictions.

Other income

Table (6.7): Other income for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Royalty, advertising and store opening	6,698	10,612	17,958	58.4%	69.2%
Gain / (loss) on disposal of property, plant, and equipment	2	(2,432)	168	-	(106.9%)
Lease discount income	-	6,415	838	-	(86.9%)
Gain/(loss) on disposal of intangible assets	-	(702)	-	-	100%
Beverage income	2,209	-	-	100%	-
Others	853	(1,826)	223	(314.1%)	(112.2%)
Total other income	**9,762**	**12,067**	**19,187**	**23.6%**	**59.0%**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Royalty, advertising and store opening

Royalty and advertising comprised advertising and royalty fee income from sub-franchised operations. Development and store opening income includes income received from the sub-franchised operations for the opening of new stores.

Advertising revenues, royalty fees and store openings increased by 58.4% from SAR 6.7 million in 2019G to SAR 10.6 million in 2020G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Advertising revenues, royalty fees and branch openings increased by 69.2% from SAR 10.6 million in 2020G to SAR 18.0 million in 2021G, driven by higher revenues in sub-franchise operations.

Gain / (loss) on disposal of property, plant, and equipment and intangibles

The profit resulting from the exclusion of property, machinery and equipment amounted to SAR 2,000 in 2019G as a result of the permanent closure of three branches during the period, and losses from the exclusion of property, machinery and equipment amounted to SAR 2.4 million in 2020G, and the profit from the exclusion of intangible assets was SAR 168,000 in 2021G, due to the permanent closure of eight stores in Saudi Arabia and one store in Egypt during the period.

Beverage income

Other revenues included beverage revenues in 2019G, but in 2020G beverage income was reclassified to the cost of sales.

Lease discount income

Lease discount income decreased by 86.9% from SAR 6.4 million in 2020G to SAR 838 million in 2021G, representing income from reductions in leases due to the Covid-19 pandemic.

Other income/expenses

Others include call center subscription, cash overage/shortage and miscellaneous non-operating expense/income.

Other income/expenses decreased from an income of SAR 853,000 in 2019G to an expense of SAR 1.8 million in 2020G, due to a loss of SAR 5.7 million from Lebanon due to foreign exchange losses during the year. Other income was SAR 223,000 in 2021G.

Impairment of assets

The loss of impairment relates to financial assets, commercial liabilities and others.

The Group recorded a decrease of SAR 3.8 million in value of financial assets against cash in Lebanon during 2020G because of the expected credit loss of cash balances in US dollars due to the depreciation of the currency in Lebanon during the year.

The company also recorded a loss of SAR 2.7 million in 2021G.

Reversal on the Impairment loss on assets and equipment

The loss of a decrease in value of SAR 1.9 million during 2020G and SAR 1.1 million in 2021G was reversed as a result of improved business performance (the balance of impairment loss was reassessed).

Finance costs and bank charges

Table (6.8): Finance cost and bank charges breakdown for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited	Variance (2019G-2020G)	Variance (2020G-2021G)
Credit sales transaction fees	1,334	2,090	4,538	56.7%	117.1%
Finance charges on lease liabilities	5,452	12,767	11,500	134.2%	(9.9%)
Total finance costs and bank charges	**6,786**	**14,857**	**16,038**	**118.9%**	**7.9%**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Finance costs and bank charge include fees for bank facilities and charges on lease liabilities.

During 2020G, finance costs and bank charges increased from SAR 6.8 million to SAR 14.9 million because of the acquisition of Alamar Foods DMCC and its subsidiary in 2020G.

Finance costs and bank charges increased from SAR 14.9 million in 2020G to SAR 16.0 million in 2021G as a result of a rise in rental fees and credit sales transaction fees of SAR 2.4 million, offset by a partial reduction in finance charges on rental obligations by SAR 1.3 million.

Share of losses of equity-accounted investee/ Reversal of impairment loss on investments in a joint venture

Equity investments included investments in Kasual Plus (45% of ownership), Alamar Foods for Restaurant Management-Kuwait (40% of ownership acquired on 7 February 2019G) and Alamar Foods Company LLC Oman (30% ownership).

On 16 August 2017, Alamar KSA acquired 50% stake in Casual Plus founded in Saudi Arabia. The percentage of ownership decreased to 45% in 2021G. The Company's main activities include the establishment, management and operation of restaurants, cafes and the supply of cooked and uncooked food.

The Group also owned a 30% investment in Alamar Foods Company LLC Oman and the current book value of this investment is SAR 2.1 million.

Losses from equity investment amounted to SAR 1.3 million in 2019G because of losses incurred in the Company's business operations.

During 2020G, impairment loss of SAR 6.6 million was recorded due to doubtful debts in relation to the amounts owed by Casual Plus. In addition, the Company incurred a loss of SAR 816,000 from Casual Plus in the same year.

During 2021G, the impairment loss of investment was reversed in a joint venture related to Alamar Foods Company LLC - Oman driven by the general improvement in Oman operations. The profit share of the equity investment was SAR 786,000 in 2021G.

Zakat and income tax

Zakat and income tax expenses increased from SAR 5.6 million in 2020G to SAR 13.1 million in 2021G because of the increase in net profit before zakat from SAR 61.5 million to SAR 130.5 million.

During 2020G, zakat and income tax returns were submitted to the Authority for the years up to and including the year ended 31 December 2020G, and the Authority acknowledged for the year ended 31 December 2018 an amount of SAR 4.4 million, which was subsequently reduced to SAR 2.8 million based on partial acceptance of the Company's objection.

The Company raised an objection in relation to the amended amount, which is still under consideration by the Authority. The Company's tax adviser expects that the objection will be decided in favor of the company, hence no provision has been registered in the financial statements.

All subsidiaries regularly submit zakat and income tax returns in accordance with the laws of the countries in which they operate and there are no differences in acknowledgement requiring additional provisions to be allocated.

Discontinued operations

On May 26 2019G, Premier Food Company was sold to Almarai Company and a profit of SAR 7.9 million was recorded in 2019G as a result of the sale.

Profit for the period

Net profit reached SAR 55.9 million in 2020G (and a profit of SAR 24.2 million in 2019G) due to the rise in net profit because of the acquisition of operations of Alamar foods DMCC and its subsidiary in 2020G.

Net profit increased to SAR 117.4 million in 2021G, mainly due to higher gross profit due to cost efficiency and higher revenues during the period. Net income margin increased from 5.3% in 2019G to 8.0% in 2020G and subsequently increased in 2021G to 13.5%.

2- Consolidated statement of financial position for the Group

Table (6.9): Consolidated statement of financial position as at 31 December 2019, 31 December 2020, and 31 December 2021 for the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Property, plant and equipment	103,216	153,632	162,987
Right-of-use assets	138,862	188,306	211,747
Goodwill	-	24,994	24,762
Intangible assets	3,828	4,434	7,025
Equity-accounted investees	288	13	2,016
Deferred tax assets	881	2,840	3,652
Total non-current assets	**247,075**	**374,219**	**412,189**
Inventories	20,514	33,814	50,808
Trade and other receivables	38,731	64,853	71,163
Due from related parties	150,108	10,612	25,179
Cash and cash equivalents	17,024	128,105	190,567
Total current assets	**226,377**	**237,384**	**337,717**
Total assets	**473,452**	**611,603**	**749,906**
Share capital	5,000	5,000	255,000
Treasury shares	-	-	(3,000)
Statutory reserve	2,500	2,500	14,241
Capital contribution	151,269	151,269	-
Retained earnings	79,461	64,323	80,063
Foreign currency translation reserve	-	2,340	(5,643)
Equity attributable to owners of the Company	**238,230**	**225,432**	**340,661**
Non-controlling interest	-	1,560	(296)
Total equity	**238,230**	**226,992**	**340,365**
Lease liabilities	95,090	137,487	149,110
Employee benefits	16,718	22,087	28,606
Trade and other payables	1,630	7,058	5,693
Loans and borrowings	-	2,864	3,184
Deferred tax liabilities	-	1,445	1,622

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Total non-current liabilities	**113,438**	**170,941**	**188,215**
Lease liabilities	42,121	64,471	77,925
Employee benefits	9,967	18,021	19,550
Trade and other payables	64,202	119,432	110,829
Due to related parties	171	2,603	2,489
Current portion of loan and borrowings	-	1,148	1,647
Provision for zakat and income tax	5,323	7,995	8,886
Total current liabilities	**121,784**	**213,670**	**221,326**
Total liabilities	**235,222**	**384,611**	**409,541**
Total equity and liabilities	**473,452**	**611,603**	**749,906**
Total liabilities to total assets	49.7%	62.9%	54.6%
Days sales outstanding*	3.7%	6.2%	5.6%
Days inventory outstanding	23.2	26.6	33.1
Days payable outstanding	51.1	51.4	37.0

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

* DSO average has been calculated indicatively based on total trade receivables and total revenue. The majority of sales were for cash.

Non-current assets

Table (6.10): Non-current assets as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Property, plant and equipment	103,216	153,632	162,987
Right-of-use assets	138,862	188,306	211,747
Goodwill	-	24,994	24,762
Intangible assets	3,828	4,434	7,025
Equity-accounted investees	288	13	2,016
Deferred tax assets	881	2,840	3,652
Total non-current assets	**247,075**	**374,219**	**412,189**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Property, plant and equipment

Table (6.11): Property, plant and equipment NBV as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G	Acquisition through business combination	Additions	Disposals	Depreciation	Exchange rate movements	2020G	Additions	Disposals	Depreciation	Exchange rate movements	2021G
Land	-	70	2,914	-	-	1	2,985	-	-	-	14	2,999
Buildings and buildings improvements	371	465	21	-	(47)	11	821	57	(105)	(10)	(2)	761
Leasehold improvements	53,335	24,283	14,009	(1,290)	(12,479)	211	78,069	26,534	(3,011)	(13,188)	849	89,253
Furniture and fixtures	4,111	3,178	338	(20)	(1,618)	20	6,009	1,415	(156)	(1,406)	(688)	5,174
Machine and equipment	39,541	20,332	9,454	(490)	(11,379)	283	57,741	12,660	(1,630)	(10,375)	(1,042)	57,354
Computer devices and hardware	4,682	2,480	1,633	(578)	(2,957)	19	5,279	2,273	(164)	(2,196)	(19)	5,173
Vehicles	1,176	2,177	382	(55)	(964)	12	2,728	714	(554)	(552)	(63)	2,273
Net book value	**103,216**	**52,985**	**28,751**	**(2,433)**	**(29,444)**	**557**	**153,632**	**43,653**	**(5,620)**	**(27,727)**	**(951)**	**162,987**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

The net book value of improvements to leased buildings and building improvements represented 54.8% as at 31 December 2021G, while the net book value of machinery and equipment represented 35.2% of the total net book value of property, machinery and equipment as in the same year.

The net book value of property, machinery and equipment as of 31 December 2020G increased to SAR 153.6 million compared to SAR 103.2 as of 31 December 2019G as a result of the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net book value of property, machinery and equipment increased from SAR 153.6 million in 2020G to SAR 163.0 million as of 31 December 2021G.

The Group's management confirms that there are no mortgages, rights or burdens on its property, as well as the absence of any possible obligations or guarantees.

The Group's management confirms that there are no significant fixed assets to be purchased or leased except those that are part of the Company's normal operations.

Land

As the land is an undepreciable asset, the net book value of the land remained constant at SAR 0.1 million as of 31 December 2019G, when there were no additions. The net book value of the land was SAR 2.9 million as of 31 December 2020G and SAR 3.0 million as at 31 December 2021G.

Buildings and buildings improvement

Net book value of the buildings was SAR 821,000 as of December 2020G, and there were no significant additions or disposals in 2019G and 2020G.

Net book value of the buildings decreased from SAR 821,000 as at 31 December 2020G to SAR 761,000 as at 31 December 2021G, as a result of depreciation charges of SAR 10,000 for the period ended 31 December 2021G.

Leasehold improvements

Net book value of improvements to leased buildings as at 31 December 2020G increased to SAR 78.1 million compared to SAR 53.3 million as at 31 December 2020G, due to additions of SAR 14.0 million, offset by annual depreciation of SAR 12.5 million and disposals of SAR 1.3 million in 2020G as a result of the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net book value for leasehold improvements as at 31 December 2021G increased to SAR 89.3 million, due to additions of SAR 26.0 million in 2021G.

Furniture and fixtures

Net book value of furniture and fixtures increased as at 31 December 2020G to SAR 6.0 million compared to SAR 4.1 million in December 2019G, due to annual depreciation of SAR 1.6 million, which was offset by additions of SAR 338,000 in 2020G as a result of the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net book value of furniture and equipment as at 31 December 2021G decreased to SAR 5.2 million, due to annual depreciation of SAR 1.4 million in 2021G.

Machine and equipment

Net book value of machinery and equipment as at 31 December 2020G decreased to SAR 57.7 million compared to SAR 39.5 million as at December 2019G, due to annual depreciation of SAR 11.3 million, which was offset by net additions of SAR 9 million in 2020G as a result of the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

The net book value of machinery and equipment as at 31 December 2021G decreased to SAR 57.4 million, due to annual depreciation of SAR 10.4 million in 2021G, which was offset by net additions of SAR 11.0 million in 2021G.

Computer devices and hardware

Net book value of computers and other devices as at 31 December 2020G increased to SAR 5.3 million compared to SAR 4.7 million as at 31 December 2019G, due to additions of SAR 1.6 million in 2020G which were offset by annual consumption of SAR 3.0 million.

Net book value of computers and devices as of 31 December 2021G decreased to SAR 5.2 million, due to annual depreciation of SAR 2.2 million in 2021G.

Vehicles

Net book value of vehicles as at 31 December 2020G decreased to SAR 2.7 million compared to SAR 1.2 million as in 2019G, due to a reclassification of SAR 2.2 million after the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net book value of vehicles as of 31 December 2020G decreased to SAR 2.3 million due to annual depreciation of SAR 552,000 during 2021G.

Depreciation is calculated on the basis of straight-line method. The following table shows depreciation rates:

Table (6.12): Annual rates of depreciation as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

	Rates
Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture and fixtures	10% -20%
Machine and equipment	10% -20%
Computer devices and hardware	25%
Vehicles	25%

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Right-of-use assets

Table (6.13): Right-of-use assets NVB as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G	Acquisition through business combination	Additions	Disposals	Depreciation	Exchange rate movements	2020G	Additions	Disposals	Depreciation	Exchange rate movements	2021G
Buildings	127,209	76,166	33,433	(1,708)	(58,343)	477	177,234	73,508	(10,854)	(48,592)	(1,918)	189,378
Vehicles	11,653	943	4,838	(401)	(6,020)	59	11,072	18,296	(8,352)	1,362	(9)	22,369
Net book value	**138,862**	**77,109**	**38,271**	**(2,109)**	**(64,363)**	**536**	**188,306**	**91,804**	**(19,206)**	**(47,230)**	**(1,927)**	**211,747**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Due to the application of IFRS 16 in 2019G, companies were required to recognize assets and liabilities for all leases over 12 months in accordance with IFRS, right-to-use assets must be included in the assets, and lease obligations should be included in the liabilities section and classified into current and non-current.

Net book value of right-of-use assets as at 31 December 2020G increased to SAR 188.3 million compared to SAR 138.9 million as at31 December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net book value of the right-of-use assets at 31 December 2020G increased to SAR 211.7 million due to additions of SAR 91.8 million during the period ended 31 December 2021G after the opening of 38 new outlets. This was offset by depreciation charges of SAR 47.2 million during the same period.

Goodwill

Goodwill relates to the acquisition of Morocco's operations (HEA. Trading and Services). Goodwill is mainly due to the skills and talents of the subsidiary's employees and the expected synergy of integrating Morocco's operations into the group.

Intangible assets

Table (6.14): Intangible assets NBV as at 31 December 2019, 31 December 2020, and 31 December 2021 for the Group:

Currency: SAR000	2019G	Acquisition through business combination	Additions	Disposals	Depreciation	Exchange rate movements	2020G	Additions	Disposals	Depreciation	Exchange rate movements	2021G
Intangible assets	3,828	2,065	1,176	(702)	(2,088)	155	4,434	4,107	-	(1,490)	(26)	7,025
Net book value	**3,828**	**2,065**	**1,176**	**(702)**	**(2,088)**	**155**	**4,434**	**4,107**	**-**	**(1,490)**	**(26)**	**7,025**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Net book value of intangible assets as at 31 December 2020G increased to SAR 4.4 million compared to SAR 3.8 million as at 31 December 2019G due to additions of SAR 1.2 million in 2020G, which were offset by annual amortization of SAR 2.1 million after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net book value of intangible assets as at 31 December 2021G increased to SAR 7.0 million due to additions of SAR 4.1 million in 2021G, which were offset by annual amortization of SAR 1.5 million.

Equity-accounted investees

Table (6.15): Equity-accounted investees breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Investment in Casual Plus Company	288	-	-
Alamar Foods for Restaurants Management	-	13	13
Alamar Food Company LLC - Oman	-	-	2,003
Net book value	**288**	**13**	**2,016**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Equity investments included investments in Casual Plus 45% of ownership, Alamar Foods for Restaurant Management-Kuwait 40% of ownership acquired on 7 February 2019G and Alamar Foods Company LLC Oman (30% of equity).

On 16 August 2017, Alamar KSA acquired 50% stake in Casual Plus, which founded in Saudi Arabia. The percentage of ownership changed to 45% in 2021G. The Company's main activities include the establishment, management and operation of restaurants, cafes and the supply of cooked and uncooked food.

The Group also owned 30% investment in Alamar Foods Company LLC Oman and the current book value of this investment is SAR 2.1 million (nil at 31 December 2020G).

The investment balance of equity on 31 December 2020G decreased to SAR 13,000 compared to SAR 288 million on 31 December 2019G, due to the share of losses in the Company's operations during 2020G.

The balance of investment in equity manner on December 31st increased to SAR 2.0 million compared to SAR 13,000 on 31 December 2020G, due to the share of loss Alamar Foods in the Company's operations during the year.

The balance of investment in equity on 31 December 2021G increased to SAR 2.0 million compared to SAR 13,000 on 31 December 2020G, due to recording reversal of the loss of the investment value of the joint venture related to Alamar Foods Company LLC- Oman driven by the overall growth in Oman.

Deferred tax assets

Deferred tax assets consist of temporary differences in the tax treatment of property, plant and equipment, employee benefits, impairment loss allowance, and provision for obsolete inventory.

Deferred tax assets as of 31 December 2020G increased to SAR 2.8 million compared to SAR 881,000 as at 31 December 2019G due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G. Deferred tax assets increased to SAR 3.7 million as at 31 December 2021G.

Current assets

Table (6.16): Current assets as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Inventories	20,514	33,814	50,808
Trade and other receivables	38,731	64,853	71,163
Due from related parties	150,108	10,612	25,179
Cash and cash equivalents - net	17,024	128,105	190,567
Total current assets	**226,377**	**237,384**	**337,717**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Inventories

Table (6.17): Inventories breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Raw materials	18,259	28,626	44,857
Consumables and packaging material	2,255	5,227	5,950
Provision for slow moving items	-	(39)	-
Total inventories	**20,514**	**33,814**	**50,807**
Days inventory outstanding	23.2	26.6	33.1

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Inventories included food items which are considered high value/volume items such as cheese, meat, coffee and donuts and non-food items which represent low value/volume items such as bags, cleaning materials, uniforms, etc.

As at 31 December 2020G, inventories increased to SAR 33.8 million compared to SAR 20.5 million as at 31 December 2019G due to the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G. A slow-moving inventory's provision of SAR 39,000 has been recorded as a result of old and expired items.

As at 31 December 2021G, the inventory increased to SAR 50.8 million, driven by the overall growth of operations.

Trade and other receivables

Table (6.18): Trade and other receivables breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Trade receivables	4,623	16,931	17,528
Less: Allowance for doubtful debts	-	(5,180)	(4,227)
Net trade receivables	**4,623**	**11,751**	**13,301**
Prepaid expenses	19,020	23,022	24,020
Advances to suppliers	7,372	14,250	15,354
Advances to employees	3,472	3,857	3,543
Other receivables	4,244	11,973	17,647
Less: provision for impairment loss	-	-	(2,702)
Total trade and other receivables	**38,731**	**64,853**	**71,163**
Key Performance Indicators			
Days sales outstanding*	3.7	6.2	5.6

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Trade receivables, net

Trade receivables primarily include receivables from aggregators, sub-franchisee operations and others (mainly bank clearing account related to POS operations).

As at 31 December 2020G, trade receivables increased to SAR 16.9 million compared to SAR 4.6 million as at 31 December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

As at 31 December 2021G, trade receivables rose to SAR 17.5 million due to the high values from food delivery platforms.

Prepaid expenses

Prepaid expenses related to residency permissions, housing expenses, legal fees, medical insurance, rent, maintenance charges and others.

Prepaid expenses as at 31 December 2020G increased to SAR 23.0 million compared to SAR 19.0 million as at 31 December 2019G after the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Prepaid expenses increased as at 31 December 2021G to SAR 24.0 million as a result of increased prepaid accommodation fees due to the increase in the number of employees during 2021G.

Advances to suppliers

Advances to suppliers are advances paid for inventory purchases to foreign and local suppliers.

Advances to suppliers as at 31 December 2020G increased to SAR 14.3 million compared to SAR 7.4 million as at 31 December 2019G after the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Advances to suppliers increased to SAR 15.4 million as at 31 December 2021G, mainly due to the purchase of bulk raw materials and payments for the construction of new outlets.

As at 31 December 2021G, the Company recorded a provision of SAR 2.7 million, mainly related to the receivables.

Advances to employees

Advances to employees are loans granted to employees. The balance of these payments ranged from SAR 3.9 million to SAR 3.4 million between 2019G and 2021G.

Other receivables - net

As of 31 December 2020G, other receivables increased to SAR 12.0 million compared to SAR 4.2 million as at 31 December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

As at 31 December 2021G, other receivables increased to SAR 17.6 million.

Related parties' balances

Table (6.19): Related parties' balances as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	Nature of relationship	2019G Audited	2020G Audited	2021G Audited
Due from related parties				
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	Holding company	1,465	4,243	6,674
Alamar Foods Company DMCC, UAE	Subsidiary	134,094	-	-
Alamar Foods Company LLC, UAE	Subsidiary	1,917	2,756	425
Alamar Foods Company, Lebanon	Subsidiary	2,556	-	-
Alamar Foods Company, Jordan	Subsidiary	609	-	-
Alamar Foods Company LLC, Egypt	Subsidiary	201	-	-
Alamar Foods Company, Bahrain	Subsidiary	2,165	-	-
Casual Plus Company	Joint venture investment	6,551	8	14
Al Jammaz Establishment	Company under common control	-	53	-
Meadow Holding (Cayman) Limited	Shareholder	81	989	10,333
Meadow Saudi Arabia Company	Shareholder	469	1,357	6,520
Yasmine Flower Company	Shareholder of subsidiary	-	1,200	1,200
Alamar Foods For Restaurants Management WLL	Affiliate company	-	6	13
Due to related parties				

Currency: SAR000	Nature of relationship	2019G Audited	2020G Audited	2021G Audited
Al Jammaz Agriculture	Company under common control	-	54	-
Sovana Inc. USA	Others	-	92	5
Al Jammaz Establishment	Company under common control	167	-	-
Abdulaziz & Abdullah Al Jammaz Travel & Tourism Company	Company under common control	4	-	-
Hakam El Abbes	Shareholder of subsidiary	-	2,457	2,484

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Table (6.20): Related parties' balances as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

SAR000	2019G Audited	2020G Audited	2021G Audited
Holding company	1,465	4,243	6,674
Shareholder	550	2,346	16,852
Joint venture investment	6,551	8	14
Affiliate	141,542	2,762	438
Shareholder of subsidiary	-	1200	1200
Company under control	-	53	-
Due from related parties	**150,108**	**10,612**	**25,178**
Subsidiary	4	-	-
Company under common control	-	2,457	2,484
Shareholder of subsidiary	167	54	-
Others	-	92	5
Due to related parties	**171**	**2,603**	**2,489**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Due from subsidiary

Due from subsidiaries decreased as of 31 December 2020G to SAR 2.8 million compared to SAR 141.5 million as of 31 December 2019G after the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Due from subsidiaries decreased as at 31 December 2021G to SAR 425,000.

Due from the holding company

The holding company is required mainly to distribute profits, recover zakat, tax and other expenses. The holding company's requirement increased as at 31 December 2020G to SAR 4.2 million from SAR 1.5 million in December 2019G. The amount due from the holding company increased to SAR 6.7 million as at 31 December 2021G.

Due from shareholder

The amounts due from shareholder are mainly related to dividend distributions and the recovery of zakat, tax and other expenses. The amounts due from shareholder increased as at 31 December 2020G to SAR 2.3 million from SAR 0.5 million as at 31 December 2019G. The amounts due from shareholder further increased as at 31 December 2021G to SAR 16.8 million.

Due from joint venture

The amount due from joint venture was SAR 7,000 as at 31 December 2020G due to the decrease in investments because of recording a doubtful debts provision in relation to the amounts due from Casual Plus. The amounts due from joint venture increased to SAR 14,000 as of 31 December 2021G.

Due to related parties

The balance of related parties related to Premier Foods, which increased as at 31 December 2021G to SAR 2.5 million compared to SAR 2.4 million as at December 2020G.

Cash and cash equivalents

Table (6.21): Cash and cash equivalents breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Cash on hand	1,438	10,851	3,318
Cash at bank	15,586	121,004	190,999
Cash and cash equivalents - gross	**17,024**	**131,855**	**194,317**
Impairment loss allowance	-	(3,750)	(3,750)
Total cash and cash equivalents - net	**17,024**	**128,105**	**190,567**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

As at 31 December 2020G, cash and cash equivalent increased to SAR 128.1 million compared to SAR 17.0 million as at 31 December 2019G due to the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G. As at 31 December 2021G, cash and cash equivalent increased to SAR 190.6 million.

During 2020G, the Group recorded a loss in value of SAR 3.8 million on financial assets related to the expected credit loss of cash balances in US dollars due to the depreciation of the currency in Lebanon during the year.

Potential liabilities and capital commitments

The Company had liabilities of SAR 10.1 million as at 31 December 2021G (SAR 5.9 million as of 31 December 2020G).

As at 31 December 2021G, the Company used irrevocable letter of guarantee balances from a commercial bank for SAR 5.8 million (SAR 5.8 million as of 31 December 2020G).

The Company confirms that there are no mortgages, rights or burdens of the Company's property

Non-current liabilities

Table (6.22): Non-current liabilities as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Lease liabilities	95,090	137,487	149,110
Employee benefits	16,718	22,087	28,606
Trade and other payables	1,630	7,058	5,693
Loans and borrowings	-	2,864	3,184
Deferred tax liabilities	-	1,445	1,622
Total non-current liabilities	**113,438**	**170,941**	**188,215**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Lease liabilities - non-current

Table (6.23): Non-current lease liabilities breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Minimum lease payments			
Not later than one year	46,816	73,149	94,769
Later than one year and not later than five years	93,236	151,940	145,157
More than five years	9,358	4,518	18,081
Less: Future finance charges	(12,199)	(27,649)	(30,972)
Present value of minimum lease payments	**137,211**	**201,958**	**227,035**
No later than one year	42,121	64,471	77,925
Later than one year and not later than five years	86,109	136,403	140,667
More than five years	8,981	1,084	8,443
Total lease payments	**137,211**	**201,958**	**227,035**
Non-current portion	95,090	137,487	149,110

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Due to the IFRS 16 implementation in 2019G, companies were required to recognize assets and liabilities for all leases with a term greater than 12 months. As per the IFRS requirement, a right-of-use asset is included in the assets and a lease liability is included in the liabilities section with current and non-current classification. As of 31 December 2021G, the lease liabilities included stores and vehicles operating under operating leases with an average period of five years.

The non-current portion of lease liabilities as of 31 December 2020G increased to SAR 137.5 million compared to SAR 95.1 million in December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

As at 31 December 2021G, the non-current portion of lease liabilities increased to SAR 149.1 million due to the opening of 38 new outlets during the period ended 31 December 2021G.

Employee benefits – non-current

Table (6.24): Non-current employee benefits movement as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Beginning balance	**15,352**	**18,938**	**22,087**
Current service cost	3,576	4,616	5,014
Interest expense	594	416	226
Benefits paid during the year	(2,767)	(2,908)	(4,174)
Actuarial gain / (loss)	(37)	1,025	2,814
Exchange rate movements	-	-	(408)
Others	-	-	3,047
Ending balance	**16,718**	**22,087**	**28,606**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

The Company's employee defined benefit liability is determined using actuarial valuations which are carried out at the end of each reporting period.

EOSB is calculated according to the labor law of each country, in addition to the actuarial valuations as per IFRS.

As at 31 December 2020G, the balance of the defined benefits obligation increased to SAR 22.1 million compared to SAR 16.7 million as at 31 December 2019G after the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

As at 31 December 2021G, the balance of the defined benefit obligation increased to SAR 28.6 million compared to SAR 22.1 million as of 31 December 2020G as a result of the increase in other expenses related to long-term investment plans that have been reclassified from expenses due to employee benefits.

Other liabilities (trade payables)

Other non-current liabilities include outstanding expenses that have been reclassified by auditors from the current part to the non-current part.

Other non-current liabilities amounted to SAR 7.1 million as at 31 December 2020G, and SAR 5.7 million as at 31 December 2021G.

Loans and borrowings - non-current

Table (6.25): Non-current loans and borrowings as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Loans and borrowings - non-current portion	-	2,864	3,184
Total loans and borrowings - non-current	**-**	**2,864**	**3,184**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

The Company has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges ranging between 3% - 6%.

As of 31 December 2021G, the full amount of loans related to HEA. Trading and Services in Morocco.

The Company had an unused credit facility agreement with National Saudi bank as of 31 December 2021G, and the total volume of these facilities was fifty-eight million (SAR 58 million) consisting of:

- Commercial facilities up to forty-nine million (SAR 49 million).
- Letters of guarantee up to 3 million (SAR 3 million).
- Letters of guarantee up to 6 million (SAR 6 million).

As at 31 December 2021G, the Company had an unused credit facility agreement with Riyad Bank. Total volume of these facilities amounted to SAR 82 million (82,000,000) Saudi riyals consisting of:

- Multi-purpose facilities up to SAR 10 million.
- Short-term renewable facility of SAR 40 million.
- SAR 32 million in paper facilities.

Deferred tax liabilities

Deferred tax liabilities consist of temporary differences in the tax treatment of property, plant and equipment, employee benefits, impairment loss allowance, and provision for obsolete inventory.

Deferred tax liabilities amounted to SAR 1.4 million as at 31 December 2020G and SAR 1.6 million as at 31 December 2021G.

Current liabilities

Table (6.26): Current liabilities as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Lease liabilities	42,121	64,471	77,925
Employee benefits	9,967	18,021	19,550
Trade and other payables	64,202	119,432	110,829
Due to related parties	171	2,603	2,489
Current portion of loan and borrowings	-	1,148	1,647
Provision for zakat and income tax	5,323	7,995	8,886
Total current liabilities	**121,784**	**213,670**	**221,326**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Lease liabilities - Current

Table (6.27): Current lease liabilities breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Minimum lease payments			
Not later than one year	46,816	73,149	94,769
Later than one year and not later than five years	93,236	151,940	145,157
More than five years	9,358	4,518	18,081
Less: future finance charges	(12,199)	(27,649)	(30,972)
Present value of minimum lease payments	**137,211**	**201,958**	**227,035**
No later than one year	42,121	64,471	77,925
Later than one year and not later than five years	86,109	136,403	140,667
More than five years	8,981	1,084	8,443
Total lease payments	**137,211**	**201,958**	**227,035**
Current portion	42,121	64,471	77,925

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Following the application of IFRS16 in 2019G, the current portion of lease obligations as at 31 December 2020G increased to SAR 64.5 million from SAR 42.1 million as at 31 December 2019G. As at 31 December 2021G, the current portion of lease obligations increased to SAR 77.9 million.

Employee benefits - Current

Table (6.28): Current employee benefit breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Payroll and bonus	4,330	8,100	8,404
Accrued vacation	2,849	7,180	7,191
Others	2,788	2,741	3,955
Total current employee benefits	**9,967**	**18,021**	**19,550**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

As at 31 December 2020G, the balance of employee benefits increased to SAR 18.0 million compared to SAR 10.0 million as at 31 December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

As at 31 December 2021G, the balance of employee benefits increased to SAR 19.6 million.

Trade and other payables

Table (6.29): Trade and other payables breakdown as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Trade payables	45,160	65,419	56,876
Accrued expenses	10,721	25,786	30,761
Other payables	8,321	28,227	23,192
Total trade and other payables	**64,202**	**119,432**	**110,829**
Days payable outstanding	51.1	51.4	37.0

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Trade payables

Trade payables mainly related to international and local suppliers, in addition trade payables include capital expenditure payables. In general, the Group's suppliers are mainly international suppliers which comprise 85% of purchases while the rest of materials are sourced locally.

As at 31 December 2020G, trade payables increased to SAR 65.4 million compared to SAR 45.2 million as at 31 December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

As at 31 December 2021G, trade payables decreased to SAR 56.9 million as a result of the settlement of the amounts due to suppliers within the agreed payment terms.

Accrued expenses

Accrued expenses mainly consist of accrued advertising expenses, utilities expenses, consultancy fees, rent expenses and other accrued expenses.

Accrued expenses as at 31 December 2020G increased to SAR 25.8 million compared to SAR 10.7 million as of December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Accrued expenses as at 31 December 2021G decreased to SAR 30.8 million, mainly due to higher advertising expenses and the general growth of operations.

Other payables

Other payables mainly consist of salaries and wages payables and other non-trade payables.

Other payables as at 31 December 2020G increased to SAR 28.2 million compared to SAR 8.3 million as at 31 December 2019G after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Other payables decreased as at 31 December 2021G to SAR 23.2 million, due to reclassification of other credit balances from Lebanon branch to related party balances.

Loans and borrowings - Current

Table (6.30): Current portion of loans and borrowings as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Loans and borrowings	-	1,148	1,647
Total loans and borrowings	**-**	**1,148**	**1,647**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

The Company has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges ranging between 3% - 6%.

As of 31 December 2020G, the full amount of loans related to HEA. Trading and Services in Morocco.

Provision for zakat and income tax

Table (6.31): Provision for zakat and income tax as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Zakat			
Beginning balance	4,149	5,076	5,239
Charge for the year	2,844	3,008	6,037
Charge for the prior year	-	822	79
Payments during the year	(1,917)	(3,667)	(5,318)
Closing balance	**5,076**	**5,239**	**6,037**
Income tax			
Beginning balance	208	247	2,756
Charge for the year	919	3,425	7,229
Charge for the prior year	-	-	352
Payments during the year	(880)	(916)	(7,488)
Closing balance	**247**	**2,756**	**2,849**
Total provision for zakat and income tax	**5,323**	**7,995**	**8,886**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Provision for zakat

As at December 31, 2020G, provision for zakat increased to SAR 5.2 million compared to SAR 5.1 million as at 31 December 2019G, due to the year's provision of SAR 3.0 million and the previous year's balance of SAR 0.8 million, which was reduced by payments during 2020G, which amounted to SAR 3.7 million. Zakat further increased to SAR 6.0 million as at 31 December 2021G.

Provision for income tax

Income tax provision increased as at 31 December 2020G to SAR 2.8 million compared to SAR 0.2 million as at 31 December 2019G. Income tax provision further increased to SAR 8.9 million as at 31 December 2021G.

Total equity

Table (6.32): Total equity as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Share capital	5,000	5,000	255,000
Treasury shares	-	-	(3,000)
Statutory reserve	2,500	2,500	14,241
Capital contribution	151,269	151,269	-
Retained earnings	79,461	64,323	80,063
Foreign currency translation reserve	-	2,340	(5,643)
Equity attributable to owners of the Company	**238,230**	**225,432**	**340,661**
Non-controlling interest	-	1,560	(296)
Total equity	**238,230**	**226,992**	**340,365**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Share capital

Share capital consists of 25.5 million shares of SAR 10 each.

In accordance with the Companies' Regulations in Saudi Arabia and the Company's By-Laws, the Company is required to transfer 10% of its profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for dividend distribution.

Retained earnings

Table (6.33): Retained earnings movement as at 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Beginning balance	**132,209**	**79,461**	**64,323**
(Loss) / profit for the period	24,123	56,280	118,587
(Loss) / other comprehensive profit for the year	37	(1,025)	(2,812)
Dividends	(79,705)	-	-
Zakat and Income tax refunds	2,796	4,575	10,436
Adjustment for pre-acquisition foreign currency translation reserve	-	(1,617)	-
Dividends to NCI	-	40	-
Waiver of related party balances pre acquisition	-	(70,646)	-
Waiver of related party balances post acquisition	-	(2,745)	-
Increase in share capital	-	-	(98,731)
Transfer to statuary reserve	-	-	(11,740)
Total retained earnings	**79,461**	**64,323**	**80,063**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Retained earnings as at 31 December 2020G decreased to SAR 64.3 million compared to SAR 79.5 million as at 31 December 2019G, mainly due to waiver of related party balances of SAR 70.6 million after the acquisition of the operations of Alamar Foods DMCC and its subsidiary in 2020G.

Retained earnings as at 31 December 2021G increased to SAR 80.1 million driven by profits during the year.

3- Consolidated statement of cash flow

Table (6.34): Consolidated statement of cash flows for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
(Loss) / profit for the period after discontinued operations	**27,609**	**61,500**	**130,469**
Adjustments for:			
Depreciation of property, plant and equipment	19,197	31,345	31,996
Depreciation of right of use assets	40,244	64,363	65,229
Amortization of intangible assets	2,326	2,088	1,488
Impairment of cash and cash equivalents	-	3,750	-
Reversal of impairment loss on property plant and equipment	-	(1,900)	(1,121)
Share of (profit) / loss in equity-accounted investee	1340	7,433	(2,329)
Gain on disposal of net assets held for sale	(11,654)	-	-
Loss on disposal of intangibles	-	702	-
Employee benefits	4,170	5,032	8,288
Interest expense of lease liabilities	5,452	12,768	11,500
Loss on disposal of property, plant and equipment	(2)	2,432	(168)
Provision for slow moving inventories	-	893	237
Impairment loss on trade and other receivables	-	35	2,712
Changes in:			
Inventories	(10,339)	(7,284)	(17,230)
Trade and other receivables	(7,336)	115	(9,022)
Due from related parties	(34,116)	66,876	(3,516)
Employee benefits	(2,348)	5,102	1,566
Trade and other payables	18,595	9,760	(9,967)
Due to related parties	(33,857)	(63,897)	(113)
Cash generated from operations	**19,281**	**201,113**	**210,019**
Employee benefits paid	(2,767)	(4,582)	(12,806)
Zakat and income tax paid	(2,797)	(2,907)	(4,174)
Net cash generated from operating activities	**13,716**	**193,624**	**193,039**
Acquisition of subsidiary, net of cash acquired	-	10,487	-
Acquisition of property, plant and equipment	(44,828)	(28,751)	(43,653)
Proceeds from sale of property, plant and equipment	1,090	-	2,642
Proceeds from the sale of net assets held for sale	99,161	-	-
Acquisition of equity accounted investee	-	-	-
Acquisition of intangible assets	(2,759)	(1,176)	(4,107)
Investment in a subsidiary	-	(2,445)	(3,614)
Net cash used in in investing activities	**52,664**	**(21,886)**	**(48,732)**
Proceeds from loans and borrowings	-	2,122	817

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Lease liabilities paid	(12,925)	(58,511)	(77,019)
Dividend payments	79,705	-	-
Net cash generated from / (used in) financing activities	**92,630**	**(56,389)**	**76,202**
Net increase in cash and cash equivalents	(26,250)	115,349	68,105
Cash and cash equivalents reclassified to assets held for sale	(1,568)	-	-
Net foreign exchange difference	-	(518)	(5,643)
Cash and cash equivalents at beginning of year - continued operations	40,051	17,024	128,105
Cash and cash equivalents at beginning of year - discontinued operations	4,791	-	-
Cash and cash equivalents at beginning of year	44,842	17,024	128,105
Cash and cash equivalents - gross at end of year	**17,024**	**131,855**	**190,567**
Less: Impairment loss	-	(3,750)	-
Cash and cash equivalents - net at end of year	**17,024**	**128,106**	**190,567**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Cash flows from operating activities

Table (6.35): Cash flows from operating activities for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
(Loss) / profit for the period after discontinued operations	**27,609**	**61,500**	**130,470**
Adjustments for:			
Depreciation of property, plant and equipment	19,197	31,345	31,995
Depreciation of right of use assets	40,244	64,363	65,229
Amortization of intangible assets	2,326	2,088	1,488
Impairment of cash and cash equivalents	-	3,750	-
Reversal of impairment loss on property plant and equipment	-	(1,900)	(1,121)
Share of (profit) / loss in equity-accounted investee	1340	7,433	(2,329)
Gain on disposal of net assets held for sale	(11,654)	-	-
Loss on disposal of intangibles	-	702	-
Employee benefits	4,170	5,032	8,288
Interest expense of lease liabilities	5,452	12,768	11,500
Loss on disposal of property, plant and equipment	(2)	2,432	(168)
Provision for slow moving inventories	-	-	237
Impairment loss on trade and other receivables	-	35	2,712
Changes in:			
Inventories	(10,339)	(7,284)	(17,230)
Trade and other receivables	(7,336)	115	(9,022)
Due from related parties	(34,116)	66,876	(3,516)
Employee benefits	(2,348)	5,102	1,566
Trade and other payables	18,595	9,760	(9,967)
Due to related parties	(33,857)	(63,897)	(113)

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Cash generated from operations	**19,281**	**201,113**	**210,019**
Employee benefits paid	(2,767)	(4,582)	(12,806)
Zakat and income tax paid	(2,798)	(2,908)	(4,174)
Net cash generated from operating activities	13,716	193,623	193,039
Profit / (loss) before zakat and income tax and after discontinued operations	**27,609**	**61,500**	**130,470**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Net cash generated from operating activities increased from SAR 13.7 million in 2019 to SAR 193.6 million in 2020G and this is due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net cash from operating activities increased to SAR 193.0 million in 2021G, mainly due to higher profit during the year.

Cash flows from investing activities

Table (6.36): Cash flows from investing activities for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Acquisition of subsidiary, net of cash acquired	-	10,487	-
Acquisition of property, plant and equipment	(44,828)	(28,751)	(43,653)
Proceeds from sale of property, plant and equipment	1,090	-	2,642
Proceeds from the sale of net assets held for sale	99,161	-	-
Acquisition of equity accounted investee	-	-	-
Acquisition of intangible assets	(2,759)	(1,176)	(4,107)
Investment in a subsidiary	-	(2,445)	(3,614)
Net cash used in in investing activities	**52,664**	**(21,885)**	**(48,732)**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Net cash used in investment activities decreased from an inflow of SAR 52.7 million in 2019G to an outflow of SAR 21.9 million mainly due to cash flows used to purchase property, machinery and equipment due to the acquisition of operations of Alamar Foods DMCC and its subsidiary in 2020G.

Net cash used in investment activities increased from SAR 21.9 million to SAR 48.7 million driven by the purchase of property, machinery and equipment due to the addition of 35 new outlets.

Cash flows from financing activities

Table (6.37): Cash flows from financing activities for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021 of the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Proceeds from loans and borrowings	-	2,122	817
Lease liabilities paid	(12,925)	(58,511)	(77,019)
Dividend payments	(79,705)	-	-
Net cash generated from / (used in) financing activities	**(92,630)**	**(56,389)**	**(76,202)**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Cash flows used in financing activities decreased from SAR 92.6 million in 2019 to SAR 56.4 million because of the decrease in dividends paid.

Net cash used in financing activities increased from SAR 56.4 million in 2020G to SAR 76.2 million in 2021G, driven by the payment of lease obligations due to the addition of 35 new outlets.

6.5.2 Summary of financial information of Alamar Foods Company (KSA)

Table (6.38): Summary of financial information of Alamar Foods Company (KSA)

Currency: SAR000	Period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	485,973	585,157
Cost of sales	(312,249)	(357,386)
Gross profit	173,724	227,771
Selling and distribution expenses	(49,113)	(62,207)
General and administrative expenses	(58,032)	(57,400)
Impairment loss on trade and other receivables	(36)	(1,809)
Other income - net	8,746	10,148
Operating Profit	**75,289**	**116,503**
Dividend income	10,600	-
Finance costs and bank charges	(6,109)	(6,078)
Share of losses of equity-accounted investee	(7,433)	(404)
Profit before zakat and tax	**72,347**	**110,021**
Zakat and income tax	(5,917)	(12,626)
Profit / (loss) for the year	**66,430**	**97,395**
KPIs		
Gross profit margin (%)	35.7%	38.9%
Net profit margin (%)	13.7%	16.6%
Currency: SAR000		
Statement of financial position		
Total equity	**230,139**	**332,419**
Total non-current assets	199,223	192,741
Total current assets	247,900	357,752
Total assets	**447,123**	**550,493**
Total non-current liabilities	91,879	93,357
Total current liabilities	125,105	124,717
Total liabilities	**216,984**	**218,074**
Total liabilities and equity	**447,123**	**550,493**
Current ratio	2.0	2.9
Total liabilities to total assets	48.5%	39.6%

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

A- Result of operations of Alamar Foods Company (KSA)

1- Statement of profit or loss and other comprehensive income

The following tables set out Alamar Foods Company (KSA)'s statements of profit or loss and other comprehensive income for 31 December 2019, 31 December 2020Gand 31 December 2021G.

Table (6.39): Statement of profit or loss and other comprehensive income for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	485,973	585,157
Cost of sales	(312,249)	(357,386)
Gross profit	**173,724**	**227,771**
Selling and distribution expenses	(49,113)	(62,207)
General and administrative expenses	(58,032)	(57,400)
Impairment loss on trade and other receivables	(36)	(1,809)
Other income - net	8,746	10,148
Operating profit	**75,289**	**116,503**
Dividend income	10,600	-
Finance costs and bank charges	(6,109)	(6,078)
Share of losses of equity-accounted investee	(7,433)	(404)
Profit before zakat and tax	**72,347**	**110,021**
Zakat and income tax	(5,917)	(12,626)
Profit / (loss) for the year	**66,430**	**97,395**
KPIs		
Gross profit margin (%)	35.7%	38.9%
Net profit margin (%)	13.7%	16.6%

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Revenues

Revenue by product

Table (6.40): Revenue by product breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Sales of products from Domino's outlets ("**Store revenue**")	468,873	568,073	21.2%
Supply center sales to third parties	17,100	17,084	(0.1%)
Total revenue	**485,973**	**585,157**	**20.4%**
As a percentage of revenue			
Sales of products from Domino's outlets	96.5%	97.1%	
Supply center sales	3.5%	2.9%	

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Store revenue accounted for 97.1% of total revenue in 2021G, while the rest represented sales of the supply centre (the sale of raw materials for sub-franchise operations in Mecca), and store revenue include revenue from receipt and delivery channels.

During 2021G, store revenue increased by 21.2% to SAR 568.1 million, mainly driven by a rise in the total number of orders after the government lifted most of Covid-19 restrictions. A number of stores were closed in 2020G due to Covid-19 restrictions.

Cost of sales

Table (6.41): Cost of sales breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Raw materials, supplies and goods	141,269	179,005	26.7%
Salaries and other benefits	74,044	79,920	7.9%
Depreciation and amortization	51,663	47,884	(7.3%)
Rent and royalties	28,957	34,165	18.0%
Utilities and maintenance	16,316	16,412	(0.6%)
Total cost of sales	**312,249**	**357,386**	**14.5%**
As a % of revenue			
Raw materials, supplies and goods	29.1%	30.6%	
Salaries and other benefits	15.2%	13.7%	
Depreciation and amortization	10.6%	8.2%	
Rent and royalties	6.0%	5.8%	
Total cost of sales	64.3%	61.1%	

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Raw materials, supplies and goods

Raw materials, supplies and goods mainly include direct material, cleaning materials and other expenses. Direct material for Domino's and Dunkin primarily related to recipe ingredients and packing materials.

Other expenses consist of GOLO subscription fees, delivery expenses, attestation, translation, store ware and other fees.

The expenses of raw materials, materials and goods increased by 26.7% from SAR 141.3 million in 2020G to SAR 179.0 million in 2021G as a result of the increase in sales during the period.

Salaries and other benefits

Salaries and other benefits include costs related to stores and supply center personnel (e.g., salaries and wages, residency and visa fees, overtime, and other benefits and allowances).

Salary and other benefits costs increased by 7.9% in 2021G from SAR 74.0 million in 2020G to SAR 79.9 million in 2021G due to the following reasons:

- Increased overtime costs in 2021G due to higher working hours after some Covid-19 restrictions were lifted.
- Salary increased in 2021G after the Saudi government suspended the SANID support program

Depreciation and amortization

Depreciation and amortization charges relate to property and equipment, intangible assets and right-of-use assets.

Depreciation expenses decreased by 7.3% from SAR 51.7 million in 2020G to SAR 47.9 million in 2021G.

Rent and royalties

Rent expenses include rent related to stores, factories, trucks and others. After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets; rent expenses remaining in subsequent years represent expenses recognized in respect of short-term leases with a lease term not exceeding one year.

Royalties relate to royalty fees paid to Domino's International.

Rental expenses and royalties increased by 18.0% from SAR 29.0 million in 2020G to SAR 34.2 million in 2021G due to increased royalties driven by higher revenues.

Utilities & maintenance

Utilities expenses primarily consist of electricity, internet subscription, mobile charges and other expenses.

Utility and maintenance expenses amounted to SAR 16.3 million in 2020G and SAR 16.4 million in 2021G.

Gross profit

Gross profit increased from SAR 173.7 million in 2020G to SAR 227.8 million in 2021G, and gross profit margin increased from 35.7% in 2020G to 38.9% in 2021G. The increase was mainly due to efficient purchase of raw materials and increased sales during the period.

Selling and distribution expenses

Table (6.42): Selling and distribution expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Advertising	26,022	38,546	48.1%
Commission expenses	7,222	6,723	(6.9%)
Salaries and other benefits	6,582	6,452	(2.0%)
Depreciation and amortization	4,490	5,018	11.8%
Delivery	2,370	2,188	(7.7%)
Other expenses	2,427	3,280	35.1%
Total selling and distribution expenses	**49,113**	**62,207**	**26.7%**
As a percentage of revenue			
Advertising	5.4%	6.6%	
Commission expenses	1.4%	1.1%	
Salaries and other benefits	1.4%	1.1%	
Depreciation and amortization	0.9%	0.9%	
Total selling and distribution expenses	10.1%	10.6%	

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Advertising

Advertising expenses include internet advertisements, outdoor media, agency fees TV and radio, distribution and printing and other expenses.

Advertising expenses increased by 48.1% in 2021G to SAR 38.5 million, driven by an increase in social media and Internet advertising.

Commission expenses

Commission expenses represent the take rate of aggregators from the selling price of aggregator orders, in addition it includes marketing spend on aggregator platforms (e.g., charge to appear as part of the top recommended restaurants).

Commission expenses decreased by 6.9% from SAR 7.2 million in 2020G to SAR 6.7 million in 2021G, driven by the Company's decision to temporarily suspend orders through food delivery platforms during 2021G and subsequently operated again with these platforms.

Salaries and other benefits

Salaries and other benefits cost include salaries and wages, residency and visa fees, overtime, and other benefits and allowances. Salaries and other benefits decreased by 2.0% from SAR 6.6 million in 2020G to SAR 6.5 million in 2021G.

Depreciation and amortization

Depreciation and amortization expenses relate to property and equipment, intangible assets and right-of-use assets. Depreciation and amortization expenses increased by 11.8% to SAR 5.0 million in 2021G.

Delivery

Delivery expenses relate to vehicle fuel and leases. Vehicle leases relate to short-term lease with a term not exceeding one year. Delivery expenses decreased by 7.7% to SAR 2.2 million in 2021G.

Other expenses

Other expenses include rent, storage, telephone and fax expenses, insurance and other miscellaneous expenses. Other expenses increased by 35.1% from SAR 2.4 million in 2020G to SAR 3.3 million in 2021G.

General and administrative expenses

Table (6.43): General and administrative expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Salaries and other benefits	41,252	43,208	4.7%
Depreciation and amortization	4,975	4,145	(16.7%)
Legal and professional fees	4,427	2,688	(39.3%)
Utilities	1,306	1,060	(18.8%)
Travel expenses	1,296	1,568	21,0%
Maintenance	550	721	31.1%
Rent	311	91	(70.7%)
Other expenses	3,915	3,919	0.1%
Total general and administrative expenses	**58,032**	**57,400**	**(1.1%)**
As a percentage of revenue			
Salaries and other benefits	8.5%	7.4%	
Depreciation and amortization	1.0%	0.7%	
Total general and administrative expenses	**11.9%**	**9.8%**	

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Salaries and other benefits

Salary and other benefits costs increased by 4.7% from SAR 41.3 million in 2020G to SAR 43.2 million in 2021G due to the suspension of SANID support program in Saudi Arabia.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets. Depreciation and amortization fees decreased by 16.7% to SAR 4.1 million in 2021G.

Legal and professional fees

Legal and professional fees are related to audit, tax, marketing agencies, IT services and other legal services.

Legal and professional fees decreased from SAR 4.4 million in 2020G to SAR 2.7 million in 2021G.

Utilities

Utilities expenses consist of electricity, internet subscription, mobile charges, gas, and other expenses. Utility expenses amounted to SAR 1.3 million in 2020G and SAR 1.1 million in 2021G.

Travel expenses

Travel expenses include hotel expenses, ticket expenses, meals and other related expenses.

Travel expenses amounted to SAR 1.3 million in 2020G and SAR 1.6 million in 2021G.

Maintenance

Maintenance includes expenses related to IT software expenses, application and hardware maintenance expenses, leasehold building maintenance expenses, vehicles maintenance expenses and other repair and maintenance expenses.

Maintenance expenses amounted to SAR 550,000 in 2020G and SAR 721,000 in 2021G.

Rent

Rent expenses include rent related to offices and equipment. After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets; rent expenses remaining in subsequent years represent expenses recognized in respect of short-term leases with a lease term not exceeding one year.

Rental expenses amounted to SAR 311,000 in 2020G and SAR 91,000 in 2021G.

Other expenses

Other expenses include miscellaneous expenses such as penalties, subscriptions, corporate activities, events and other expenses. Other expenses amounted to SAR 4.0 million in 2020G and 2021G.

Loss on impairment of trade receivables and other receivables

The Company recorded impairment loss of SAR 1.8 million related to trade receivables.

Other income, net

Table (6.44): Other income, net breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Advertising, royalty, store opening	3,917	6,554	67.3%
Loss on disposal of property, machinery and equipment	(1,645)	(1,036)	(37.0%)
Others	6,474	4,630	(28.5%)
Total other income, net	**8,746**	**10,147**	**16.0%**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Advertising, royalty, store opening

Royalty and advertising are comprised of advertising and royalty fee income from sub-franchised operations in Mecca. Development and store opening income includes income received from the sub-franchised operations for the opening of new stores in Mecca.

Advertising revenues, franchise fees and store openings increased by 67.4% from SAR 3.9 million in 2020G to SAR 6.6 million in 2021G, driven by increased sales in franchise sub-operations.

Loss on disposal of property, machinery and equipment

The loss from the disposal of property, machinery and equipment amounted to SAR 1.6 million in 2020G and SAR 1.0 million in 2021G.

Others

Others include call center subscription, cash overage/shortage and miscellaneous non-operating expense/income.

Other revenues decreased from SAR 6.5 million in 2020G to SAR 4.6 million in 2021G, due to the decline in lease rental concessions granted to the company during 2020G as a result of the Covid-19 pandemic.

Finance costs and bank charges

Table (6.45): Finance cost breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Credit sales transaction fees	910	2,788	206.4%
Finance charges on lease liabilities	5,199	3,290	(36.7%)
Total finance costs and bank charges	**6,109**	**6,078**	**(0.5%)**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Finance costs and bank charges include credit sales transaction fees and charges on lease liabilities.

Financing costs and bank fees amounted to SAR 6.1 million in 2020G and 2021G.

Share of losses of equity-accounted investee

On 16 August 2017G, Alamar KSA acquired a 50% equity interest in Casual Plus Company, which changed to 45% in 2021G, a company incorporated in the Kingdom of Saudi Arabia. The principal activities of the company include establishing, managing and operating restaurants and cafes and supplying cooked and uncooked food.

Losses from equity investment decreased from SAR 7.4 million in 2020G to SAR 404,000 in 2020G (the company recorded a loss of SAR 6.6 million in investment during 2020G due to doubtful debts related to the amounts owed by Casual Plus).

Zakat and income tax

Zakat and income tax expenses amounted to SAR 5.9 million in 2020G and SAR 12.6 million in 2021G.

Profit for the period

Net profit for 2021G was SAR 97.4 million (profit of SAR 66.4 million in 2020G) and net income margin increased to 13.5% in 2021G. The higher net profit was mainly due to improved gross margin as a result of cost efficiency and increased sales during the period.

2- Statement of financial position of Alamar Foods Company (KSA)

Table (6.46): Statement of financial position as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	88,662	73,780
Right-of-use assets	105,780	113,838
Intangible assets	2,009	2,331
Deferred tax assets	2,261	2,281
Investment in subsidiary	511	511
Total non-current assets	**199,223**	**192,741**
Inventories	23,993	33,533
Trade receivable and other receivables	36,288	37,368
Due from related parties	89,345	122,408
Cash and cash equivalents	98,274	164,443
Total current assets	**247,900**	**357,752**
Total assets	**447,123**	**550,493**
Share capital	5,000	255,000
Treasury shares	-	(3,000)
Statutory reserve	2,500	12,239
Capital contribution	151,269	-
Retained earnings	71,370	68,180
Total equity	**230,139**	**332,419**
Lease liabilities	70,129	68,917
Defined benefits obligation - employees' benefits ("**EOSB**")	18,927	23,805
Trade and other payables	2,823	635
Total non-current liabilities	**91,879**	**93,357**
Lease liabilities	46,684	50,291
Employee benefits	12,134	12,122
Trade and other payables	58,188	52,072
Due to related parties	54	1,516
Provision for zakat and income tax	8,045	8,716
Total current liabilities	**125,105**	**124,717**
Total liabilities	**216,984**	**218,074**
Total liabilities and equity	**447,123**	**550,493**
Total liabilities to total assets	48.5%	39.6%
Days sales outstanding*	5.3	5.8
Days inventory outstanding	28.0	34.2
Days payable outstanding	42.2	30.8

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

* DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Non-current assets

Table (6.47): Non-current assets as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	88,662	73,780
Right-of-use assets	105,780	113,838
Intangible assets	2,009	2,331
Deferred tax assets	2,261	2,281
Investment in subsidiary	511	511
Total non-current assets	**199,223**	**192,741**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Property and equipment

Table (6.48): Property, plant and equipment NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	Additions	Disposals	Depreciation	31 December 2021G
Buildings and building improvements	355	-	-	(16)	339
Leasehold improvements	45,368	2,413	(1,058)	(8,762)	37,961
Furniture	3,292	315	(43)	835	2,729
Machinery and equipment	35,579	2,237	(1,190)	(6,470)	30,156
Computer devices and hardware	2,919	398	(32)	(1,457)	1,828
Vehicles	1,149	-	(275)	(107)	767
Net book value	**88,662**	**5,363**	**(3,947)**	**(16,298)**	**73,780**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Net book value of improvements to leased buildings was 51.4% as of 31 December 2021G, while the net book value of machinery and equipment was 40.9% of the total net book value of property, machinery and equipment.

Net book value of property, machinery and equipment decreased from SAR 88.7 million as of 31 December 2020G to SAR 73.8 million as of 31 December 2021G because of depreciation charges of SAR 16.3 million in 2021G.

Buildings and building improvements

Net book value of the buildings decreased from SAR 355,000 as of 31 December 2020G to SAR 339,000 as of 31 December 2021G because of depreciation charges of SAR 16,000 in 2021G.

Leasehold improvements

Net book value of improvements to leased buildings decreased from SAR 45.4 million as of 31 December 2020G to SAR 38.0 million as of 31 December 2021G, mainly due to depreciation fees of SAR 7.6 million in 2021G.

Furniture

Net book value of furniture as of 31 December 2021G decreased to SAR 2.7 million compared to SAR 3.3 million as of 31 December 2020G, due to depreciation fees of SAR 737,000 in 2021G.

Machine and equipment

Net book value of machinery and equipment as of 31 December 2021G decreased to SAR 30.2 million compared to SAR 35.6 million as of 31 December 2020G, due to depreciation fees of SAR 6.5 million in 2021G. This decrease was offset by additions of SAR 2.2 million during the same period.

Computer devices and hardware

Net book value of computers and other devices as of 31 December 2021G decreased to SAR 1.8 million compared to SAR 2.9 million as of 31 December 2020G, due to depreciation fees of SAR 1.3 million, however, the value partially increased because of additions of SAR 398,000 during 2021G.

Vehicles

Net book value of vehicles decreased to SAR 767,000 as of 31 December 2021G from SAR 1.1 million as of 31 December 2020G because of depreciation charges of SAR 107,000.

Depreciation is calculated based on the straight-line method. The following table shows depreciation rates:

Table (6.49): Annual rates of depreciation as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

	Rates
Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture and fixtures	10% -20%
Machinery and equipment	10% -20%
Computer devices and hardware	25%
Vehicles	25%

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Right-of-use assets

Table (6.50): Right-of-use assets NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	Additions	Disposals	Depreciation	31 December 2021G
Buildings	95,509	33,068	(4,193)	(31,404)	92,980
Vehicles	10,271	16,954	231	6,136	20,858
Net book value	**105,780**	**50,022**	**(4,424)**	**(37,540)**	**113,838**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Net book value of right-of-use assets as of 31 December 2021G increased to SAR 113.8 million compared to SAR 105.8 million as of 31 December 2020G, due to additions of SAR 50.0 million in 2021G. This decrease was offset by depreciation charges of SAR 26.5 million during the same period.

Intangible assets

Table (6.51): Intangible assets NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	Additions	Amortization	31 December 2021G
Intangibles assets	2,009	1,038	(716)	2,331
Net book value	**2,009**	**1,038**	**(716)**	**2,331**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Net book value of intangible assets as of 31 December 2021G increased to SAR 2.3 million compared to SAR 2.0 million as of 31 December 2020G, mainly due to additions of SAR 1.0 million in 2021G.

Deferred tax assets

Deferred tax assets consist of temporary differences in the tax treatment of property, plant and equipment, employee benefits, impairment loss allowance, and provision for obsolete inventory. Deferred tax assets amounted to SAR 2.3 million as of 31 December 2020G and 31 December 2021G.

Current assets

Table (6.52): Current assets as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Inventories	23,993	33,533
Trade receivable and other receivables	36,288	37,368
Due from related parties	89,345	122,408
Cash and cash equivalents	98,274	164,443
Total current assets	**247,900**	**357,752**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Inventories

Table (6.53): Inventories breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Raw materials	20,281	29,662
Consumables and packaging material	3,742	3,871
Allowance for slow moving items	(30)	-
Total inventories	**23,993**	**33,533**
Days inventory outstanding	28.0	34.2

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Inventories included food items which are considered high value/volume items such as, cheese, meat and non-food items which represent low value/volume items such as, bags, cleaning materials, uniforms, etc.

The inventory increased from SAR 24.0 million as of 31 December 2020G to SAR 33.5 million as of 31 December 2021G. Inventory increased to accommodate for the increase in revenues during 2021G.

Trade and other receivables

Table (6.54): Trade and other receivables breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade receivables	7,151	9,371
Less: provision for doubtful receivables	(35)	(40)
Trade receivables, net	**7,116**	**9,331**
Prepaid expenses	15,119	12,570
Advances to suppliers	6,796	10,561
Advances to employees	3,516	3,702
Other receivables	3,741	3,009
Less: allowance for doubtful other receivables	-	(1,805)
Total trade and other receivables	**36,288**	**37,368**
Key Performance Indicators		
Days sales outstanding*	5.3	5.8

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

* DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Trade receivables, net

Trade receivables primarily include receivables from aggregators, sub-franchisee operations and others (mainly bank clearing account related to POS sales). Net trade receivables increased from SAR 7.1 million as of 31 December 2020G to SAR 9.3 million as of 31 December 2021G.

Prepaid expenses

Prepaid expenses include prepaid residency permissions, visa, prepaid housing, prepaid legal fees, prepaid medical insurance, and others.

Prepaid expenses as of 31 December 2021G decreased to SAR 12.6 million compared to SAR 15.1 million as of 31 December 2020G, as a result of prepaid accommodation expenses during 2020G.

Advances to suppliers

Advances to suppliers are advances paid for inventory purchases to foreign and local suppliers.

Advances to suppliers as of 31 December 2021G increased to SAR 10.6 million compared to SAR 6.8 million as of 31 December 2020G, mainly due to the purchase of raw materials.

Advances to employees

Advances to employees increased from SAR 3.5 million as of 31 December 2020G to SAR 3.7 million as of 31 December 2021G.

Other receivables

As of 31 December 2021G, the other receivables fell to SAR 3.0 million from SAR 3.7 million as of 31 December 2020G. The Company booked a provision of SAR 1.8 million related to the trade receivables.

Related parties' information

Table (6.55): Related parties' balances as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	Nature of relationship	31 December 2020G	31 December 2021G
Due from related parties			
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	Holding company	4,243	6,677
Alamar Foods DMCC, UAE	Subsidiary	74,161	94,771
Alamar Foods L.L.C., UAE	Subsidiary	1,162	-
Alamar Foods S.A.R.L, Lebanon	Subsidiary	2,793	2,937
Alamar Foods Company, Jordan	Subsidiary	803	846
Alamar Foods Company L.L.C., Egypt	Subsidiary	201	171
Alamar Foods Company W.L.L., Bahrain	Subsidiary	3,575	140
Casual Plus Company	Joint venture investment	7	14
Al Jammaz Establishment	Affiliate company	53	-
Al Jammaz Agriculture	Affiliate company	-	0.2
Meadow Holding (Cayman) Limited	Shareholder	989	10,332
Meadow Saudi Arabia Company	Shareholder	1,357	6,520
Due to related parties			
Al Jammaz Agriculture	Affiliate company	54	-
Alamar Foods L.L.C., UAE	Subsidiary	-	1,516

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Table (6.56): Related parties' balances as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Relation	31 December 2020G	31 December 2021G
Subsidiary	82,695	98,865
Holding company	6,589	23,529
Affiliate company	53	0.2
Joint venture investment	8	14
Total due from related parties	**89,345**	**122,409**
Affiliate company	54	-
Subsidiary	-	1,516
Total due to related parties	**54**	**1,516**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Due from Subsidiary

Due from subsidiary increased as of 31 December 2021G to SAR 98.9 million compared to SAR 82.7 million as of 31 December 2020G, mainly due to the increase in receivables from Alamar Foods Company by SAR 19.7 million.

Due from holding company

Due from holding company mainly related to dividends, zakat and tax recharges and other expenses. Due from holding company increased as of 31 December 2021G to SAR 6.7 million compared to SAR 4.2 million as of 31 December 2020G

Due from shareholder

Due from shareholder mainly related to dividends, zakat and tax recharges and other expenses. Due from shareholder increased as of 31 December 2020G from SAR 2.3 million to SAR 16.8 million as of 31 December 2021G.

Due to joint venture

Due from joint venture increased as at 31 December 2021G to SAR 14,000 from SAR 8,000 as at 31 December 2020G due to increased amounts due from Casual Plus Foods Ltd.

Cash and cash equivalents

Table (6.57): Cash and cash equivalents breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Cash on hand	1,414	1,426
Cash at bank	96,860	163,017
Total cash and cash equivalents - net	**98,274**	**164,443**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Cash and equivalent amounted to SAR 98.3 million as of 31 December 2020G and SAR 164.4 million as of 31 December 2021G.

Potential liabilities and capital commitments

The Company had capital commitments of SAR 8.5 million as at 31 December 2021G (SAR 2.7 million as at 31 December 2020G). The Company used the balances of irrevocable letters of guarantee from a commercial bank for SAR 5.8 million as of 31 December 2021G (SAR 5.8 million as of 31 December 2020G).

The Company confirms that there are no mortgages, rights or burdens of the Company's property.

Non-current liabilities

Table (6.58): Non-current liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Non-current portion of lease liabilities	70,129	68,917
Defined benefits obligation - employees' benefits ("**EOSB**")	18,927	23,805
Trade and other payables	2,823	635
Total non-current liabilities	**91,879**	**93,357**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Lease liabilities – non-current

Table (6.59): Non-current lease liabilities breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Minimum lease payments		
No later than one year	50,235	64,229
Later than one year and not later than five years	71,350	51,935
More than five years	3,350	8,630
Less: future finance charges	(8,122)	(5,586)
Present value of minimum lease payments	**116,813**	**119,208**
No later than one year	46,684	50,291
Later than one year and not later than five years	64,353	59,097
More than five years	5,776	9,820
Total lease liabilities	**116,813**	**119,208**
Non-current portion	70,129	68,917

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Due to the IFRS 16 implementation in 2019, companies were required to recognize assets and liabilities for all leases with a term greater than 12 months. As per the IFRS requirement, a right-of-use asset is included in the assets and a lease liability is included in the liabilities section with current and non-current classification. As at 31 December, 2021G, the lease liabilities included stores and vehicles operating under operating leases with an average period of 5 years.

The non-current portion of lease liabilities as at 31 December 2021G decreased to SAR 68.9 million compared to SAR 70.1 million as at 31 December 2020G.

Defined benefits obligation - employees' benefits ("EOSB")

Table (6.60): EOSB movement as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Beginning balance	**16,718**	**18,927**
Current service cost	3,320	3,422
Interest cost	370	189
Benefits paid during the year	(2,576)	(3,576)
Actuarial loss on remeasurement of defined benefit obligation	1,095	2,562
Others	-	2,281
Ending balance	**18,927**	**23,805**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

The Company's employee defined benefit liability is determined using actuarial valuations which are carried out at the end of each reporting period.

EOSB is calculated according to the labor law of KSA, in addition to the actuarial valuations as per IFRS.

The balance of the defined benefits obligation increased from SAR 18.9 million as at 31 December 2020G to SAR 23.8 million as at 31 December 2021G because of the increase in other expenses related to long-term investment plans that have been reclassified from accrued expenses to employee benefits (end-of-service bonus).

Current liabilities

Table (6.61): Current liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Current portion of lease liabilities	46,684	50,291
Employee benefits	12,134	12,121
Trade and other payables	58,188	52,072
Due to related parties	54	1,516
Provision for zakat and income tax	8,045	8,716
Total current liabilities	**125,105**	**124,716**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Lease liabilities – Current

Table (6.62): Current lease liabilities breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Minimum lease payments		
No later than one year	50,235	64,229
Later than one year and not later than five years	71,350	51,935
More than five years	3,350	8,630
Less: Future finance charges	(8,122)	(5,586)
Present value of minimum lease payments	**116,813**	**119,208**
No later than one year	46,684	50,291
Later than one year and not later than five years	64,353	59,097
More than five years	5,776	9,820
Total lease liabilities	**116,813**	**119,208**
Current portion	46,684	50,291

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

The current portion of the lease liabilities amounted to SAR 46.7 million as of 31 December 2020G, and SAR 50.3 million as of 31 December 2021G.

Employees' benefits – Current

Table (6.63): Current employees' benefits breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Payroll and bonuses	5,010	5,014
Accrued vacation	5,289	4,393
Accrued air ticket and iqama fee	1,582	1,869
Others	253	846
Total current employee benefits	**12,134**	**12,122**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

The balance of employee benefits was SAR 12.1 million as at December 31 2020G and 31 December 2021G.

Trade and other payables

Table (6.64): Trade and other payables breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade payables	36,143	30,140
Accrued expenses	13,764	15,468
Other payables	8,281	6,464
Total trade and other payables	**58,188**	**52,072**
Days payable outstanding	42.2	30.8

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Trade payables

Trade payables mainly related to international and local suppliers, in addition trade payables include capital expenditure payables.

Trade payables decreased to SAR 30.1 million as of 31 December 2021G from SAR 36.1 million as of 31 December 2020G, driven by Management's decision to prepay loans due to improved liquidity during 2021G.

Accrued expenses

Accrued expenses mainly consist of accrued advertising expenses, utilities expenses, consultancy fees, rent expenses and other accrued expenses.

Accrued expenses increased to SAR 15.5 million as of 31 December 2021G from SAR 13.8 million as of 31 December 2020G, due to the reclassification of long-term investment plans to employee benefits (end-of-service bonus).

Other payables

Other payables mainly consist of deferred revenue, salaries and wages payables and other non-trade payables. Other payables were SAR 8.3 million as at 31 December 2020G and SAR 6.5 million as at 31 December 2021G.

Provision for zakat and income tax

Provision for zakat and income tax as at 31 December 2021G increased to SAR 8.7 million compared to SAR 8.0 million as at 31 December 2020G.

Total equity

Table (6.65): Total equity as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Share capital	5,000	255,000
Treasury shares	-	(3,000)
Statutory reserve	2,500	12,239
Capital contribution	151,269	-
Retained earnings	71,370	68,180
Total equity	**230,139**	**332,419**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Retained earnings

Table (6.66): Retained earnings as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (KSA):

Currency: SAR000	31 December 2020G	31 December 2021G
Opening balance	**79,461**	**71,370**
Profit for the period	66,430	97,395
Other comprehensive loss for the period	(1,095)	(2,562)
Zakat and income tax recharged	4,574	10,447
Waiver of related party balances	(78,000)	-
Proposed increase in capital	-	(98,731)
Transfer to statutory reserve	-	(9,739)
Total retained earnings	**71,370**	**68,180**

Source: Audited financial statements for the period ended 31 December 2020, and 31 December 2021

Retained earnings amounted to SAR 68.2 million as at 31 December 2021, compared to SAR 71.4 million as at 31 December 2020, mainly due to the transfer of SAR 98.7 million to the proposed increase in capital during 2021.

3- Statement of cash flow of Alamar Foods Company (KSA)

Table (6.67): Statement of cash flows for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (KSA):

Currency: SAR000	2020G Audited	2021G Audited
Profit for the period	**66,430**	**97,395**
Adjustments for:		
Income tax and zakat	5,917	12,626
Depreciation of property, plant and equipment	20,466	18,790
Depreciation of right of use assets	39,081	37,540
Amortization of intangible assets	1,581	717
Share of (profit) / loss in equity-accounted investee	7,433	404
Employee benefits	3,690	3,611
Interest expense of lease liabilities	5,199	3,290
Lease rent concessions	(4,665)	(836)

Currency: SAR000	2020G Audited	2021G Audited
Loss on disposal of property, plant and equipment	1,645	1,036
Provision for slow moving inventories	30	241
Allowance for doubtful debts	36	1,809
Changes in:		
Inventories	(3,509)	(9,782)
Trade and other receivables	2,340	(2,889)
Due from related parties	(19,249)	(25,616)
Employee benefits	2,166	2,268
Trade and other payables	(5,313)	(8,708)
Due to related parties	(118)	1,463
Cash generated from operations	**123,160**	**133,359**
Employee benefits paid	(2,576)	(3,576)
Zakat and income tax paid	(4,575)	(11,975)
Net cash generated from operating activities	**116,010**	**117,808**
Acquisition of property, plant and equipment	(7,337)	(5,364)
Proceeds from sale of property, plant and equipment	482	421
Acquisition of intangible assets	(465)	(1,038)
Investment in a subsidiary	(511)	-
Net cash used in in investing activities	**(7,831)**	**(5,981)**
Lease liabilities paid	(26,929)	(45,658)
Net cash generated from / (used in) financing activities	**(26,929)**	**(45,658)**
Net increase in cash and cash equivalents	81,249	66,169
Cash and cash equivalents at beginning of year	17,024	98,274
Cash and cash equivalents - gross at end of year	**98,274**	**164,443**
Less: Impairment loss	-	-
Cash and cash equivalents - net at end of year	**98,274**	**164,443**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Cash flow from operating activities

Table (6.68): Cash flows from operating activities for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (KSA):

Currency: SAR000	2020G Audited	2021G Audited
Profit for the period	**66,430**	**97,395**
Adjustments for:		
Income tax and zakat	5,917	12,626
Depreciation of property, plant and equipment	20,466	18,790
Depreciation of right of use assets	39,081	37,540
Amortization of intangible assets	1,581	717
Share of (profit) / loss in equity-accounted investee	7,433	404

Currency: SAR000	2020G Audited	2021G Audited
Employee benefits	3,690	3,611
Interest expense of lease liabilities	5,199	3,290
Lease rent concessions	(4,665)	(836)
Loss on disposal of property, plant and equipment	1,645	1,036
Provision for slow moving inventories	30	241
Allowance for doubtful debts	36	1,809
Changes in:		
Inventories	(3,509)	(9,782)
Trade and other receivables	2,340	(2,889)
Due from related parties	(19,249)	(25,616)
Employee benefits	2,166	2,268
Trade and other payables	(5,313)	(8,708)
Due to related parties	(118)	1,463
Cash generated from operations	**123,160**	**133,359**
Employee benefits paid	(2,576)	(3,576)
Zakat and income tax paid	(4,575)	(11,975)
Net cash generated from operating activities	**116,010**	**117,808**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Net cash generated by operating activities was SAR 116.0 million for 2020G and SAR 117.8 million for 2021G.

Cash flow from investing activities

Table (6.69): Cash flows from investing activities for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (KSA):

Currency: SAR000	2020G Audited	2021G Audited
Acquisition of property, plant and equipment	(7,337)	(5,364)
Proceeds from sale of property, plant and equipment	482	421
Acquisition of intangible assets	(465)	(1,038)
Investment in a subsidiary	(511)	-
Net cash used in in investing activities	**(7,831)**	**(5,981)**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Net cash used in investing activities was SAR 7.8 million for 2020G and SAR 6.0 million for 2021G.

Cash flow from financing activities

Table (6.70): Cash flows from financing activities for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (KSA):

Currency: SAR000	2020G Audited	2021G Audited
Lease liabilities paid	(26,929)	(45,658)
Net cash generated from / (used in) financing activities	**(26,929)**	**(45,658)**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

Net cash used in financing activities increased from SAR 26.9 million for 2020G to SAR 45.7 million for 2021G, mainly due to higher lease obligations due to renewal of contracts during the year.

6.5.3 Summary of financial information of Alamar Foods L.L.C (UAE):

Table (6.71): Summary of financial information of Alamar Foods L.L.C (UAE):

Currency: SAR000	For the period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	69,035	110,601
Cost of sales	(51,024)	(78,480)
Gross profit	**18,011**	**32,121**
General and administrative expenses	(5,484)	(5,767)
Selling and distribution expenses	(5,948)	(10,580)
Other income	875	423
Operating profit	**7,454**	**16,197**
Finance costs and bank charges	(1,907)	(2,680)
Profit / (loss) for the year	**5,547**	**13,517**
KPIs		
Gross profit margin (%)	26.1%	29.0%
Net profit margin (%)	8.0%	12.2%
Currency: SAR000	**31 December 2020G**	**31 December 2021G**
Statement of financial position		
Total equityb	**16,233**	**29,507**
Total non-current assets	46,156	64,215
Total current assets	11,134	23,107
Total assets	**57,290**	**87,322**
Total non-current liabilities	16,013	19,990
Total current liabilities	25,044	37,825
Total liabilities	**41,058**	**57,815**
Total liabilities and equity	**57,290**	**87,322**
Current ratio	0.4	0.6
Total liabilities to total assets	71.7%	66.2%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

A- Result of operations of Alamar Foods L.L.C (UAE):

1- Statement of profit or loss and other comprehensive income

Table (6.72): Audited income statement for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	Period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	69,035	110,601
Cost of sales	(51,024)	(78,480)
Gross profit	**18,011**	**32,121**
General and administrative expenses	(5,484)	(5,767)
Selling and distribution expenses	(5,948)	(10,580)
Other income	875	423
Operating profit	**7,454**	**16,197**
Finance costs and bank charges	(1,907)	(2,680)
Profit / (loss) for the year	**5,547**	**13,517**
KPIs		
Gross profit margin (%)	26.1%	29.0%
Net profit margin (%)	8.0%	12.2%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Revenue

Revenue increased from SAR 69.0 million in 2020G to SAR 110.6 million in 2021G as a result of the increase in the total number of orders after the reduction of Covid-19 restrictions and the increase in the average value of demand due to the increase in the size of the order basket and the addition of 16 new outlets.

Cost of sales

Table (6.73): Cost of sales breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Raw materials, supplies and goods	18,809	28,088	49,3%
Salaries and related benefits	15,891	24,816	56.2%
Depreciation and amortisation	8,740	12,572	43.8%
Rent and royalties	4,561	7,587	66.4%
Utilities	2,433	4,671	92.0%
Maintenance	590	746	26.4%
Total cost of sales	**51,024**	**78,480**	**53.8%**
As a percentage of revenue			
Raw materials, supplies and goods	27.2%	25.4%	
Salaries and related benefits	23.0%	22.4%	
Depreciation and amortisation	12.7%	11.4%	
Rent and royalties	6.6%	6.9%	
Total cost of sales	**73.9%**	**71.0%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Raw materials, supplies and goods

Raw materials, supplies and goods mainly include direct material, cleaning material and other expenses. Direct material cost is primarily related to recipe ingredients and packing materials.

Other expenses consist of GOLO subscription fees, cleaning material, and other expenses.

The expenses of raw materials, materials and goods increased by 49.3% from SAR 18.8 million in 2020G to SAR 28.1 million in 2021G as a result of the overall increase in sales during the period.

Salaries and related benefits

Salaries and related benefits include direct personnel costs related to stores and supply chain personnel (e.g., salaries and related benefits, housing allowance, incentives and awards, and other benefits and allowances).

During 2021G, salaries and other benefits costs increased by 56.2% from SAR 15.9 million in 2020G to SAR 24.8 million in 2021G due to the increase in the number of employees because of the addition of 16 new outlets during the period.

Depreciation and amortization

Depreciation and amortization charges relate to property and equipment, intangible assets and right-of-use assets.

Depreciation and amortization fees increased by 43.8% from SAR 8.7 million in 2020G to SAR 12.6 million in 2021G, which is mainly due to the addition of 16 new outlets during the period.

Rent and royalties

Rent expenses include rent related to stores, factories, trucks and others. After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets; rent expenses remaining in subsequent years represent expenses recognized in respect of short-term leases with a lease term not exceeding one year.

Royalties are mainly related to royalty fees paid to Domino’s International. Royalty expenses are derived based on a fixed percentage of weekly sales.

Rental expenses and royalty fees increased by 66.4% from SAR 4.6 million in 2020G to SAR 7.6 million in 2021G due to higher royalty fees driven by high revenues.

Utilities

Utility expenses include electricity, internet subscription, telephone and fax expenses and other costs.

Utility expenses increased by 92.0% from SAR 2.4 million in 2020G to SAR 4.7 million in 2021G, driven by longer working hours and the addition of 16 new outlets during the period.

Maintenance

Maintenance expenses increased by 26.4% from SAR 590,000 in 2020G to SAR 746,000 in 2021G.

Gross profits

Gross profit increased from SAR 18.0 million in 2020G to SAR 32.1 million in 2021G, and gross profit margin increased from 26.1% in 2020G to 29.0% in 2021G, mainly due to cost efficiency in purchasing raw materials and increasing sales during the period.

General and administrative expenses

Table (6.74): General and administrative expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Salaries and related benefits	3,255	3,558	9.3%
Depreciation	1,030	638	(38.1%)
Legal and professional fee	886	1,101	24.3%
Other expenses	313	470	(67.5%)
Total general and administrative expenses	**5,484**	**5,767**	**(12.9%)**
As a percentage of revenue			
Salaries and related benefits	4.7%	3.2%	
Depreciation	1.5%	0.6%	
Legal and professional fee	1.3%	1.0%	
Total general and administrative expenses	**7.9%**	**5.2%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Salaries and other benefits

Salaries and other benefits amounted to SAR 3.3 million in 2020G and SAR 3.6 million in 2021G.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets. Depreciation and amortization expenses decreased by 38.1% to SAR 638,000 in 2021G.

Legal and professional fees

Legal and professional fees are related to audit, tax, marketing agencies IT services and other legal services.

Legal and professional fees amounted to SAR 886,000 in 2020G and SAR 1.1 million in 2021G.

Other expenses

Other expenses are mainly related to travelling, maintenance, rent, utilities and other expenses.

Other expenses amounted to SAR 313,000 in 2020G and SAR 470,000 in 2021G.

Selling and distribution expenses

Table (6.75): Selling and distribution expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Advertising	2,823	5,228	85.2%
Commission expenses	1,990	3,006	51.1%
Delivery expense	681	1,305	91.6%
Other expenses	454	1,041	129.3%
Total selling and distribution expenses	**5,948**	**10,580**	**119.8%**
As a percentage of revenue			
Total selling and distribution expenses	**8.6%**	**9.6%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Advertising

Marketing and advertising expenses mainly related to internet advertisement, outdoor media and print media expenses. Advertising expenses increased by 85.2% to SAR 5.3 million driven by the increase in social media and Internet ads.

Commission expenses

Commission expenses represent the take rate of aggregators from the selling price of aggregator orders, in addition it includes marketing spent on aggregator platforms (e.g., charge to appear as part of the top recommended restaurants).

Commission expenses increased by 51.1% from SAR 2.0 million in 2020G to SAR 3.0 million in 2021G, driven by the overall business growth of food delivery platforms.

Delivery expense

Delivery expenses relate to vehicle fuel and leases. Vehicle leases relate to short-term lease with a term not exceeding one year. Delivery expenses increased from SAR 681,000 in 2020G to SAR 1.3 million in 2021G.

Other expenses

Other expenses amounted to SAR 454,000 in 2020G and SAR 1.0 million in 2021G.

Other income

Table (6.76): Other income for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Miscellaneous income	875	423	(51.7%)
Total other income	**875**	**423**	**(51.7%)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Other revenues amounted to SAR 875,000 in 2020G and SAR 423,000 in 2021G. Revenue from rental reductions decreased to zero during the 2021G period as Covid-19 restrictions were eased.

Finance costs and bank charges

Table (6.77): Finance costs and bank charges breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Finance charges on lease liabilities	1,381	1,909	38.2%
Finance costs and bank charges	526	771	46.6%
Total finance costs and bank charges	**1,907**	**2,680**	**40.6%**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Finance costs and bank charges include fees for bank facilities and charges on lease liabilities.

Financing costs and bank fees increased from SAR 1.9 million in 2020G to SAR 2.7 million in 2021G, driven by an increase in financing expenses on rental obligations of SAR 528,000 and an increase in financing and bank fees of SAR 245,000.

Profit for the period

During the period of 2021G, net profit reached SAR 13.5 million (SAR 5.5 million in 2020G) and net income margin increased to 13.5% in 2021G from 8.0% in 2020G. The higher net profit was mainly due to improved gross margin because of cost efficiency and increased sales during the period.

2- Statement of financial position of Alamar Foods L.L.C (UAE):

Table (6.78): Statement of financial position as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	25,327	37,774
Right-of-use assets	20,460	25,351
Intangible assets	369	1,090
Total non-current assets	**46,156**	**64,215**
Inventories	1,545	6,977
Other receivables	6,970	9,606
Due from related parties	-	1,517
Cash and cash equivalents	2,619	5,007
Total current assets	**11,134**	**23,107**
Total assets	**57,290**	**87,322**
Share capital	306	306
Shareholders' contribution	15,051	15,049
Retained earnings	876	14,152
Total equity	**16,233**	**29,507**
Lease liabilities	14,170	17,004
Employee benefits	1,843	2,986
Total non-current liabilities	**16,013**	**19,990**
Lease liabilities	5,873	8,218
Trade and other payables	13,622	20,452
Due to related parties	5,549	9,155
Total current liabilities	**25,044**	**37,825**
Total liabilities	**41,057**	**57,815**
Total liabilities and equity	**57,290**	**87,322**
Total liabilities to total assets	71.7%	66.2%
Days inventory outstanding	11.1	32.4
Days sales outstanding*	9.6	6.9
Days payable outstanding	70.9	60.6

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

* DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Non-current assets

Table (6.79): Non-current assets as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	25,327	37,774
Right-of-use assets	20,460	25,351
Intangible assets	369	1,090
Total non-current assets	**46,156**	**64,215**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Property, plant and equipment

Table (6.80): Property, plant and equipment NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	01 January 2021G (Adjusted)	Additions	Depreciation	31 December 2021G
Building and leasehold improvements	18,466	18,422	11,915	(2,726)	27,611
Furniture	608	609	227	(161)	675
Machines and equipment	4,447	4,490	3,668	(748)	7,410
Computer equipment	982	982	1,081	(505)	1,558
Vehicles	821	822	55	(357)	520
Net book value	**25,327**	**25,325**	**16,946**	**(4,497)**	**37,774**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

As of 31 December 2021G, the net book value of improvements to leased buildings and building improvements was 73.1%, while the net book value of machinery and equipment was 19.6% of the total net book value of property, machinery, and equipment.

Net book value of property, machinery and equipment increased from SAR 25.3 million as at 31 December 2020G to SAR 37.8 million as at 31 December 2021G because of additions of SAR 16.9 million due to the opening of 16 new outlets during 2021G. This increase was offset by depreciation charges of SAR 4.5 million during the same period.

The Group's management confirms that there are no mortgages, rights or burdens on its property, as well as the absence of any possible obligations or guarantees.

The Group's management confirms that there are no significant fixed assets to be purchased or leased except those that are part of the Company's normal operations.

Buildings and leasehold improvements

Net book value for improvements to buildings and leasehold increased from SAR 18.5 million as at 31 December 2020G to SAR 27.6 million as at 31 December 2021G, due to additions of SAR 11.9 million in 2021G. This increase was offset by depreciation charges of SAR 2.7 million during the same period.

Furniture

Net book value of furniture as of 31 December 2021G increased to SAR 675,000 from SAR 608,000 thousands as at 31 December 2020G, due to additions of SAR 227,000 in 2021G.

Machines and equipment

Net book value of machinery and equipment as at 31 December 2021G increased to SAR 7.4 million compared to SAR 4.4 million as at 31 December 2020G, due to additions of SAR 3.7 million in 2021G. This increase was offset by depreciation charges of SAR 748,000.

Computer equipment

Net book value of computers and other devices as at 31 December 2021G increased to SAR 1.6 million compared to SAR 982,000 as at 31 December 2020G, as a result of additions of SAR 1.1 million, which were partially offset by depreciation fees of SAR 505,000 during 2021G.

Vehicles

The net book value of vehicles decreased to SAR 520,000 as at 31 December 2021G from SAR 822,000 as at 31 December 2020G, due to depreciation fees of SAR 357,000 in 2021G.

Depreciation is calculated according to the straight-line method. The table below presents the average useful life per asset class.

Table (6.81): Useful lives as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

	Years
Building and leasehold improvements	10 - 33
Furniture, fixtures and equipment	10
Computer equipment	4
Motor vehicles	4
Machines and equipment	4 - 10

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Right-of-use assets

Table (6.82): Right-of-use assets NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	Additions	Depreciation	31 December 2021G
Buildings	20,460	13,525	(8,634)	25,351
Net book value	**20,460**	**13,525**	**(8,633)**	**25,351**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net book value of right-of-use assets increased from SAR 20.5 million as at 31 December 2020G to SAR 25.4 million as at 31 December 2021G, due to additions of SAR 13.5 million in 2021G.

Intangible assets

Table (6.83): Intangible assets NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	Additions	Depreciation	31 December 2021G
Intangible assets	369	804	(83)	1,090
Net book value	**369**	**804**	**(83)**	**1,090**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net book value of intangible assets increased from SAR 369,000 as at 31 December 2020G to SAR 1.1 million as at 31 December 2021G as a result of additions of SAR 804,000 in 2021G.

Current assets

Table (6.84): Current assets NBV as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Inventories	1,545	6,977
Other receivables	6,970	9,606
Due from related parties	-	1,517
Cash and cash equivalents	2,619	5,007
Total current assets	**11,134**	**23,107**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Inventories

Table (6.85): Inventories breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Raw materials	1,545	6,653
Consumables and packing material	-	324
Total inventories	**1,545**	**6,977**
Days inventory outstanding	11.1	32.4

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Food and beverages include high value/volume items such as, cheese and meat. Non-food items include marketing materials, packing and other supplies which represent low value/volume items such as, bags, cleaning materials, uniforms, etc.

The stock increased from SAR 1.5 million as at 31 December 2020G to SAR 7.0 million as at 31 December 2021G, driven by the Company's decision to move supply chain operations internally.

Other receivables

Table (6.86): Other receivables breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade receivables	1,814	2,107
Prepaid expenses	2,678	4,341
Advances	1,094	1,301
Other receivables	1,382	1,857
Total other receivables	**6,970**	**9,606**
Days sales outstanding*	9.6	6.9

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Trade receivables

Trade receivables are mainly related to receivables from aggregators. Trade receivables mainly include debtors from food delivery platform companies with receivables of SAR 1.8 million as of 31 December 2020G and SAR 2.1 million as at 31 December 2021G.

Prepaid expenses

Prepaid expenses include prepaid residency permission, visa and Iqama, prepaid legal fees, prepaid medical insurance and other prepayments.

Prepaid expenses increased from SAR 2.7 million as at 31 December 2020G to SAR 4.3 million as at 31 December 2021G, driven by increased prepaid accommodation fees due to the increase in staff.

Advances

Advances include advance payments to local and foreign suppliers for inventory purchases and advances to employees.

As at 31 December 2021G, advance payments increased to SAR 1.3 million compared to SAR 1.1 million as at 31 December 2020G as a result of expansion and increased purchases following the company's decision to move supply chain operations internally.

Other receivables

Other receivables amounted to SAR 1.4 million as at 31 December 2020G and SAR 1.9 million as at 31 December 2021G.

Cash and cash equivalents

Table (6.87): Cash and cash equivalents breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Cash on hand	455	549
Cash at bank	2,164	4,458
Total cash and cash equivalents	**2,619**	**5,007**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Cash and its equivalent amounted to SAR 2.6 million as at 31 December 2020G and SAR 5.0 million as at 31 December 2021G.

Potential liabilities and capital commitments

The company had capital commitments of SAR 1.1 million as at 31 December 2021G (SAR 1.2 million as of 31 December 2020G).

The company confirms that there are no mortgages, rights or burdens on the assets of the source and its subsidiaries.

Non-current liabilities

Table (6.88): Non-current liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Lease liabilities	14,170	17,004
Employee benefits	1,843	2,986
Total non-current liabilities	**16,013**	**19,990**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Lease liabilities - non-current

Table (6.89): Non-current lease liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Minimum lease payments		
No later than one year	7,204	9,922
Later than one year and not later than five years	15,751	18,662
Less: future finance charges	(2,912)	(3,362)
Present value of minimum lease payments	**20,043**	**25,222**
No later than one year	5,873	8,218
Later than one year and not later than five years	14,170	17,004
Total lease liabilities	**20,043**	**25,222**
Non-current portion	14,170	17,004

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Due to the IFRS 16 implementation in 2019G, companies were required to recognize assets and liabilities for all leases with a term greater than 12 months. As per the IFRS requirement, a right-of-use asset is included in the assets and a lease liability is included in the liabilities section with current and non-current classification. As of 31 December 2021G, the lease liabilities included stores and vehicles operating under operating leases with an average period of five years.

The non-current portion of lease obligations as of 31 December 2021G increased to SAR 17.0 million compared to SAR 14.2 million as of 31 December 2020G.

Employee benefits

Table (6.90): Employee benefits as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Balance at the beginning of the year	**1,200**	**1,843**
Provision made during the year	766	1,408
Benefits paid during the year	(123)	(265)
Total employee defined benefit liability (ending balance)	**1,843**	**2,986**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

The Company's employee defined benefit liability ("**EOSB**") is determined using actuarial valuations which are carried out at the end of each reporting period.

EOSB is calculated according to the labor law of the UAE, in addition to the actuarial valuations as per IFRS.

The balance of the defined benefits commitment was SAR 1.8 million as at 31 December 2020G and SAR 3.0 million as at 31 December 2021G.

Current liabilities

Table (6.91): Current liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Lease liabilities	5,873	8,218
Trade and other payables	13,622	20,452
Due to related parties	5,549	9,155
Total current liabilities	**25,044**	**37,825**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Lease liabilities - Current

Table (6.92): Current lease liabilities breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Minimum lease payments		
No later than one year	7,204	9,922
Later than one year and not later than five years	15,751	18,662
Less: Future finance charges	(2,912)	(3,362)
Present value of minimum lease payments	**20,043**	**25,222**
No later than one year	5,873	8,218
Later than one year and not later than five years	14,170	17,004
Total lease liabilities	**20,043**	**25,222**
Current portion	5,873	8,218

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

The current portion of lease obligations amounted to SAR 5.9 million as at 31 December 2020G and SAR 8.2 million as at 31 December 2021G.

Trade and other payables

Table (6.93): Trade and other payables breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade payables	9,908	13,022
Accruals and other payables	3,714	7,430
Total trade and other payables	**13,622**	**20,452**
Days payable outstanding	70.9	60.6

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Trade payables

Trade payables are mainly related to international and local suppliers, in addition trade payables include capital expenditure payables.

As at 31 December 2021G, trade payables increased to SAR 13.0 million from SAR 9.9 million as of 31 December 2020G, driven by the overall business growth in 2021G.

Accruals and other payables

Accruals mainly include accrued rent, advertising, electricity other accrued expenses. Other payables are mainly comprised of non-trade payables.

As of 31 December 2021G, other credit receivables and liabilities increased to SAR 7.4 million from SAR 3.7 million at 31 December 2020G, driven by overall business growth.

Related parties' balances

Table (6.94): Related parties' balances as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	31 December 2020G	31 December 2021G
Due to related parties		
Alamar Foods Company CJSC, KSA	1,163	-
Alamar Foods DMCC, UAE	4,386	9,155
Total due to related parties	**5,549**	**9,155**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

The amounts outstanding with related parties are unsecured and are to be settled in cash. Related party balances primarily related to royalty, fund transfers, shared service center expenses and others.

As at 31 December 2021G, the amounts due to related parties increased to SAR 9.2 million from SAR 5.5 million as at 31 December 2020G, driven by the increase in balances due to Alamar DMCC as a result of the expansion in 2021G.

Total equity

Table (6.95): Equity as at 31 December 2020G and 31 December 2021G of Alamar Foods L.L.C (UAE):

Currency: SAR000	Share capital	Shareholders' contribution	Retained earnings	Total equity
1 January 2020G	**306**	**15,051**	**(4,671)**	**10,686**
Profit during the year	-	-	5,547	5,547
31 December 2020G	**306**	**15,051**	**876**	**16,233**
Profit during the period	-	(2)	13,276	13,274
31 December 2021G	**306**	**15,049**	**14,152**	**29,507**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

The retained earnings amounted to SAR 14.2 million as at 31 December 2021G, compared to SAR 876,000 as at 31 December 2020G, due to profits in 2021G.

3- Statement of cash flow of Alamar Foods L.L.C (UAE):

Table (6.96): Statement of cash flows for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods L.L.C (UAE):

Currency: SAR000	2020G Audited	2021G Audited
(Loss) / profit for the period	**5,547**	**13,517**
Adjustments for:		
Depreciation of property, plant and equipment	3,294	4,497
Depreciation of right of use assets	6,449	8,633
Amortization of intangible assets	27	84
Financing expenses	1,381	1,909
Employee benefits	766	1,168

Currency: SAR000	2020G Audited	2021G Audited
Changes in:		
Inventories	(1,219)	(5,432)
Trade and other receivables	(1,199)	(2,637)
Due from related parties	-	(1,517)
Employee benefits	-	566
Trade and other payables	4,366	6,265
Due to related parties	(3,404)	3,607
Cash generated from operations	**16,008**	**30,660**
Employee benefits paid	(123)	(265)
Net cash generated from operating activities	**15,885**	**30,395**
Acquisition of property, plant and equipment	(8,905)	(16,948)
Acquisition of intangible assets	(219)	(805)
Net cash used in in investing activities	**(9,124)**	**(17,753)**
Lease liabilities paid	(6,247)	(10,254)
Net cash generated from / (used in) financing activities	**(6,247)**	**(10,254)**
Net increase in cash and cash equivalents	514	2,388
Cash and cash equivalents at beginning of year	2,105	2,619
Cash and cash equivalents at end of year	**2,619**	**5,006**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Cash flow from operating activities

Table (6.97): Cash flows from operating activities for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods L.L.C (UAE):

Currency: SAR000	2020G Audited	2021G Audited
(Loss) / profit for the period	**5,547**	**13,517**
Adjustments for:		
Depreciation of property, plant and equipment	3,294	4,497
Depreciation of right of use assets	6,449	8,633
Amortization of intangible assets	27	84
Financing expenses	1,381	1,909
Employee benefits	766	1,168
Changes in:		
Inventories	(1,219)	(5,432)
Trade and other receivables	(1,199)	(2,637)
Due from related parties	-	(1,517)
Employee benefits	-	566
Trade and other payables	4,366	6,265
Due to related parties	(3,404)	3,607
Cash generated from operations	**16,008**	**30,660**
Employee benefits paid	(123)	(265)
Net cash generated from operating activities	**15,885**	**30,395**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash generated by operating activities increased from SAR 15.9 million in 2020G to SAR 30.4 million in 2021G, mainly due to higher profit in 2021G.

Cash flow from investing activities

Table (6.98): Cash flows from investing activities for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods L.L.C (UAE):

Currency: SAR000	2020G Audited	2021G Audited
Acquisition of property, plant and equipment	(8,905)	(16,948)
Acquisition of intangible assets	(219)	(805)
Net cash used in in investing activities	**(9,124)**	**(17,753)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash used in operating activities increased from SAR 9.1 million in 2020G to SAR 17.7 million in 2021G, mainly due to the purchase of property and equipment as a result of the opening of 16 new stores during the year.

Cash flow from financing activities

Table (6.99): Cash flows from financing activities for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods L.L.C (UAE):

Currency: SAR000	2020G Audited	2021G Audited
Lease liabilities paid	(6,247)	(10,254)
Net cash generated from / (used in) financing activities	**(6,247)**	**(10,254)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash used in financing activities increased from SAR 6.2 million for 2020G to SAR 10.3 million for 2021G, mainly due to higher lease liabilities due to the opening of 16 new stores during the year.

6.5.4 Summary of financial information of Alamar Foods Company (Egypt)

Table (6.100): Summary of financial information of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	47,533	78,671
Cost of sales	(41,503)	(63,186)
Gross profit	**6,030**	**15,485**
General and administrative expenses	(5,562)	(5,921)
Selling and distribution expenses	(1,944)	(2,860)
Operating Profit	**(1,476)**	**6,704**
Other income	1,298	624
Finance costs and bank charges	(4,480)	(4,719)
Profit / (loss) for the year	**(4,658)**	**2,609**
KPIs		
Gross profit margin (%)	12.6%	19.7%
Net profit margin (%)	(9.9%)	3.1%

Currency: SAR000	31 December 2020G	31 December 2021G
Statement of financial position		
Total equity	**17,751**	**20,450**
Total non-current assets	45,551	65,916
Total current assets	15,705	21,780
Total assets	**61,256**	**87,697**
Total non-current liabilities	28,791	42,367
Total current liabilities	14,714	24,879
Total liabilities	**43,505**	**67,247**
Total liabilities and equity	**61,256**	**87,697**
Current ratio	1.1	0.9
Total liabilities to total assets	71.0%	76.7%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

A- Result of operations of Alamar Foods Company (Egypt)

1- Statement of profit or loss and other comprehensive income

Table (6.101): Unaudited income statement for the financial years ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	47,533	78,671
Cost of sales	(41,503)	(63,186)
Gross profit	**6,030**	**15,485**
General and administrative expenses	(5,562)	(5,921)
Selling and distribution expenses	(1,944)	(2,860)
Operating Profit	**(1,476)**	**6,704**
Other income	1,298	624
Finance costs and bank charges	(4,480)	(4,719)
Profit / (loss) for the year	**(4,658)**	**2,609**
KPIs		
Gross profit margin (%)	12.7%	19.7%
Net profit margin (%)	(10.1%)	3.1%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

* Other income includes other operational income.

Revenue by product

Table (6.102): Revenue by product breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Domino's Pizza	10,217	17,084	67.2%
Dunkin' Donuts	35,810	60,115	67.9%
Recharge income	1,506	1,472	(2.3%)
Total revenue	**47,533**	**78,671**	**65.5%**
As a percentage of revenue			
Domino's Pizza	21.5%	21.7%	
Dunkin' Donuts	75.3%	76.4%	
Recharge income	3.2%	1.9%	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Domino's Pizza

Revenue increased from SAR 10.2 million in 2020G to SAR 17.1 million in 2021G, driven by an increase in total number of orders following the reduction of Covid-19 restrictions and the increase in average demand due to the high volume of the order basket.

Dunkin Donuts

Revenue increased from SAR 35.8 million in 2020G to SAR 60.1 million in 2021G, driven by an increase in the number of working hours following the easing of Covid-19 restrictions.

Recharge income

Recharge income related to Alamar Egypt's shared service center (IT services). This income represents cost recharge from Alamar DMCC plus a markup of 5.0%. Recharge income decreased from SAR 1.51 million in 2020G to SAR 1.47 million in 2021G.

Cost of sales

Table (6.103): Cost of sales breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Raw materials, supplies and goods	19,728	31,502	59.7%
Depreciation and amortisation	8,987	10,955	21.9%
Salaries and other benefits	6,607	10,070	52.4%
Rent and royalties	3,296	6,266	90.1%
Utilities	2,006	2,879	43.5%
Maintenance	879	1,514	72.0%
Total cost of sales	**41,503**	**63,186**	**52.2%**
As a percentage of revenue			
Raw materials, supplies and goods	41.5%	40.0%	
Depreciation and amortization	18.9%	13.9%	
Salaries and other benefits	13.9%	12.8%	
Rent and royalties	6.9%	8.0%	
Total cost of sales	**87.3%**	**80.3%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Raw materials, supplies and goods

Raw materials, supplies and goods mainly include direct material, cleaning material and other expenses. Direct material for Domino's and Dunkin primarily related to recipe ingredients and packing materials.

Other expenses consist of GOLO subscription fees, delivery expenses, attestation, translation, store wares and other fees.

The expenses of raw materials, materials and goods increased by 59.7% from SAR 19.7 million in 2020G to SAR 31.5 million in 2020G because of the overall increase in sales during the period.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets.

Depreciation and amortization fees increased by 21.9 from SAR 9.0 million in 2020G to SAR 11 million in 2021G.

Salaries and other benefits

Salaries and other benefits include costs related to stores and supply center personnel (e.g., salaries and benefits, residency fees, incentives, rewards and other benefits and allowances).

Salaries and other benefits increased by 52.4% from SAR 6.6 million in 2020G to SAR 10.1 million in 2021G due to increased staffing.

Rent and royalties

Rent expenses include rent related to stores, warehouses, motor vehicles and others. After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets; rent expenses remaining in subsequent years represent expenses recognized in respect of short-term leases with a lease term not exceeding one year.

Royalties are mainly related to royalty fees paid to Domino's and Dunkin International.

During 2021G, rental expenses and royalty fees increased by 90.1% from SAR 3.3 million in 2020G to SAR 6.3 million in 2021G due to increased royalty fees driven by higher revenues.

Utilities

Utilities expenses include electricity, water and other costs. Utilities increased by 43.5% from SAR 2 million in 2020G to SAR 2.9 million in 2021G driven by increased working hours during the period.

Maintenance

Maintenance expenses increased by 72.0% from SAR 879,000 in 2020G to SAR 1.5 million in 2021G.

Gross profit

Gross profit increased from SAR 6.0 million in 2020G to SAR 15.5 million in 2021G, and gross profit margin increased from 12.7% to 19.7% in 2021G. The increase is mainly due to improved resource use, reduced waste, rationalization of discounts and increased sales.

General and administrative expenses

Table (6.104): General and administrative expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Salaries and other benefits	2,657	3,892	46.5%
Depreciation and amortization	534	540	1.1%
Professional fees and consultancy	441	504	14.3%
Other expenses	1,930	985	(49.0%)
Total general and administrative expenses	**5,562**	**5,921**	**6.5%**

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
As a percentage of revenue			
Salaries and other benefits	5.6%	4.9%	
Depreciation and amortization	1.1%	0.7%	
Professional fees and consultancy	0.9%	0.6%	
Total general and administrative expenses	**11.7%**	**7.5%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Salaries and other benefits

Salary and other benefits costs increased from SAR 2.7 million in 2020G to SAR 3.9 million in 2021G.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets. Depreciation and amortization expenses amounted SAR 540,000 in 2021G.

Professional fees and consultancy

Legal and professional fees increased from SAR 441,000 in 2020G to SAR 504,000 in 2021G.

Other expenses

Other expenses include provisions, corporate events expenses, repairs and maintenance, utilities, bank fees, insurance fees, rent and other expenses.

Other expenses amounted to SAR 1.9 million in 2020G and SAR 985,000 in 2021G.

Selling and distribution expenses

Table (6.105): Selling and distribution expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Marketing expenses	1,769	2,600	47.0%
Salaries and other benefits	175	260	48.6%
Total selling and distribution expenses	**1,944**	**2,860**	**47.1%**
As a percentage of revenue			
Marketing expenses	3.7%	3.3%	
Salaries and other benefits	0.4%	0.3%	
Total selling and distribution expenses	**4.1%**	**3.6%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Marketing expenses

Table (6.106): Marketing expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Advertising	966	1,644	70.2%
Commission expenses	567	950	67.5%
Others	236	6	(97.5%)
Total marketing expenses	**1,769**	**2,600**	**47.0%**
As a percentage of revenue			
Advertising	2.0%	2.1%	
Commission expenses	1.2%	1.2%	
Others	0.5%	0.0%	
Total marketing expenses	**3.7%**	**3.3%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Advertising

Advertising expenses include internet advertisements, outdoor media, agency fees TV and radio, distribution and printing and other expenses.

Advertising expenses increased by 70.2% from SAR 966,000 in 2020G to SAR 1.6 million in 2021G.

Commission expenses

Commission expenses represent the take rate of aggregators from the selling price of aggregator orders, in addition it includes marketing spent on aggregator platforms (e.g., charge to appear as part of the top recommended restaurants).

Commission expenses increased by 67.5% from SAR 567,000 in 2020G to SAR 950,000 in 2021G driven by the overall business growth of food delivery platforms.

Others

Other marketing expenses decreased by 97.45% from SAR 236,000 in 2020G to SAR 6,000 in 2021G, because of the reclassification of call center subscription expenses to the cost of sales by auditors.

Salaries and other benefits

Salaries and other benefits mainly relate to salaries and wages, overtime, and other benefits and allowances.

Other income, net

Table (6.107): Other income, net breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Lease rent concessions	881	-	(100%)
Others	417	624	49.6%
Total other income, net	**1,298**	**624**	**(51.9%)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Lease rent concessions

Lease discount revenue slumped from SAR 881,000 in 2020G to SAR 0 in 2021G due to the lifting of Covid-19 restrictions.

Other income

Other income mainly includes foreign currency translation differences from selling fixed assets and other operational income.

Other revenues from SAR 417,000 in 2020G increased to SAR 624,000 in 2021G because of increased profits from the sale of fixed assets during the year.

Financing charges

Finance costs and bank charges include fees for bank facilities and charges on lease liabilities. During 2021G, the financing costs were SAR 4.7 million.

(Loss) / profit for the period

Profit/loss increased from a loss of SAR 4.8 million in 2020G to a profit of SAR 2.4 million in 2021G. Profits in 2021G were mainly due to improved resource use, reduced waste and increased sales.

2- Statement of financial position of Alamar Foods Company (Egypt)

Table (6.108): Statement of financial position as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	21,059	28,485
Right-of-use assets	1,420	2,239
Intangible assets	23,072	35,193
Total non-current assets	**45,551**	**65,917**
Inventories	2,698	3,221
Trade receivable and other receivables	8,123	11,636
Cash and cash equivalents	4,884	6,923
Total current assets	**15,705**	**21,780**
Total assets	**61,257**	**87,697**
Share capital	28,738	29,158
Reserves	18	18
Retained earnings	(11,005)	(8,726)
Total equity	**17,751**	**20,450**
Notes payable	4,191	5,053
Lease liabilities	23,170	35,688
Deferred tax liabilities, net	1,430	1,626
Total non-current liabilities	**28,791**	**42,367**
Accounts and notes payables	9,034	10,778
Due to related parties	324	6,026
Lease liabilities	4,557	6,942
Provision	799	1,133
Total current liabilities	**14,714**	**24,879**

Currency: SAR000	31 December 2020G	31 December 2021G
Total liabilities	**43,505**	**67,247**
Total liabilities and equity	**61,256**	**87,697**
Total liabilities to total assets	71.0%	76.7%
Days inventory outstanding	1.0	1.2
Days sales outstanding*	23.7	18.6
Days payable outstanding	36.7	38.6

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

* DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Non-current assets

Table (6.109): Non-current assets as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	21,059	28,485
Right-of-use assets	1,420	2,239
Intangible assets	23,072	35,193
Total non-current assets	**45,551**	**65,917**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Property, plant and equipment

Table (6.110): Property, plant and equipment NBV as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	01 January 2021G (Adjusted)	Additions	Disposals	Depreciation	FX rate movements	31 December 2021G
Land	2,955	2,956	-	-	-	43	2,999
Buildings	314	390	57	(2)	(28)	5	422
Electrical devices	599	-	-	-	-	-	-
Tools	991	-	-	-	-	-	-
Air conditioners	970	-	-	-	-	-	-
Machinery and equipment	7,687	10,209	4,674	(63)	(1,591)	149	13,378
Furniture and fixtures	790	790	664	(8)	(291)	12	1,167
Computers	828	828	589	-	(134)	13	1,296
Vehicles	242	242	452	-	(155)	3	542
Leasehold improvements	5,683	5,644	5,502	(643)	(1,905)	83	8,681
Net book value	**21,059**	**21,059**	**11,938**	**(716)**	**(4,104)**	**308**	**28,485**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

*The presented financial statements were originally in EGP, but the translation into SAR was made on the bases of the exchange rate 1 EGP= 0.235560 SAR in 2020G and 0.23873 SAR in 2021G, which resulted in differences in opening and ending statements.

The net book value of machinery and equipment as of 31 December 2020G represented 47.0% while the net book value of improvements to rented buildings represented 30.5% of the total net book value of property, machinery and equipment.

Net book value of property, machinery and equipment increased from SAR 21.1 million as at 31 December 2020G to SAR 28.5 million as at 31 December 2021G as a result of additions of SAR 11.9 million. This was offset by a depreciation fee of SAR 4.1 million during the same period.

The Group's management confirms that there are no mortgages, rights or burdens on its property, as well as the absence of any possible obligations or guarantees.

The Group's management confirms that there are no significant fixed assets to be purchased or leased except those that are part of the company's normal operations.

Land

The net book value of the land was SAR 3.0 million as of 31 December 2021G.

Buildings

The net book value of the buildings was SAR 422,000 as of 31 December 2021G.

Machinery and equipment

Net book value of machinery and equipment as at 31 December 2021G increased to SAR 13.4 million, due to additions of SAR 4.7 million and exchange rate movements of SAR 149,000. This was offset by a depreciation fee of SAR 1.6 million during the same period.

Furniture and fixtures

As of 31 December 2021G, the net book value of furniture and installations was SAR 1.2 million.

Computers

Net book value of computers as at 31 December 2021G increased to SAR 1.3 million compared to SAR 828,000 as at 31 December 2020G, due to additions of SAR 589,000. This was offset by a depreciation charge of SAR 134,000 during the same period.

Vehicles

Net book value of vehicles increased to SAR 542,000 as at 31 December 2021G from SAR 242,000 as at 31 December 2020G, due to additions of SAR 452,000. This was offset by a depreciation fee of SAR 155,000 during the same period.

Leasehold improvements

Net book value of improvements to leased buildings increased to SAR 8.7 million as at 31 December 2021G from SAR 5.6 million as at 31 December 2020G, due to additions of SAR 5.5 million. This was offset by a depreciation charge of SAR 1.9 million during the same period.

The depreciation is charged based on a straight-line method. The following table sets out the depreciation rates:

Table (6.111): Annual rates of depreciation as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

	Rates
Buildings	5%
Electric equipment	10%
Tools	10%
Air-conditions	10%
Machinery and equipment	10%
Furniture and fixtures	20%
Computers	10%
Vehicles	25%
Leasehold improvements	20%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Right-of-use assets

Table (6.112): Right-of-use asset NBV as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	Additions	Disposals	Depreciation	FX rate movements	31 December 2021G
Buildings	23,072	19,610	(1,364)	(6,787)	337	34,869
Land	-	364	-	(40)	-	324
Net book value	**23,072**	**19,974**	**(1,364)**	**(6,827)**	**337**	**35,193**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net book value of right-of-use assets as of 31 December 2021G increased to SAR 35.2 million compared to SAR 23.1 million as at 31 December 2020G, due to additions of SAR 20.0 million as at 31 December 2021G. This was offset by depreciation charges of SAR 6.8 million during the same period.

Intangible assets

Table (6.113): Intangible assets NBV as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	Additions	Depreciation	FX rate movements	31 December 2021G
Intangible assets	1,420	937	(139)	21	2,239
Net book value	**1,420**	**937**	**(139)**	**21**	**2,239**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net book value of intangible assets as at 31 December 2021G increased to SAR 2.2 million from SAR 1.4 million as at 31 December 2020G, due to additions of SAR 937,000. This was offset by amortization charge of SAR 139,000 during the same period.

Current assets

Table (6.114): Current assets as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Inventories	2,698	3,221
Trade receivable and other receivables	8,123	11,636
Cash and cash equivalents	4,884	6,923
Total current assets	**15,705**	**21,780**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Inventories

Table (6.115): Inventories breakdown as at 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Food and beverages	2,240	2,244
Marketing materials, packing and other supplies	406	977
Spare parts	52	-
Total inventory	**2,698**	**3,221**
Days inventory outstanding	23.7	18.6

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Inventories included food items which are considered high value/volume items such as, cheese, meat, coffee and donuts and non-food items which represent low value/volume items such as, bags, cleaning materials, uniforms, etc.

Inventories increased as at 31 December 2021G to SAR 3.2 million from SAR 2.7 million as at 31 December 2020G, driven mainly by wholesale purchases and overall business growth.

Trade and other receivables

Table (6.116): Trade and other receivables breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Prepaid expenses	4,135	5,607
Advances to suppliers	1,854	3,213
Trade receivables*	128	267
Others	2,005	2,549
Trade and other receivables	**8,123**	**11,636**
Days sales outstanding*	1.3	1.2

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

*DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Prepaid expenses

Prepaid expenses primarily relate to prepaid rent. Prepaid expenses increased to SAR 5.6 million as at 31 December 2021G from SAR 4.1 million as at 31 December 2020G due to new branch rentals.

Advances to suppliers

Advances to suppliers related to inventory purchases from foreign and local suppliers.

Advances to suppliers increased to SAR 3.2 million as at 31 December 2021G from SAR 1.8 million as at 31 December 2020G, mainly due to the purchase of bulk raw materials and payments for the establishment of new branches.

Trade receivable

Trade receivables comprise receivables from food delivery platforms; this balance was SAR 267,000 as at 31 December 2021G and SAR 128,000 as at 31 December 2020G.

Others

Others mainly consist of VAT and withholding tax receivables. Other current assets decreased to SAR 2 million as at 31 December 2021G from SAR 2.8 million as at 31 December 2020G.

Cash and cash equivalents

Table (6.117): Cash and cash equivalents breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Cash on hand	97	647
Cash at bank	4,787	6,276
Total cash and cash equivalents	**4,884**	**6,923**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Cash and equivalent amounted to SAR 4.9 million as at 31 December 2020G and SAR 6.9 million as of 31 December 2021G.

Potential liabilities and capital commitments

The company had capital commitments of SAR 451,000 as of 31 December 2021G (SAR 664,000 as at 31 December 2020G).

The company confirms that there are no mortgages, rights or burdens on the assets of the source and its subsidiaries.

Non-current liabilities

Table (6.118): Non-current liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Notes payable	4,191	5,053
Lease liabilities	23,170	35,688
Deferred tax liabilities, net	1,430	1,626
Total non-current liabilities	**28,791**	**42,367**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Notes payable

The notes payables represent the cheques issued to Al Futtaim Real Estate for the rent of shops in Mall of Egypt, City Centre and Madinti. Notes payables increased from SAR 4.2 million as at 31 December 2020G to SAR 5.1 million as at 31 December 2021G as a result of increased branch rents.

Lease liabilities, non- current

The non-current portion of lease liabilities increased from SAR 23.2 million as at 31 December 2020G to SAR 35.7 million as at 31 December 2021G.

Deferred tax liabilities

Deferred tax liabilities consist of temporary differences in the tax treatment of property, plant and equipment. Deferred tax liabilities amounted to SAR 1.6 million as at 31 December 2021G.

Current liabilities

Table (6.119): Current liabilities as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade and other payables	9,034	10,778
Due to related parties	324	6,026
Lease liabilities	4,557	6,942
Provision	799	1,134
Total current liabilities	**14,714**	**24,880**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Accounts and notes payables

Table (6.120): Accounts and notes payables breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade payables	4,387	5,038
Accrued expenses	3,509	4,489
Other payables	1,138	1,251
Total accounts and notes payables	**9,034**	**10,778**
Days payable outstanding	36.6	29.1

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Trade payables

Trade payables mainly related to international and local suppliers, in addition trade payables include capital expenditure payables.

As at 31 December 2021G, accounts payables increased to SAR 5.0 million compared to SAR 4.4 million as at 31 December 2020G, driven by overall business growth.

Accrued expenses

Accrued expenses consisted of accrued bonus expenses, rent expenses, electricity expenses, consultancy fees and other accrued expenses. Accrued expenses as at 31 December 2021G increased to SAR 4.5 million compared to SAR 3.5 million as at 31 December 2020G as a result of overall business growth.

Other payables

Other payables consisted of social insurance, tax, royalties, takaful contribution (health insurance), insurance guarantee and other credit balances. Other payables amounted to SAR 1.1 million as at 31 December 2020G and SAR 1.3 million as at 31 December 2021G.

Related party balances

Table (6.121): Related party breakdown as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Due to related parties		
Alamar Foods Company - CJSC, KSA	200	173
Alamar Foods Company - DMCC, UAE	124	5,853
Total	**324**	**6,026**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

The amounts outstanding with related parties are unsecured and are to be settled in cash.

Related party balances primarily related to royalties, fund transfers, shared service center expenses and others.

Related party balances as at 31 December 2021G increased to SAR 6.0 million compared to SAR 324,000 as at 31 December 2020G as a result of the increase in the balance of Alamar DMCC.

Lease liabilities, current

The trader's lease liabilities increased from SAR 4.6 million as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G.

Provisions

Table (6.122): Provisions for year ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Total	**799**	**1,134**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Provisions represent accrued employee benefits and severance pay. Provisions as of 31 December 2020G, was SAR 799,000 and SAR 1.1 million as of 31 December 2021G.

Total equity

Table (6.123): Total equity as at 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	31 December 2020G	31 December 2021G
Share capital	28,738	29,158
Reserves	18	18
Retained earnings	(11,005)	(8,726)
Total equity	**17,751**	**20,450**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Retained losses decreased from SAR 11.0 million as at 31 December 2020G to SAR 8.8 million in 2021G due to profits during 31 December 2021G.

3- Statement of cash flow of Alamar Foods Company (Egypt):

Table (6.124): Statement of cash flows for the financial periods ended 31 December 2020G and 31 December 2021G of the Alamar Foods Company (Egypt):

Currency: SAR000	2020G Audited	2021G Audited
(Loss) / profit for the period	**(4,805)**	**2,434**
Adjustments for:		
Income tax and zakat	-	175
Deferred tax	146	-
Depreciation of property, plant and equipment	3,411	4,282
Depreciation of right of use assets	5,924	7,103
Amortization of intangible assets	188	139
Loss from disposal of right of use assets	(68)	-
Other income	(881)	-
Ownership fee	2,566	-
Financing expenses	4,415	4,595
Waiver of company post acquisition	12,902	-
Foreign currencies from related parties	129	-
Impairment loss of inventory	-	342
Loss from disposal of property, plan, and equipment	515	532
Changes in:		
Inventories	(237)	(826)
Trade and other receivables	1,000	(3,395)
Due from related parties	-	322
Employee benefits	(2,797)	2,413
Trade and other payables	(5,942)	5,697
Due to related parties	601	-
Cash generated from operations	**17,067**	**23,815**
Net cash generated from operating activities	**17,067**	**23,815**
Acquisition of property, plant and equipment	(9,221)	(11,937)
Acquisition of intangible assets	(429)	(937)
Proceeds from the sale of property, plant and equipment	178	5

Currency: SAR000	2020G Audited	2021G Audited
Payments for projects under progress	145	-
Net cash used in in investing activities	**(9,327)**	**(12,869)**
Lease liabilities paid	(6,119)	(8,984)
Net cash generated from / (used in) financing activities	**(6,119)**	**(8,984)**
Net increase in cash and cash equivalents	1,621	1,962
The effect of a change in exchange rates on the cash held	(84)	(72)
Cash and cash equivalents at beginning of year	3,347	4,884
Cash and cash equivalents at end of year	**4,884**	**6,773**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Cash flow from operating activities

Table (6.125): Cash flows from operating activities for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	2020G Audited	2021G Audited
(Loss) / profit for the period	**(4,805)**	**2,434**
Adjustments for:		
Income tax and zakat	-	175
Deferred tax	146	-
Depreciation of property, plant and equipment	3,411	4,282
Depreciation of right of use assets	5,924	7,103
Amortization of intangible assets	188	139
Loss from disposal of right of use assets	(68)	-
Other income	(881)	-
Ownership fee	2,566	-
Financing expenses	4,415	4,595
Waiver of company post acquisition	12,902	-
Foreign currencies from related parties	129	-
Impairment loss of inventory	-	342
Loss from disposal of property, plan, and equipment	515	534
Changes in:		
Inventories	(237)	(826)
Trade and other receivables	1,000	(3,395)
Due from related parties	-	322
Employee benefits	(2,797)	2,413
Trade and other payables	(5,942)	5,697
Due to related parties	601	-
Cash generated from operations	**17,067**	**23,815**
Net cash generated from operating activities	**17,067**	**23,815**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash generated by operating activities increased from SAR 17.1 million in 2020G to SAR 23.8 million in 2021G, mainly due to higher profit in 2021G.

Cash flow from investing activities

Table (6.126): Cash flows from investing activities for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	2020G Audited	2021G Audited
Acquisition of property, plant and equipment	(9,221)	(11,937)
Acquisition of intangible assets	(429)	(937)
Proceeds from the sale of property, plant and equipment	178	5
Payments for projects under progress	145	-
Net cash used in in investing activities	**(9,327)**	**(12,869)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash used in operating activities increased from SAR 9.3 million in 2020G to SAR 12.9 million in 2021G, mainly due to the purchase of property and equipment because of the opening of 11 new outlets during the year.

Cash flow from financing activities

Table (6.127): Cash flows from financing activities for the financial periods ended 31 December 2020G and 31 December 2021G of Alamar Foods Company (Egypt):

Currency: SAR000	2020G Audited	2021G Audited
Lease liabilities paid	(6,119)	(8,984)
Net cash generated from / (used in) financing activities	**(6,119)**	**(8,984)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash used in financing activities increased from SAR 6.1 million for 2020G to SAR 9.0 million for 2021G, mainly due to higher lease liabilities due to the opening of 11 new outlets during the year.

6.5.5 Summary of financial information of HEA trading and services (Morocco)

Table (6.128): Summary of financial information of the HEA trading and services (Morocco)

Currency: SAR000	For the period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	20,290	28,006
Cost of sales	(17,640)	(25,557)
Gross profit	**2,650**	**2,449**
General and administrative expenses	(2,711)	(2,838)
Selling and distribution expenses	(617)	(1,227)
Operating Profit	**(678)**	**(1,616)**
Other income	105	375
Finance costs and bank charges	(1,029)	(1,313)
Profit before zakat and tax	**(1,602)**	**(2,554)**
Zakat and income tax	402	(68)
Profit / (loss) for the year	**(1,200)**	**(2,622)**
KPIs		
Gross profit margin (%)	13.1%	8.7%
Net profit margin (%)	(5.9%)	(9.4%)

Currency: SAR000	31 December 2020G	31 December 2021G
Statement of financial position		
Total equity	**4,991**	**2,447**
Total non-current assets	25,519	27,603
Total current assets	8,801	11,878
Total assets	**34,320**	**39,481**
Total non-current liabilities	16,675	19,591
Total current liabilities	12,653	17,443
Total liabilities	**29,328**	**37,034**
Total liabilities and equity	**34,320**	**39,481**
Current ratio	0.6	0.7
Total liabilities to total assets	85.5%	93.8%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

A- Result of operations of HEA trading and services company (Morocco)

1- Statement of profit or loss and other comprehensive income

Table (6.129): Statement of profit or loss and other comprehensive income of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December	
	2020G	2021G
Statement of profit and loss and other comprehensive income		
Revenue	20,290	28,006
Cost of sales	(17,640)	(25,557)
Gross profit	**2,650**	**2,449**
General and administrative expenses	(2,711)	(2,838)
Selling and distribution expenses	(617)	(1,227)
Operating Profit	**(678)**	**(1,616)**
Other income	104	375
Finance costs and bank charges	(1,029)	(1,313)
Profit before zakat and tax	**(1,602)**	**(2,554)**
Zakat and income tax	402	(68)
Profit / (loss) for the year	**(1,200)**	**(2,622)**
KPIs		
Gross profit margin (%)	13.3%	8.7%
Net profit margin (%)	(5.9%)	(9.4%)

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Revenues by product

Table (6.130): Revenue by product breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Domino's	20,290	24,906	22.8%
Dunkin	-	3,100	100.0%
Total revenue	**20,290**	**28,006**	**38.0%**
As a percentage of revenue			
Domino's	100.0%	88.9%	
Dunkin	-	11.1%	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Domino's

Revenue increased from SAR 20.3 million in 2020G to SAR 24.9 million in 2021G, driven by an increase in the total number of applications following the reduction in Covid-19 restrictions.

Dunkin

Dunkin Donuts revenues reached SAR 3.1 million in 2021G as a result of the opening of the first four Dunkin stores in Morocco.

Cost of sales

Table (6.131): Cost of sales breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Raw materials, supplies and goods	6,460	10,164	57.3%
Depreciation and amortization	4,825	6,476	34.2%
Salaries and other benefits	3,553	5,386	51.6%
Rent and royalties	1,216	1,673	37.6%
Utilities	1,361	1,639	20.5%
Maintenance	225	219	(2.7%)
Total cost of sales	**17,640**	**25,557**	**44.9%**
As a percentage of revenue			
Raw materials, supplies and goods	31.8%	36.3%	
Depreciation and amortization	17.5%	23.1%	
Salaries and other benefits	23.8%	19.2%	
Rent and royalties	6.0%	6.0%	
Total cost of sales	**86.9%**	**91.3%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Raw materials, supplies and goods

Raw materials, supplies and goods mainly include direct material, cleaning material and other expenses. Direct material for Domino's and Dunkin is primarily related to recipe ingredients and packing materials.

The expenses of raw materials, materials and goods increased by 57.3% from SAR 6.5 million in 2020G to SAR 10.2 million in 2021G because of the overall increase in sales during the period.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets.

Depreciation and amortization fees increased by 34.2% from SAR 4.8 million in 2020G to SAR 6.5 million in 2021G due to additions mainly due to the opening of new stores during the period.

Salaries and other benefits

Salaries and other benefits include costs related to stores and supply center personnel (e.g., salaries and benefits, residency and visa fees, incentives and rewards, and other benefits and allowances).

Salaries and other benefits increased by 51.6% from SAR 3.5 million in 2020G to SAR 5.4 million in 2021G due to higher staff and longer working hours after easing of Covid-19 restrictions.

Rent and royalties

Rent expenses include rent related to stores, warehouses, motor vehicles and others. After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets; remaining rent expenses in subsequent years represent expenses recognized in respect of short-term leases with a lease term not exceeding one year. Royalties are mainly related to royalty fees paid to Domino's and Dunkin International.

Rental expenses and royalty fees increased by 37.6% from SAR 1.2 million in 2020G to SAR 1.7 million in 2021G due to increased concession fees due to higher revenues.

Utilities

Utilities expenses include electricity, water and other costs. Utilities increased by 20.5% from SAR 1.4 million in 2020G to SAR 1.6 million in 2021G, driven by an increase in the number of working hours during the period.

Maintenance

Maintenance expenses amounted to SAR 225,000 in 2020G and SAR 219,000 in 2021G.

Gross profit

Gross profit decreased from SAR 2.7 million in 2020G to SAR 2.4 million in 2021G and gross profit margin decreased from 13.1% in 2020G to 8.7% in 2021G. This is mainly due to the start of Dunkin operations in 2021G, which were in the initial testing phase and therefore experienced lower margins.

General and administrative expenses

Table (6.132): General and administrative expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Salaries and other benefits	1,777	1,285	(27.7%)
Rent	4	98	2,350.0%
Depreciation and amortization	96	144	50.0%
Other expenses	834	1,311	57.3%
Total general and administrative expenses	**2,711**	**2,838**	**4.7%**
As a percentage of revenue			
Salaries and other benefits	8.8%	4.6%	
Rent	0.0%	0.3%	
Depreciation and amortization	0.5%	0.5%	
Total general and administrative expenses	**13.4%**	**10.1%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Salaries and other benefits

Salary and other benefits costs decreased from SAR 1.8 million in 2020G to SAR 1.3 million in 2021G. The decline is mainly due to management initiatives to improve administrative expenditures and allocate resources efficiently between Domino's and Dunkin.

Lease expenses

After the application of IFRS 16 in 2019G lease contracts were recognized as right-of-use assets; remaining rent expenses in subsequent years represent expenses recognized in respect of short-term leases with a lease term not exceeding one year. Lease expenses amounted to SAR 4,000 in 2020G and SAR 98,000 in 2021G.

Depreciation and amortization

Depreciation and amortization expenses are related to property and equipment, intangible assets and right-of-use assets. Depreciation and amortization expenses amounted to SAR 96,000 in 2020G and SAR 144,000 in 2021G.

Other expenses

Other expenses include repairs and maintenance, utilities, insurance fees and other expenses. Other expenses amounted to SAR 834,000 in 2020G and SAR 1.3 million in 2021G.

Selling and distribution expenses

Table (6.133): Selling and distribution expenses breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Advertising	236	423	79.2%
Delivery expenses	307	431	40.4%
Others	74	373	404.1%
Total marketing expenses	**617**	**1,227**	**98.9%**
As a percentage of revenue			
Advertising	1.2%	1.5%	
Delivery expenses	1.5%	1.5%	
Others	0.4%	1.3%	
Total marketing expenses	**3.0%**	**4.4%**	

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Advertising

Advertising expenses include internet advertisements, outdoor media, agency fees TV and radio, distribution and printing and other expenses.

Advertising expenses increased from SAR 236,000 in 2020G to SAR 423,000 in 2021G.

Delivery expenses

Delivery expenses increased from SAR 307,000 in 2020G to SAR 431,000 in 2021G as a result of higher delivery sales.

Commission expenses

Commission expenses represent the take rate of aggregators from the selling price of aggregator orders, in addition it includes marketing spent on aggregator platforms (e.g., charge to appear as part of the top recommended restaurants).

Commission expenses increased from SAR 74,000 in 2020G to SAR 373,000 in 2021G, driven by the overall business growth of food delivery platforms.

Other income

Table (6.134): Other income, net breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Gain/(loss) on disposal of property, land and equipment	76	-	-
Others	29	375	1,193.1%
Total other income, net	**105**	**375**	**260.6%**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Others

Other income mainly includes interest income, foreign currency translation differences and rounding off differences.

Other income mainly includes profits from the transfer of leases after the application of IFRS 16 and lease contract reduction income as a result of the Covid-19 pandemic. Other revenues increased from SAR 104,000 in 2020G to SAR 375,000 in 2021G, driven by gains from converting leases and construction into right-to-use assets.

Finance costs and bank charges

Table (6.135): Finance costs and bank charges breakdown for the financial periods ended 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	For the period ended 31 December		Variance (2020G-2021G)
	2020G	2021G	
Finance costs and bank charges	1,029	1,313	27.6%
Total finance costs and bank charges	**1,029**	**1,313**	**27.6%**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Financing costs amounted to SAR 1.0 million in 2020G and SAR 1.3 million in 2021G.

(Loss) / profit for the period

The loss amounted to SAR 1.2 million in 2020G increased to a loss of SAR 2.6 million in 2021G. The high loss was mainly due to the launching of Dunkin operations in 2021G, which were in the initial testing phase and therefore experienced lower margins.

2- Statement of financial position of HEA trading and services company (Morocco)

Table (6.136): Statement of financial position as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	5,224	6,162
Right-of-use assets	19,247	18,980
Intangible assets	277	1,090
Deferred tax asset	771	1,371
Total non-current assets	**25,519**	**27,603**
Inventories	1,267	2,788
Trade receivable and other receivables	2,235	4,469
Current tax assets	3,318	4,160
Cash and cash equivalents	1,981	461

Currency: SAR000	31 December 2020G	31 December 2021G
Total current assets	**8,801**	**11,878**
Total assets	**34,320**	**39,481**
Share capital	1,222	1,238
Statutory reserves	244	248
Retained earnings	3,526	961
Total equity	**4,991**	**2,447**
Lease liabilities	13,874	16,408
Loans and borrowings	2,801	3,183
Total non-current liabilities	**16,675**	**19,591**
Lease liabilities	3,903	4,371
Employee benefits	536	669
Accounts and notes payables	4,102	5,690
Due to related parties	2,989	5,066
Loans and borrowings	1,123	1,647
Total current liabilities	**12,653**	**17,443**
Total liabilities	**29,328**	**37,034**
Total liabilities and equity	**34,320**	**39,481**
Total liabilities to total assets	85.5%	93.8%
Days sales outstanding*	6.7	8.8
Days inventory outstanding	26.2	39.8
Days payable outstanding	64.7	52.9

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

* DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Non-current assets

Table (6.137): Non-current assets as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Property and equipment	5,224	6,162
Right-of-use assets	19,246	18,980
Intangible assets	277	1,090
Deferred tax asset	771	1,371
Total non-current assets	**25,519**	**27,603**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Property, plant and equipment

Table (6.138): Property, plant and equipment NBV as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	Additions	Disposals	Depreciation	FX rate movements	31 December 2021G
Buildings	68	-	(103)	34	1	-
Leasehold improvements	2,719	1,340	-	(525)	36	3,570
Furniture and fixtures	57	1	-	(17)	1	42
Machinery and equipment	2,248	989	(357)	(498)	29	2,411
Vehicles	132	70	(28)	(36)	2	139
Net book value	**5,223**	**2,400**	**(488)**	**(1,042)**	**69**	**6,162**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

*The presented financial statements were originally in MAD, but the translation into SAR was made on the bases of the exchange rate 1 MAD = 0.4072 SAR in 2020G and 0.4144 SAR in 2021G, which resulted in differences in opening and ending statements.

Net book value of improvements to leased buildings as at 31 December 2021G was 57.9%, while the net book value of machinery and equipment accounted for 39.1% of the total net book value of property, machinery and equipment.

Net book value of property, machinery and equipment increased from SAR 5.2 million as at 31 December 2020G to SAR 6.2 million as at 31 December 2021G as a result of additions of SAR SAR 3.6 million as at 31 December 2021G, offset by a depreciation fee of SAR 1.0 million during the same period.

The Group's management confirms that there are no mortgages, rights or burdens on its property, as well as the absence of any possible obligations or guarantees.

The Group's management confirms that there are no significant fixed assets to be purchased or leased except those that are part of the company's normal operations.

Buildings

Net book value of the buildings was nil as at 31 December 2021G.

Machinery and equipment

Net book value of machinery and equipment as at 31 December 2021G increased to SAR 2.4 million from SAR 2.2 million as at 31 December 2020G, due to additions of SAR 989,000. This was offset by a depreciation fee of SAR 498,000 during the same period.

Furniture and fixtures

Net book value of furniture and fixtures as at 31 December 2020G was SAR 57,000 and SAR 42,000 as of 31 December 2021G.

Leasehold improvements

Net book value of improvements to leased buildings increased to SAR 3.6 million as at 31 December 2021G from SAR 2.7 million as at 31 December 2020G, due to additions of SAR 1.3 million. This was partially offset by a depreciation fee of SAR 525,000 during the same period.

Vehicles

Net book value of vehicles as at 31 December 2020G was SAR 132,000 and SAR 139,000 as at 31 December 2021G

The depreciation is charged based on a straight-line method. The following table sets out the depreciation rates:

Table (6.139): Annual rates of depreciation as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

	Rates
Buildings	5%
Leasehold improvements	20%
Furniture and fixtures	20%
Machinery and equipment	10%
Vehicles	25%

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Right-of-use assets

Net book value of the right-of-use assets was SAR 19.0 million as at 31 December 2021G, and related to buildings and shops (SAR 17.4 million) and vehicles (SAR 1.6 million).

Intangible assets

Table (6.140): Intangible assets NBV as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	Additions	Depreciation	FX rate movements	31 December 2021G
Intangible assets	277	1,249	(440)	4	1,090
Net book value	**277**	**1,249**	**(440)**	**4**	**1,090**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net book value of intangible assets as of 31 December 2021G increased to SAR 1.1 million from SAR 277,000 as of 31 December 2020G, due to additions of SAR 1.2 million for the period ended 31 December 2021G.

Deferred tax assets

Deferred tax assets consist of temporary differences in the tax treatment of property, machinery and equipment. Deferred tax assets amounted to SAR 771,000 as at 31 December 2020G and SAR 1.4 million as at 31 December 2021G.

Current assets

Table (6.141): Current assets as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Inventories	1,267	2,788
Trade receivable and other receivables	2,235	4,469
Current tax assets	3,318	4,160
Cash and cash equivalents	1,981	461
Total current assets	**8,801**	**11,878**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Inventories

Table (6.142): Inventories as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Food and beverages	1,124	2,756
Marketing materials, packaging and other supplies	143	32
Total Inventories	**1,267**	**2,788**
Days inventory outstanding	26.2	39.8

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Inventories included food items which are considered high value/volume items such as, cheese, meat, coffee and donuts and non-food items which represent low value/volume items such as, bags, cleaning materials, uniforms, etc.

Inventories as of 31 December 2021G increased to SAR 2.8 million from SAR 1.3 million at 31 December 2020G, driven mainly by the overall business growth and the start-up of Dunkin operations.

Trade receivables and other current assets

Table (6.143): Trade receivables and other current assets as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Prepaid expenses	38	39
Advances to suppliers	1,201	198
Advances to employees	67	2,951
Trade receivables*	370	677
Others	559	604
Trade and other receivables	**2,235**	**4,469**
Days sales outstanding*	6.7	8.8

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

*DSO was calculated in an indicative manner on the basis of total trade receivables and total revenue. As the majority of sales were made in cash.

Prepaid expenses

Prepaid expenses relate primarily to the down payment for income tax and deferred expenses. Prepaid expenses amounted to SAR 38,000 as at 31 December 2020G and SAR 39,000 as at 31 December 2021G.

Advances to suppliers

Advances to suppliers are related to inventory purchases from foreign and local suppliers.

Advances to suppliers decreased to SAR 198,000 as at 31 December 2021G from SAR 1.2 million as at 31 December 2020G, mainly due to business delays during the Covid-19 pandemic and settled on 31 December 2021G as activities returned to normal.

Advances to employees

Advances to employees represent advance payments for operational activities and travel that are settled subsequently.

Advances to employees increased to SAR 2.9 million as at 31 December 2021G from SAR 67,000 as of 31 December 2020G, due to the return of activities and travel.

Trade receivable

Trade receivables comprise receivables from food delivery platforms; the trade receivables as at 31 December 2021G rose to SAR 677,000 from SAR 370,000 as at 31 December 2020G, due to higher revenues from food delivery platforms during the period ended 31 December 2021G.

Others

Other receivables consist mainly of electricity, water and procurement guarantees. Other receivables as of 31 December 2021G, increased to SAR 604,000 from SAR 559 million as at 31 December 2020G.

Current tax assets

Current tax assets as of 31 December 2021G increased to SAR 4.2 million compared to SAR 3.3 million as at 31 December 2020G, driven by overall business growth.

Cash and cash equivalents

Table (6.144): Cash and cash equivalents as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Cash in hand	78	131
Cash at bank	1,903	330
Total cash and cash equivalents	**1,981**	**461**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Cash and its equivalent decreased from SAR 2.0 million as at 31 December 2020G to SAR 461,000 as at 31 December 2021G, to pay off a loan from Societe Generale bank and replace it with loans facilities granted by the government because of the Covid-19 pandemic.

Potential liabilities and capital commitments

The Company confirms that there are no potential obligations or guarantees.

The Company confirms that there are no mortgages, rights or burdens on the assets of the source and its subsidiaries.

Non-current liabilities

Table (6.145): Non-current liabilities as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Lease liabilities	13,874	16,408
Loans and borrowings	2,801	3,183
Total non-current liabilities	**16,675**	**19,591**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Lease liabilities, non- current

The non-current portion of lease liabilities decreased from SAR 13.9 million as at 31 December 2020G to SAR 16.4 million as at 31 December 2021G.

Loans and borrowings, non-current

The Company has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges ranging between 3% - 6%.

The non-current facilities and loans portion was SAR 2.8 million as at 31 December 2020G and SAR 3.2 million as at 31 December 2021G.

The Company confirms that it does not have any facilities or loans that are not advertised in the bulletin.

Current liabilities

Table (6.146): Current liabilities as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Lease liabilities	3,903	4,371
Employee benefits	536	669
Trade and other payables	4,102	5,690
Due to related parties	2,989	5,066
Loans and borrowings	1,123	1,647
Total current liabilities	**12,653**	**17,443**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Lease liabilities, current

The current section of lease liabilities amounted to SAR 3.9 million as at 31 December 2020G and SAR 4.4 million as of 31 December 2021G.

Provisions of employees

Table (6.147): Provisions of employees as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Salaries and benefits	357	487
End of service benefits	179	182
Total b	**536**	**669**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Staff provisions amounted to SAR 536,000 as at 31 December 2020G and SAR 669,000 as at 31 December 2021G.

Accounts and notes payables

Table (6.148): Accounts and notes payables as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Trade payables	3,125	3,704
Current tax obligations	911	1,816
Other payables	66	170
Total accounts and notes payables	**4,102**	**5,690**
Days payable outstanding	64.7	52.9

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Trade payables

Trade payables are mainly related to suppliers, in addition trade payables include capital expenditure payables.

Trade payables increased as at 31 December 2021G to SAR 3.7 million compared to SAR 3.1 million as at 31 December 2020G, driven by overall business growth.

Current tax liabilities

Current tax liabilities amounted to SAR 911,000 as at 31 December 2020G and SAR 1.8 million as at 31 December 2021G.

Other payables

Other liabilities included accrued expenses and other credit balances. Other current liabilities amounted to SAR 66,000 as at 31 December 2020G and SAR 170,000 as at 31 December 2021G.

Related parties' balances

Table (6.149): Related parties' balances as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Due to related parties		
Alamar Foods Company - DMCC, UAE	586	2,582
Hakim Alabbas	2,403	2,484
Total	**2,989**	**5,066**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

The amounts outstanding with related parties are unsecured and are to be settled in cash.

Related party balances primarily related to royalty, fund transfers, shared service center expenses and others.

Related parties' balances increased as at 31 December 2021G to SAR 5.1 million compared to SAR 3.0 million as at 31 December 2020G as a result of the increase in the balance of Alamar foods company DMCC (UAE).

Loans and borrowings, current

The Company has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges ranging between 3% - 6%.

The current facilities and loans portion reached SAR 1.1 million as at 31 December 2020G and SAR 1.6 million as at 31 December 2021G.

Total equity

Table (6.150): Equity as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	31 December 2020G	31 December 2021G
Share capital	1,222	1,238
Statutory reserves	244	248
Retained earnings	3,526	961
Total equity	**4,991**	**2,447**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Retained earnings decreased from SAR 3.5 million as of 31 December 2020G to SAR 961,000 as of 31 December 2021G due to losses during 2021G.

3- Statement of cash flow of HEA trading and services company (Morocco)

Table (6.151): Statement of cash flow as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	2020G Audited	2021G Audited
(Loss) / profit for the period	**(1,200)**	**(2,622)**
Adjustments for:		
Income tax and zakat	(402)	-
Depreciation of property, plant and equipment	686	1,070
Depreciation of right of use assets	4,573	5,001
Amortization of intangible assets	14	440
Interest expense of lease liabilities	690	835
Loss from disposal of property, plant, and equipment	(77)	(215)
Changes in:		
Inventories	(218)	(1,505)
Trade and other receivables	(2,076)	(3,003)
Employee benefits	(60)	126
Trade and other payables	1,332	1,534
Due to related parties	50	2,039
Cash generated from operations	**3,312**	**3,700**
Zakat and income tax paid	(353)	-
Net cash generated from operating activities	**2,959**	**3,700**
Acquisition of property, plant and equipment	(871)	(2,400)
Acquisition of intangible assets	115	(1,249)
Net cash used in in investing activities	**(756)**	**(3,649)**
Change in loans and borrowings	1,961	855
Lease liabilities paid	(2,808)	(2,459)
Net cash generated from / (used in) financing activities	**(847)**	**(1,604)**
Net increase in cash and cash equivalents	1,356	(1,553)
The effect of a change in exchange rates on the cash held	-	33
Cash and cash equivalents at beginning of year	637	1,981
Cash and cash equivalents at end of year	**1,993**	**461**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Cash flow from operating activities

Table (6.152): Cash flow from operating activities as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	2020G Audited	2021G Audited
(Loss) / profit for the period	**(1,200)**	**(2,622)**
Adjustments for:		
Income tax and zakat	(402)	-
Depreciation of property, plant and equipment	686	1,070
Depreciation of right of use assets	4,573	5,001
Amortization of intangible assets	14	440
Interest expense of lease liabilities	690	835
Loss from disposal of property, plan, and equipment	(77)	(215)
Changes in:		
Inventories	(218)	(1,505)
Trade and other receivables	(2,076)	(3,003)
Employee benefits	(60)	126
Trade and other payables	1,332	1,534
Due to related parties	50	2,039
Cash generated from operations	**3,312**	**3,699**
Zakat and income tax paid	(353)	-
Net cash generated from operating activities	**2,959**	**3,699**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash generated by operating activities increased from SAR 3.0 million in 2020G to SAR 3.7 million in 2021G, mainly due to the rise in the balances due to related parties.

Cash flow from investing activities

Table (6.153): Cash flow from investing activities as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	2020G Audited	2021G Audited
Acquisition of property, plant and equipment	(871)	(2,400)
Acquisition of intangible assets	115	(1,249)
Net cash used in in investing activities	**(756)**	**(3,649)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash used in investing activities increased from SAR 756,000 in 2020G to SAR 3.6 million in 2021G, mainly due to the purchase of property and equipment as a result of the opening of 5 new stores during the year.

Cash flow from financing activities

Table (6.154): Cash flow from investing activities as at 31 December 2020G and 31 December 2021G of the HEA trading and services (Morocco):

Currency: SAR000	2020G Audited	2021G Audited
Change in loans and borrowings	1,961	855
Lease liabilities paid	(2,808)	(2,459)
Net cash generated from / (used in) financing activities	**(847)**	**(1,604)**

Source: Statutory Financial Statements for the period ended 31 December 2020, and 31 December 2021

Net cash used in financing activities increased from SAR 847,000 for 2020G to SAR 1.6 million for 2021G.

7. Dividend Distribution Policy

Pursuant to Article 110 of the Companies Law, each Shareholder is entitled to the rights and liabilities attached to the Shares, including the right to receive a portion of the dividends declared. The Board of Directors shall make a recommendation on the declaration of any dividends in its annual report prior to the approval of the Shareholders in a meeting of the General Assembly. However, there can be no assurance that the dividends will be actually distributed. Any decision to do so will depend on, among other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and such other factors as the Board deems relevant, in addition to legal and regulatory considerations. The Company's expectations regarding these factors are dependent on many assumptions, risks and uncertainties that may be beyond the Company's control. For a discussion of the risks related to dividend distributions, please refer to Section 2.3.4 "**Risks Related to the Group's Ability to Distribute Dividends**" of this Prospectus).

The Company intends to distribute annual dividends to its Shareholders to enhance the value received by such Shareholders in line with the Company's profits, financial position, restrictions on the dividend distribution under financing and debt agreements, results of the Company's activities, current and future cash requirements, expansion plans, investment requirements, and other factors including the analysis of the Company's investment opportunities and re-investment requirements, monetary and capital requirements, trade expectations and the impact of any such distributions on any legal and regulatory considerations. In addition, Investors willing to invest in Offer Shares should be aware that the Dividend Distribution Policy may change from time to time.

While the Company intends to distribute dividends to its Shareholders on an annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year.

The Company's net profits will be distributed after deducting all general expenses and other costs as follows:

1- 10% of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary General Assembly when the statutory reserve amounts to 30% of the Company's share capital.

2- The Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside a certain percentage of the net profits to build up a contractual reserve to be allocated for a specific purpose. The contractual reserve shall be used only by a resolution adopted by an Ordinary General Assembly. The contractual reserve may not be earmarked for a specific purpose. In this case, the Ordinary General Assembly may, upon the proposal of the Board of Directors, decide to spend it for the benefit of the Company and the Shareholders.

3- The balance shall be distributed to the Shareholders, provided that it shall not be less than 5% of the paid-up capital.

4- The Company may distribute dividends to its Shareholders on a quarterly or semi-annual basis in accordance with the rules approved by the competent authority.

The following table shows a summary of the profits distributed by the Company during the financial years ended December 31, 2019G, 2020G and 2021G:

Table (7.1): The Company's Cash Dividends During the Financial Years Ended December 31, 2019G, 2020G and 2021G

SAR	FY 2019G	FY 2020G	FY 2022G
Net income	15,194,419	55,922,992	117,408,237
Dividends declared during the period	79,705,083	-	-
Dividends distributed during the period	79,705,083	-	-

Source: The Company

On 11/10/1443H (corresponding to 05/12/2022G), the General Assembly approved the distribution of dividends to Shareholders from the balance of retained earnings as on December 31, 2021G, at a value of 68.268 million Saudi Riyals, in accordance with the percentage of ownership of each Shareholder in the Company's capital as at the date of the General Assembly.

None of the Subsidiaries distributed any dividends during the financial years ended December 31, 2019G, 2020G and 2021G.

8. Use of Proceeds

The total Offering Proceeds are estimated at approximately one billion, two hundred and twenty two million, eight hundred and forty thousand and eighty Saudi Riyals (SAR 1,222,840,080) , of which an estimated amount of forty-three million four hundred ninety-three thousand four hundred and seventy-five Saudi Riyals (SAR 43,493,475) will be applied to settle all Offering Expenses, including the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Legal Advisor to the Underwriter, Auditor, Receiving Entities, and Market Consultant, as well as marketing, printing and distribution fees and other expenses related to the Offering. The Net Offering Proceeds of approximately one billion one hundred and seventy-nine million three hundred and forty-six thousand six hundred and five Saudi Riyals (SAR 1,179,346,605) will be distributed to the Selling Shareholders pro-rata to the number of Offer Shares that will be sold by them in the Offering. The Company will not receive any part of the Offering Proceeds. Selling Shareholders will bear all the fees, expenses and costs related to the Offering.

9. Capitalization and Indebtedness of the Company

Prior to the Offering, the Current Shareholders owned all of the issued share capital of the Company. Upon the completion of the Offering, Abdulaziz Ibrahim AlJammaz and Brothers Company will own 57.23% of the Company's share capital.

The table below sets out the capitalization of the Company as derived from the financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the nine-month period ended September 30, 2021G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto set out in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (9.1): Capitalization of Indebtedness of the Company for Financial Years Ended 2019G, 2020G and 2021G

(SAR'000)	FY 2019G	FY 2020G	FY 2021G
Total loans	-	4,012	4,830
Shareholders' equity			
Share capital	5,000	5,000	255,000
Statutory reserve	2,500	2,500	14,240
Proposed capital increase	-	-	-0
Capital contribution	151,269	151,269	0
Retained earnings (accumulated losses)	(2,878)	64,323	80,063
Foreign Currency Exchange Reserve	2,722	2,340	(5,643)
Equity attributable to the Company's owners	**158,613**	**225,432**	**340,660**
Non-controlling interests	(3,852)	1,560	(297)
Total equity	**154,761**	**226,992**	**340,364**
Total capitalization (total loans + total Shareholders' equity)	**154,761**	**231,004**	**345,194**
Total loans/total capitalization	**-**	**0.02**	**0.01**

Source: The Company

The Directors declare that:

1- None of the Company's Shares are under option;
2- Neither the Company nor any Subsidiary has any debt instruments as of the date of this Prospectus; and
3- The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of this Prospectus, taking into account any adverse and material change to the Company's business.

10. Expert Statements

All of the Advisors and the Auditor, whose names are listed on pages vi and vii of this Prospectus, have given and, as of the date of this Prospectus, not withdrawn, their written consent to the publication of the names, addresses, logos and statements attributed to each of them in this Prospectus. Neither the Advisors nor their employees who form part of the team serving the Company, or any of their Relatives, have any shareholding or interest of any kind in the Company and its Subsidiaries as of the date of this Prospectus which would impair their independence.

11. Declarations

The Directors declare that:

1- There has been no interruption in the business of the Company or its Subsidiaries that may influence or have a significant impact on its financial situation during the last 12 months;

2- Except as described in Section 6. "**Directors' Declaration for Financial Information**" of this Prospectus, no commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company and the Subsidiaries during the three years immediately preceding the date of application for the registration and offer of the securities subject to this Prospectus with respect to the issuance or Offering of any securities;

3- Except as described in Section 6. "**Directors' Declaration for Financial Information**" of this Prospectus, there has been no material adverse change in the business or financial position of the Company and its Subsidiaries in the three years immediately preceding the date of filing the application for registration and Offering of the securities subject to this Prospectus and the period covered in the Auditor's report to the approval date of this Prospectus;

4- Except as described in Section 5.3 "**Board of Directors,**" Section 5.5.1 "**Members of Executive Management,**" Section 5.11 "**Employee Shares**" and Section 12.6 " **Related Party Agreements and Transactions**", none of the Directors, Executive Management, or the Secretary, or any of their Relatives has a direct or indirect interest in the Shares and debt instruments of the Company and its Subsidiaries or any interest in any other matter, which would impair the business of the Company;

5- As at the date of this Prospectus, the Directors do not conduct any business competing with the Company's business, according to Article Seventy-Two (72) of the Company's Bylaws;

6- Except as disclosed in Section 12.6 "**Related Party Agreements and Transactions**" of this Prospectus, none of the Directors, Executive Management or the Secretary, or any of their Relatives has any interest in any oral or written contract or arrangements in effect or to be concluded in relation to the business of the Company and the Subsidiaries as of the date of this Prospectus;

7- Except as disclosed in Section 5.11 "**Employee Shares**" of this Prospectus, there are no other employee share schemes entitling employees to participate in the Company's share capital, and there are no other similar arrangements in place;

8- The Issuer, severally or jointly with its Subsidiaries, has working capital sufficient for at least twelve (12) months immediately following the date of publication of this Prospectus;

9- There has been no material business interruption that may have a significant effect on the Group's financial position in the last 12 months;

10- The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect the financial position;

11- The financial information contained in this Prospectus is derived from the financial statements of the Company and its Subsidiaries for the financial years ended December 31, 2019G, 2020G and 2021G, and the financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) that are endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;

12- There is no intention to make any material changes in the nature of the Group's activities;

13- All material facts regarding the Group and its financial performance have been disclosed in this Prospectus, and there is no information, documents or other facts, the omission of which would make the statements or data presented in this Prospectus misleading;

14- This Prospectus includes all the information required under the OSCOs, and there are no other facts, the omission of which would affect the application for the registration and offer of securities;

15- The Company is capable of preparing the necessary reports in a timely manner according to the executive regulations issued by SOCPA;

16- None of the capital of the Company and its Subsidiaries is under option;

17- Neither the Company nor the Subsidiaries has any debt instruments as of the date of this Prospectus;

18- The Offering does not violate the applicable laws and regulations of the Kingdom;

19- All necessary approvals for the Company's Offering on the Exchange and for incorporation as a public joint stock company have been obtained;

20- The Offering does not prejudice any of the contracts or agreements to which the Company is a party;

21- All material legal information related to the Company has been disclosed in the Prospectus, and all terms and conditions that could affect the decisions of Subscribers to the Company's Shares;

22- All contracts and agreements that the Company believes to be significant or material or which may affect Investors' decisions to invest in the Offer Shares have been disclosed. There are no other material contracts or agreements that have not been disclosed;

23- As of the date of this Prospectus, there is no breach of the contractual terms and conditions under the financing agreements disclosed in Section 12.5.5 "**Finance Agreements**" of this Prospectus, and the Company is bound by all such terms and conditions;

24- The Company has submitted, or will submit, to the CMA all the documents required under the CML and the OSCOs;

25- All the Company's employees are under its sponsorship or contracted with companies licensed to provide labor services in their regard;

26- The Company has established the appropriate internal control systems, including a written policy to regulate conflicts of interest and address any potential conflicts, which include the misuse of the Company's assets and abuse resulting from related party transactions; The Company has ensured that its operational and financial systems are sound and appropriate control procedures for risk management are in place, as required under Chapter V of the Corporate Governance Regulations; The Directors also review the Company's internal control procedures annually;

27- The legal and beneficial ownership of the Company's shares as of the date of this Prospectus belongs to the persons whose names appear in Section 4.1.1 "**Shareholding Structure Pre- and Post-Offering**" and Section 4.1.3 "**Overview of the Company's Shareholders**" and Section 4.1.4 "**Overview of the Company's Indirect Substantial Shareholders**" of this Prospectus;

28- There is no reason for the Company to believe that third-party information and data included in this Prospectus, including the information obtained or derived from the Market Study report conducted by the Market Consultant, are materially inaccurate;

29- They have developed procedures, controls and systems to enable the Company to meet the requirements of relevant laws, regulations and legislation, including the Companies Law, the CML and its Implementing Regulations, and the OSCOs, as well as the Listing Rules;

30- All increases in the Company's capital were made in a manner that does not conflict with the applicable laws and regulations in the Kingdom;

31- Except as described in Section 12.10 "**Claims and Litigation**" of this Prospectus, the Company and its Subsidiaries are not subject to any legal proceedings or claims that may materially affect, individually or wholly, the business or financial position of the Company and its Subsidiaries;

32- The Directors are not involved in any claims or proceedings that could individually or collectively have a material effect on the business or financial position of the Company and its Subsidiaries;

33- As of the date of this Prospectus, there are no bankruptcy events involving the Directors, Executive Management, or the Secretary; There was no declaration, within the last five years, of any insolvency in any company in which any of the Directors, Executive Management, or the Secretary was appointed in an administrative or supervisory position;

34- All agreements with related parties described in Section 12.6 "**Related Party Agreements and Transactions**", including determination of the financial consideration of the contracts, do not include any preferential terms, and they have been executed in accordance with laws and regulations and on an arm's length basis, as in the case with the third parties;

35- The Company's insurance policies provide insurance cover with sufficient limits for the Company to conduct its business. The Company periodically renews insurance policies and contracts to ensure that there is continuous insurance coverage;

36- Except as disclosed in Section 2.1.36 "**Risks Related to Licenses, Certificates, Permits, and Approvals**" and Section 12.3 "**Material Licenses**" of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities;

37- Except as disclosed in Section 12.7 "**Real Estate**" of this Prospectus, there is no real estate owned by the Company and its Material Subsidiaries as of the date of this Prospectus;

38- There are no mortgages, rights or encumbrances on the Company's properties as of the date of this Prospectus;

39- As of the date of this Prospectus, the Company does not have an research and development policy;

40- Except as disclosed in Section 2 "**Risk Factors**", and to the best of their knowledge and belief, there are no other material risks that may affect investors' decisions to invest in the Offer Shares; All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks and benefits of such investment and Offer Shares in general and the economic and regulatory environment in which the Group operates in particular;

41- Except as disclosed in Section 2 "**Risk Factors**" and Section 6.4 "**Principal Factors Affecting the Group's Performance**" of this Prospectus, they are not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have or may have a material impact (directly or indirectly) on its business;

42- They shall comply with Articles 71 and 72 of the Companies Laws and Articles 44 and 46 of the Corporate Governance Regulations;

43- They will not vote on contracts entered into with related parties in the meetings of the Board and the General Assembly if they have an interest whether directly or indirectly; The Company's Bylaws do not provide for any power that gives a Director or the CEO the right to vote on any contract or proposal in which he/she has an interest;

44- They will not compete with the Company's business, and all Related Parties transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law;

45- The Company's Bylaws do not include any power to give a Director or the CEO the right to vote on remunerations granted thereto;

46- The Company's Bylaws do not include any power that gives a Director or Senior Executives the right to borrow from the Company;

47- The Company's Bylaws do not include any rights for any legal entity regarding its representation on the Board of Directors; and

48- The Board's resolutions and deliberations are recorded in written minutes signed thereby.

12. Legal Information

12.1 Legal Declarations

The Directors declare that:

1- The Offering does not violate the applicable laws and regulations of the Kingdom;
2- The Offering does not prejudice any of the contracts or agreements to which the Company is a party;
3- All the material legal information related to the Company has been disclosed in this Prospectus;
4- Except as described in Section 12.10 "**Claims and Litigation**" of this Prospectus, the Company and its Subsidiaries are not subject to any legal proceedings or claims that may materially affect, individually or wholly, the business or financial position of the Company and its Subsidiaries; and
5- The Directors are not involved in any claims or proceedings that could individually or collectively have a material effect on the business or financial position of the Company and its Subsidiaries.

12.2 The Company

Alamar Foods Company is a Saudi closed joint stock company that was converted under Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) and registered in Riyadh under Commercial Registration number 1010168969 dated 20/06/1422H (corresponding to 09/08/2001G), with its registered address at Prince Sultan bin Abdulaziz Street, AlOlaya, Riyadh, P.O. Box 4748, Riyadh, 11412, Kingdom of Saudi Arabia.

The Company initially operated as a branch of the AlJammaz Establishment under the name Specialized Catering Service Establishment in Riyadh under Commercial Registration No. 1010008800/004 dated 22/10/1405H (corresponding to 07/11/1985G). On 01/07/1419H (corresponding to 10/21/1998G), the Specialized Catering Service Company was converted from a sole proprietorship into a limited liability company under the name "**Specialized Catering Service Company LLC**" with a fully paid capital of sixty-two million Saudi Riyals (SAR 62,000,000), divided into sixty-two thousand (62,000) shares, with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) each. On 20/06/1422H (corresponding to 09/08/2001G), the Specialized Catering Services Company was converted from a limited liability company into a sole proprietorship under the name "**AlJammaz Establishment**" registered in Riyadh under Commercial Registration No. 1010008800. On 11/04/1432H (corresponding to 03/16/2011G), AlJammaz Establishment was converted from a sole proprietorship into a limited liability company under the name "**Alamar Foods**" with a capital of one hundred thousand Saudi Riyals (SAR 100,000), divided into one hundred (100) cash shares of equal value with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and registered in Riyadh under Commercial Registration No. 1010168969. On 16/03/1433H (corresponding to 02/08/2012G), the Company was transformed from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. 97/S dated 16/03/1433H (corresponding to 02/08/2012G) announcing the conversion of the Company into a joint stock company with a fully paid capital of five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased on 02/12/1432H (corresponding to 10/29/2011G) from one hundred thousand Saudi Riyals (SAR 100,000) to five million Saudi Riyals (SAR 5,000,000) paid in full, divided into five thousand (5,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of four million, nine hundred thousand Saudi Riyals (SAR 4,900,000) was covered by capitalizing part of the current account balances of the Shareholders. On 06/11/1442H (corresponding to 06/16/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from five million Saudi Riyals (SAR 5,000,000) to two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) paid in full, divided into twenty-five million, two hundred thousand (25,200,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The capital increase of two hundred and forty-seven million Saudi Riyals (SAR 247,000,000) was covered by capitalizing the amount of ninety-five million, seven hundred and thirty-one thousand, one hundred and forty-one Saudi Riyals (SAR 95,731,141) from the Company's retained earnings and one hundred and fifty-one million, two hundred and sixty-eight thousand, eight hundred and fifty-nine Saudi Riyals (SAR 151,268,859) from the account of the Company's Shareholders. On 29/03/1443H (corresponding to 11/04/2021G), the Company's Extraordinary General Assembly agreed to increase the Company's capital from two hundred and fifty-two million Saudi Riyals (SAR 252,000,000) to two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) paid in full, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with an equal nominal value of ten (10) Saudi Riyals per share. The increase of three million Saudi Riyals (SAR 3,000,000) was covered by capitalizing the amount of three million Saudi Riyals (SAR 3,000,000) from the profit account (for further information on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

12.2.1 Shareholding Structure

The Company's current capital is two hundred and fifty-five million Saudi Riyals (SAR 255,000,000) fully paid, divided into twenty-five million, five hundred thousand (25,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, of which five hundred thousand (500,000) shares are ordinary cash shares and twenty-five million (25,000,000) shares are ordinary in-kind shares. The following table sets out the Company's ownership structure as at the date of this Prospectus.

Table (12.1): The Ownership Structure of the Company as of the Date of this Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*
1	Abdulaziz Ibrahim AlJammaz and Brothers Company	14,566,608	145,666,080	57.124%	14,556,608	145,666.080	57.124%
2	Meadow Holdings Limited (Cayman)	5,974,416	59,744,160	23.429%	-	-	-
3	Meadow Saudi Arabia	4,658,976	46,589.760	18.270%	-	-	-
4	Treasury shares**	300,000	3,000,000	1.176%	300,000	3,000,000	1.176%
5	The Public	-	-	-	10,633,392	106,333,920	41.699%
Total		**25,500,000**	**255,000,000**	**100%**	**25,500,000**	**255,000,000**	**100%**

*The numbers in this table have been rounded to the nearest integer.

On 29/03/1443H (corresponding to 11/04/2021G), the Company's Extraordinary General Assembly approved the issuance of treasury shares to be used as part of the Employees' Share Scheme. It classified the employees participating in the Employees' Share Scheme into two categories as follows: First Category: Employee shares shall be granted as follows: (i) 25% of the employee shares shall vest at Listing, (ii) 35% shall vest upon the first anniversary of Listing, (iii) 40% shall vest upon the second anniversary of Listing. Second Category: 100% of the employee shares shall vest at Listing. It should be noted that for non-Saudi employees who do not reside in the Kingdom, the reward will be distributed to them in cash (i.e. the Company will sell the shares granted to non-Saudi employees who do not reside in the Kingdom on their behalf based on the market price of the share at the date of sale and distribute the reward to the relevant employee in the form of cash from the sale proceeds) (for further information on the Employees' Share Scheme, please refer to Section 5.11 "Employee Shares**" of this Prospectus).

Source: The Company

12.2.2 The Company's Branches, Stores and Warehouses

A- The Company's Branches

The Company has fourteen (14) branches in various regions across the Kingdom through which it manages Domino's stores. A summary of such branches is included below:

Table (12.2): The Company's Branches

#	Location	Activity	Commercial Registration Number	Date of Issue	Expiration Date
1	Dammam	Fast-food stores (including pizza stores)	2050042835	23/03/1424H (corresponding to 05/24/2003G)	20/09/1444H (corresponding to 04/11/2023G)
2	Hail	Fast-food stores (including pizza stores)	3350041132	18/03/1435H (corresponding to 01/19/2014G)	18/03/1444H (corresponding to 10/14/2022G)
3	Sakaka	Fast-food stores (including pizza stores)	3400118843	08/04/1441H (corresponding to 12/05/2019G)	08/04/1444H (corresponding to 11/02/2022G)
4	Tabuk	Fast-food stores (including pizza stores)	3550036067	05/05/1436H (corresponding to 02/24/2015G)	04/05/1444H (corresponding to 11/08/2022G)
5	Jeddah	Fast-food stores (including pizza stores)	4030148608	27/02/1425H (corresponding to 04/17/2004G)	07/09/1444H (corresponding to 03/29/2023G)
6	Rabigh AlQasab	Fast-food stores (including pizza stores)	4602005274	03/05/1436H (corresponding to 02/22/2015G)	03/05/1444H (corresponding to 11/27/2022G)

#	Location	Activity	Commercial Registration Number	Date of Issue	Expiration Date
7	Medina	Fast-food stores (including pizza stores)	4650033248	11/10/1423H (corresponding to 12/15/2002G)	07/09/1444H (corresponding to 04/07/2023G)
8	Yanbu	Fast-food stores (including pizza stores)	4700012892	13/02/1432H (corresponding to 01/17/2011G)	07/09/1444H (corresponding to 03/29/2023G)
9	Al Baha	Fast-food stores (including pizza stores)	5800104935	08/04/1441H (corresponding to 12/05/2019G)	08/04/1444H (corresponding to 11/02/2022G)
10	Abha	Fast-food stores (including pizza stores)	5850234633	10/07/1439H (corresponding to 03/27/2018G)	10/07/1444H (corresponding to 02/01/2023G)
11	Jazan	Fast-food stores (including pizza stores)	5900114936	28/02/1440H (corresponding to 11/06/2018G)	28/02/1444H (corresponding to 09/24/2022G)
12	Unaiza	Fast-food stores (including pizza stores)	1128181408	28/02/1440H (corresponding to 11/06/2018G)	28/02/1444H (corresponding to 09/24/2022G)
13	Buraidah	Fast-food stores (including pizza stores)	1131028034	05/02/1430H (corresponding to 01/31/2009G)	16/09/1444H (corresponding to 07/04/2023G)
14	Al-Ahsa	Fast-food stores (including pizza stores)	2031100544	03/03/1440H (corresponding to 11/11/2018G)	03/03/1444H (corresponding to 09/29/2022G)

Source: The Company

B- Domino's Pizza Stores

As of December 31, 2021G, the Company operates, through its Subsidiaries, two hundred and seventy-five (275) Domino's stores in various regions of the Kingdom, of which twenty-eight (28) are managed by a Sub-Franchisee in Makkah and AlTaif (for further information on the Domino's Stores Development and Operation Agreements in Makkah and AlTaif, please refer to Section 12.5.2(c) "**Domino's Stores Development and Operation Agreements**" of this Prospectus).

C- The Company's Warehouses

The Company has four (4) warehouses in various regions across the Kingdom. A summary of such warehouses is included below:

Table (12.3): The Company's Warehouses

#	Location	Utilization
1	Riyadh	Food preparation and storage
2	Riyadh	Equipment storage
3	Riyadh	Logistics services
4	Riyadh	Logistics services

Source: The Company

12.2.3 Subsidiaries

For the purpose of measuring the materiality of the Company's Subsidiaries, the Company and the Financial Advisor took into account their impact on the decision to invest in the Company's securities and their prices including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities.

A- Material Subsidiaries

The Company has three (3) Material Subsidiaries. The following table shows the details of the Material Subsidiaries as of the date of this Prospectus.

Table (12.4): Material Subsidiaries

#	Name of the Subsidiary	Company Nationality	Commercial Registration Number	Date of Incorporation	Share capital	Direct and indirect ownership of the Company	Other partners (if any)
1	Alamar Foods UAE	UAE	1051049	27/11/1430H (corresponding to 11/15/2009G)	AED 300,000	99%*	1% held by Ibrahim Abdulaziz AlJammaz**
2	Alamar Foods Egypt	Egypt	56466	15/03/1433H (corresponding to 02/07/2012G)	EGP 122,000,000	99.45%*	0.55% held by Abdulrahman Rustoum and Partners Trading Company
3	HEA Trade and Services (Morocco)	Morocco	49875	25/07/1419H (corresponding to 11/15/1998G)	MAD 3,000,000	49%*	50.003% held by El Abbes Hakam 0.46% held by Salwa Hammoud 0.267% held by Nabila Hakam 0.267% held by Majdouline Hakam 0.003% held by Intermob S.A.R.L. 0.003% Ibrahim Abdulaziz AlJammaz 0.003% held by Filippo Luciano Sgattoni 0.003% held by Walid Adly Hassan Muhammad Ibrahim

*Indirect ownership by Alamar DMCC (for further information, please refer to Section 12.2.3(b) "**Other Subsidiaries**" of this Prospectus).

**These shares were registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of the Company, and the Company is the actual owner of the shares.

Source: The Company

B- Other Subsidiaries

The Company has eight (8) other non-Material Subsidiaries. The following table shows the details of the other Subsidiaries as of the date of this Prospectus.

Table (12.5): Other Subsidiaries

#	Name of the Subsidiary	Company Nationality	Commercial Registration Number	Date of Incorporation	Share capital	Company's direct and indirect ownership (%)	Other partners (if any)
1	Kasual Plus	Kingdom	1010179745	09/06/1423H (corresponding to 08/18/2002G)	SAR 2,000,000	45%	45% held by Innovative Foods Company 10% held by Food Investment Company Limited
2	Alamar DMCC	UAE	JLT-2480	05/08/1432H (corresponding to 07/06/2011G)	AED 500,000	100%	_
3	Alamar Foods Qatar	Qatar	56559	14/08/1433H (corresponding to 07/04/2012G)	QAR 200,000	51%(1)	49% held by Links Management Services Company(3)
4	Alamar Foods Jordan	Jordan	21025	11/03/1431H (corresponding to 02/25/2010G)	JOD 1,100,000	75%(2)	20.45% held by Zahrat Al-Yasmeen Restaurant Management Company(4) 4.55% held by Osama Tawfiq Khalil Halasa

#	Name of the Subsidiary	Company Nationality	Commercial Registration Number	Date of Incorporation	Share capital	Company's direct and indirect ownership (%)	Other partners (if any)
5	Alamar Foods Bahrain	Bahrain	79465	18/12/1432H (corresponding to 11/14/2011G)	BHD 20,000	99%(2)	1% Ibrahim Abdulaziz AlJammaz(5)
6	Alamar Foods Lebanon	Lebanon	2005253	28/12/1425H (corresponding to 02/08/2005G)	LBP 6,166,000,000	94.8%(2)	5% held by Marwan Mahmoud Saqr 0.2% held by Ibrahim Abdulaziz AlJammaz(5)
7	Alamar Foods Kuwait(6)	Kuwait	378018	15/11/1438H (corresponding to 08/07/2017G)	KWD 1,000	40%(2)	60% held by Peregrine General Trading and Contracting Company(7)
8	Alamar Foods Oman	Sultanate of Oman	102065	16/05/1428H (corresponding to 06/02/2007G)	OMR 100,000	30%(2)	25% held by Abdulkarim Hassan Suleiman Al Lawati 25% held by Ali Hassan Suleiman Al Lawati 25% held by Manal Muhammad Hassan Suleiman Al Lawati

(1) Indirect ownership through Alamar Foods Bahrain.

(2) Indirect ownership through Alamar DMCC.

(3) These shares were registered in the name of Links Management Services Company on behalf of Alamar Foods Bahrain, which is the actual owner of the shares.

(4) These shares were registered in the name of Zahrat Al-Yasmeen Restaurant Management Company on behalf of Alamar DMCC, which is the actual owner of the shares.

(5) These shares were registered in the name of Ibrahim Abdulaziz AlJammaz on behalf of Alamar DMCC, which is the actual owner of the shares.

(6) There are no operations for Alamar Foods Kuwait.

(7) These shares were registered in the name of Peregrine General Trading and Contracting Company on behalf of Alamar DMCC, which is the actual owner of the shares.

Source: The Company

12.3 Material Licenses

12.3.1 The Company

As of December 31, 2021G, the Company operates two hundred and seventy-five (275) Domino's stores in the Kingdom (of which twenty-eight (28) stores are operated by a Sub-Franchisee in Makkah and AlTaif). The Company has obtained all the necessary licenses to conduct its business, namely the licenses issued by the Ministry of Municipal and Rural Affairs and Housing for each of the Domino's stores managed by the Company in the Kingdom, as well as the license issued by the SFDA regarding the Company's warehouse in Riyadh, which is used to prepare and store food. The following table shows a summary of the details of the license issued by the SFDA:

Table (12.6): Material Licenses of the Company

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
1	Food facility license	SFDA	A license to establish a warehouse to operate in the food business to store dry foods, cold foods, and frozen foods.	SWL - 2021 FO - 0017	14/06/1442H (corresponding to 01/27/2021G)	03/07/1444H (corresponding to 01/25/2023G)

Source: The Company

It should be noted that the Company has three (3) other warehouses. The SFDA issued food facility licenses to the lessees of two warehouses leased by the Company. The third warehouse does not require any licenses from the FDA, as the Company does not use it for food activities.

The Company currently has Service Foreign Investment License No. 1020321213321 dated 25/12/1432H (corresponding to 11/21/2011G) issued by the Ministry of Investment (formerly, the General Investment Authority), which is to expire on 23/01/1444H (corresponding to 08/21/2022G). As all the shares of the Selling Shareholders, who are Shareholders owned by foreign investors, will be sold entirely during the Offering process, the Company's Foreign Investment License will be canceled after the completion of the Offering process.

In addition to the material licenses, the Company obtained several certificates regarding food quality and safety. The following table shows the details of these certificates.

Table (12.7): Food Quality and Safety Certificates of the Company

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
1	HACCP	Saudi Cotecna Company Ltd.	Production and cold and dry storage of food products and packaging materials, product transportation and distribution in Domino's Pizza stores.	H/103/2110/SAU	25/03/1443H (corresponding to 10/31/2021G)	27/04/1446H (corresponding to 10/30/2024G)

Source: The Company

12.3.2 Material Subsidiaries

As of December 31, 2021G, the Material Subsidiaries operate forty-seven (47) Domino's stores in the UAE, twenty four (24) Domino's stores in Egypt and twenty (20) Domino's stores in Morocco. Alamar Foods Egypt operates thirty-seven (37) Dunkin' stores in Egypt. HEA Trade and Services (Morocco) operates two Dunkin' stores in Morocco. In addition, Alamar Foods Egypt operates two factories in Egypt. Alamar Foods UAE obtained municipal commercial licenses for all Domino's stores in the UAE. In addition, Alamar Foods Egypt obtained the operating licenses for all Domino's and Dunkin' stores in Egypt, noting that seven (7) operating licenses for Domino's stores and nine (9) operating licenses for Dunkin' stores in Egypt have expired in the ordinary course of business. Alamar Foods Egypt is still in the process of renewing such licenses as of the date of this Prospectus. HEA Trade and Services (Morocco) also obtained the operating licenses for all Domino's and Dunkin' stores in Morocco, except for the operating licenses for one Domino's store and two Dunkin' stores in Morocco. HEA Trade and Services (Morocco) is still in the process of obtaining the same as of the date of this Prospectus.

Moreover, Alamar Foods Egypt obtained the following material licenses:

Table (12.8): Material Licenses of Material Subsidiaries

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
1	Operating License for the October 6 Factory	Industrial Development Authority (Egypt)	To carry out the activities of decaffeinating coffee, roasting, mixing and packing coffee, making canned baked goods and making canned and frozen pasta products	112018060600010	22/09/1439H (corresponding to 06/06/2018G)	N/A
2	Industrial Register Certificate for the October 6 Factory	Industrial Development Authority (Egypt)	Industrial Register Certificate	25966/1997	10/06/1441H (corresponding to 02/04/2020G)	08/02/1444H (corresponding to 9/4/2022G)
3	Alexandria Factory Operating License	Industrial Development Authority (Egypt)	To carry out the activities of making frozen and canned pasta.	121032202012351	15/08/1442H (corresponding to 03/28/2021G)	N/A
4	Compliance Certificate	Municipality of Ain Atiq (Morocco)	For the compliance of Domino's Pizza Production and Logistics Center in Ain Atiq with the plans	10/2010 SGSU	24/08/1420H (corresponding to 11/05/2010G)	N/A
5	Hygiene Certificate	National Office of Sanitary Safety of Food Products (Morocco)	Food storage	ES. 3. 22. 14	12/02/1436H (corresponding to 12/04/2014G)	N/A
6	Hygiene Certificate	National Office of Sanitary Safety of Food Products (Morocco)	Food storage	ES. 3. 20. 15	06/10/1436H (corresponding to 07/22/2015G)	N/A

Source: The Company

12.4 Summary of the Company's Bylaws

12.4.1 The Company's Objectives, Duration and Head Office

A- Objectives of the Company

The objectives for which the Company has been established shall be:

1- Restaurants with service;
2- Fast-food activities, including pizza stores.

B- Term of the Company

The term of the Company shall be (99) calendar years commencing on the date on which the Minister of Commerce and Investment approved the announcement of the conversion of the Company. Such term may be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiry of the term.

C- The Head Office of the Company

The head office of the Company is located in Riyadh, Kingdom of Saudi Arabia and the Board of Directors may open branches, offices or agencies of the Company inside or outside of the Kingdom of Saudi Arabia. The head office of the Company may not be transferred to another city without a resolution by the Extraordinary General Assembly upon a proposal by the Board of Directors and the consent of the official competent authorities.

D- Shareholding and Ownership Interests in Companies

The Company may establish companies alone limited liability companies or closed joint stock companies with share capital not less than 5 million riyal).

Moreover, the Company may hold shares, stocks, or interests in any way whatsoever in other companies, or may merge therewith or purchase thereof, and with other Shareholders establish limited liability companies or joint stock companies after obtaining the requisite approvals from the competent authorities and provided that the Ordinary General Assembly is notified of such shareholdings at its first meeting.

12.4.2 The Company's Administrative and Oversight Affairs and its Supervisory Committees

A- The Board of Directors

The Board of Directors shall consist of seven (7) directors to be appointed by the Ordinary General Assembly for no more than three (3) years.

B- Expiry of a Director's Membership

The membership of a director shall expire upon the expiry of the term defined in Article 19 of these bylaws, his or her resignation or death, conviction for a crime of breach of trust, if he or she is declared to be insolvent or becomes unsuitable to the position in accordance with any law or regulations applicable in Saudi Arabia. The Ordinary General Assembly may, based on a recommendation by the Board of Directors, end the membership of a director upon three (3) consecutive unexcused absences from the Board of Directors' meetings. The General Assembly may also remove one or all directors at any time without prejudice to the right of the director to claim damages if the removal was for unacceptable reason or at an inappropriate time. On the other hand, a director may resign provided that such resignation is at an appropriate time; otherwise, he or she shall be accountable before the Company for any damages resulting from such resignation.

C- The Vacant Seat of the Board of Directors

If the seat of any director becomes vacant, the Board of Directors may appoint temporarily another director to fill the vacancy provided that the competent authority is notified within five (5) days from the date of such appointment and such appointment shall be presented to the Ordinary General Assembly at its first meeting following such temporary appointment. The new director shall complete the term of his or her predecessor. However if the number of directors is less than the number required for a quorum, the Ordinary General Assembly shall be called within sixty (60) days to meet to appoint the required number of directors.

D- The Powers of the Board of Directors

Subject to the powers reserved for the Ordinary General Assembly, the Board shall have the widest authority in managing the affairs and business of the Company within and outside the Kingdom of Saudi Arabia, including, but not limited to, the authority:

- a- to receive, pay, acknowledge, demand, defend, plead, and discharge on behalf of the Company; to accept and/ or appeal against judgments and to ask for the enforcement of judgments and to receive payments resulting from the enforcement of judgments.
- b- to enter into bids and sign on behalf of the Company on all types of contracts, agreements and documents, including but without limitation, articles of association in which the Company is a Shareholder and resolutions to amend such articles including resolutions to increase or decrease the capital and resolutions to amend the management and to change the legal form of such companies as well as to execute resolutions to amend agreements, articles of association and deeds before the notary and official institutions.
- c- to execute loan agreements, and assignment of the Company's priority rights in repayment of the Company's debts and to guarantee the obligations of third parties and to grant all types of securities, indemnities and to execute powers of attorney on behalf of the Company.
- d- to sell, purchase, receive, deliver, lease and let.
- e- to open and manage bank accounts, open letters of credit and to receive, pay, withdraw and deposit money, and issue bank guarantees and execute all papers, documents, instruments, cheques and all bank transactions.
- f- to appoint and dismiss workmen and employees and recruit labor from outside the Kingdom of Saudi Arabia, to contract with employees and determine their duties and remuneration.
- g- to approve the Company's business plan and sanction operational plans and annual balance sheet.
- h- to sell or pledge the Company's real estate properties and assets.
- i- to discharge the Company's debtors from their obligations, provided that such right is to be exercised only by the Board of Directors and shall not be delegated to any other person.
- j- to enter into loan agreements and credit facilities with government funds and finance institutions regardless of the duration thereof.
- k- to appoint and dismiss employees and determine their remuneration, request work visas for recruitments from outside the KSA, to apply for issue of residence cards and to transfer and assign sponsorship of employees.
- l- to conduct investment activities including investing in various investment vehicles, opening investment accounts in financial companies, investing in securities and investment funds, purchasing and selling shares, and participating in subscriptions, in addition to utilizing the Company's cash surplus in furtherance of its investment activities.

The Board of Directors, within its authority, may authorize one or more of its members or a third party to exercise any of the Board's authorities.

E- The Chairman of the Board, Managing Director and Secretary

The Board shall appoint a Chairman and a Vice Chairman from among the members of the Board. The Chairman is prohibited from holding any executive position in the Company and shall not have a second or casting vote.

The Board may appoint a managing director from amongst its members.

The Chairman shall have the right to call for the meetings of the Board and chair the meetings of the Board and the General Assembly of Shareholders and to represent the Company in its relations with third parties and before the judiciary the government entities, the notaries, the courts, the Committee for the Resolution of Securities Disputes, all tribunals for settlement of disputes, arbitration tribunals, civil rights bodies, the police, the chambers of commerce and industry and before private bodies, companies and establishments in any form as well as to issue powers of attorney, appoint attorneys and dismiss them, litigate, defend, settle, affirm, arbitrate, accept and contest rulings on behalf of the Company without prejudice to the matter which require the prior written approval of the Board.

The Chairman of the Board shall have the powers, without limitation, with respect to the following matters:

- a- to represent the Company in its relations with third parties, government and private entities;
- b- to represent the Company before Shariah courts, the Board of Grievances, judicial committees, the Committee for the Settlement of Labor Disputes, the Committee for the Settlement of the Dispute of Negotiable Instruments, the Committee for the Resolution of Securities Disputes, other judicial committees, arbitration and civil rights bodies, the police, chambers of commerce and industry, before companies and private and public corporations, finance houses, all government finance funds and institutions and all financial institutions;

c- to execute all kinds of agreements, documents and instruments including, without limitation, the articles of association of a company, in which the Company is a Shareholder, together with any amendments and schedules, including amendments in respect of increasing or decreasing the share capital, management provisions and changing the legal form, and execute agreements, deeds, and conveyance deeds before notaries and compete authorities; and execute loan agreements with Government finance institutions and funds, banks, financial houses; to execute guarantees and securities and mortgages and redemption thereof and receive the Company's entitlements and payment of its obligations (after obtaining the Board's written consent);

d- to sell, purchase, convey by deeds, receive, deliver, to lease and let, receive, pay and to bid (after obtaining the Board's written consent);

e- to open bank accounts and letters of credit, deposit with banks, issue bonds and cheques and all commercial papers (in accordance with the Board's instructions);

The Board of Directors, by a resolution and at its own discretion, shall determine the remuneration of the Chairman, vice-Chairman and the Managing Director and shall determine the powers of the Managing Director if one is appointed.

The Board shall appoint a Secretary of the Board and shall define the Secretary's authority, responsibilities, and remuneration by resolution of the Board of Directors.

The terms of the Chairman, the vice- Chairman, the Managing Directors and the Secretary, if he/she is a member to the Board of Directors, shall not exceed the directorship term. They may be reappointed to serve in the same capacity.

After obtaining the Board of Director's written consent, the Chairman of the Board of Directors may authorize and delegate, within his jurisdiction, a third party to perform certain acts, and such authorization or delegation may be revoked in part or in whole.

In addition, the Chairman of the Board of Directors may have any other powers to be determined by the Board of Directors, and shall execute the instructions given by the Board of Directors.

F- Board of Directors Remuneration

Board of Directors remuneration should be in accordance to the limits stipulated under the Companies Law and in accordance with applicable regulations, and the board of directors' report should include all remunerations paid to the board during the fiscal year.

G- Meetings of the Board of Directors

The Board of Directors shall meet at least quarterly (4 times a year) by an invitation of its Chairman. Such invitation must be in writing and may be delivered by hand, mail, fax or email. However, the Chairman must also call the Board for a meeting upon a request by any member provided that such request is based on at least five (5) business days' notice.

The meeting of the Board may be convened by phone or any other electronic means that allows any member in attendance to be heard by all other members in attendance.

The Chairman may deem (for the purposes of determining quorum) that any member participating by phone or any other electronic means is in attendance for the duration of the meeting, unless the Chairman is notified otherwise.

H- Quorum of Meetings and Board Resolutions

The meeting of the Board shall not be valid unless attended by at least the majority of members. If a Director elects to delegate another member to attend the meetings of the Board the delegation shall be in accordance with the following provisions:

1- A Director may not be act as proxy for more than one member in such meeting.
2- The delegation shall be determined by a written notice and shall be for a specific meeting.
3- A Director may not vote on resolutions which the proxy is not allowed to vote on.

In case the quorum is not attained for a duly called meeting, such meeting must be adjourned to the same day and time falling seven (7) days following such inquorate meeting (or such other date and time as may be agreed between the Directors and the Chairman) and such meeting shall be deemed valid if attended by the majority of members.

Resolutions of the Board of Directors shall be adopted by the approval of a majority of the Directors (whether in principal or by proxy).

The Board of Directors shall be entitled to adopt resolutions, on urgent matters, by circulation through presenting the same to Directors individually unless a Director submits a written request to hold a meeting to discuss such resolutions at a physical meeting of the Board. Resolutions by circulation are to be presented to the Board in the next meeting following the passing of such resolutions.

I- Minutes of Meetings

The discussions and resolutions of the Board shall be recorded in minutes to be presented to all the Directors and signed by the Chairman and the Secretary after the approval of the same by the Board and the execution of all the members in attendance of a copy of the minutes. Such minutes shall be kept in a special register to be signed by the Chairman, the attending Directors, and the Secretary; and the attendance of the Directors shall be confirmed by a statement to be signed by the attendees.

J- Formation of the Audit Committee

Upon a resolution of the Ordinary General Assembly, an Audit Committee of Shareholders or third parties, who are not both executives and members of the Board of Directors, shall be formed. The Audit Committee shall consist of no less than three (3) members and no more than five (5) members.

Audit Committee shall have the authority to oversee the Company's business and for that purpose may review records and documents and request explanations or clarifications from the Board of Directors or the executive management. The Audit Committee may also request the Board of Directors to call the General Assembly to convene in the event that the Board of Directors causes the Audit Committee to encounter difficulties while performing its function or in the event that the Company encounters gross damages or losses.

K- Audit Committee Meeting Quorum

The Audit Committee meeting shall not be valid unless attended by the majority of its members. The resolutions of the Audit Committee shall be valid if approved by the majority of the attending members. The Chairman of the Committee shall have a casting vote.

L- Responsibilities of the Audit Committee

The Audit Committee shall be responsible for reviewing the financial statements, reports, and notes provided by the auditor and provide its opinion. It shall also prepare a report on the efficiency of the internal audit system and the work performed within its powers. The Board of Directors shall deposit sufficient copies of the report in the head office of the Company at least ten (10) days prior to the General Assembly meeting and such report shall be recited during the General Assembly.

M- Appointment of an Auditor

The Company shall have one (1) or more auditors from among those licensed to conduct auditing business in the Kingdom of Saudi Arabia. An auditor shall be appointed annually by the General Assembly, which shall determine the auditor's remuneration and may re appoint him/her in accordance with the rules set out by the competent authority in this regard provided that the appointment period shall not exceed five (5) consecutive years. The auditor reaches the five-year limit may be reappointed two (2) years after the date of the end of service.

N- Access to Records

The auditor shall be entitled, at all times, to:

- review the Company's books and records and other documents;
- request any data and clarifications it deems necessary; and
- inspect the Company's assets and liabilities.

The Chairman shall enable the auditor to fulfill his/her obligations. In case the auditor encounters difficulties in this regard, the auditor shall note that in a report to be submitted to the Board of Directors. If the Board of Directors does not facilitate the auditor's work, the auditor shall request the Board of Directors to call for an Ordinary General Assembly to look into the matter.

O- Fiscal Year

The Fiscal Year of the Company shall start as of the first of January of each year and end on 31 December of each year, provided that the first fiscal year shall start after the conversion and shall end on 31 December of the next year.

P- Company's Balance Sheet

1- At the end of each fiscal year the Board of Directors shall prepare the financial statements of the Company and a report on the Company's activity and its financial position for the last year and suggest a manner to distribute the net profits. The Board of Directors shall submit these documents to the auditor at least forty-five (45) days prior to the date of the General Assembly meeting.
2- The Chairman (or his deputy), the executive manager, and the financial manager shall sign the said documents and the same shall be deposited with the head office of the Company in order to be submitted to the Shareholders at least twenty-one (21) days prior to the General Assembly meeting.
3- The Chairman of the Board of Directors shall be responsible for providing the Shareholders with the financial statements, the Board of Directors report, the auditor's report or to publish such documents in a daily newspaper to be distributed in the Company's head office and shall provide the competent authority with a copy at least fifteen (15) days prior to the General Assembly meeting.
4- The Board of Directors shall, within thirty (30) days from the General Assembly's approval of the financial statements, the Board of Directors report, the auditor's report, and the Audit Committee's report, deposit copies of such documents with the competent authority.

Q- Approvals Necessary to Amend the Voting Rights

The Company's Bylaws shall be amended to the effect that the rights and voting mechanism at the General Assemblies of the Company are modified. In accordance with Article 30 of the Company's Bylaws, the Extraordinary General Assembly shall be competent to amend the Bylaws. The Extraordinary General Assembly shall be valid only if Shareholders representing at least 50% of the share capital are in attendance. If this percentage is not present in the first meeting, the second meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least a quarter of the share capital. If the required quorum has not been provided in the second meeting, there shall be an invitation for a third meeting in accordance with Article 31 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein upon the approval of the competent authority. Resolutions of the Extraordinary General Assembly on amendments to the Company's Bylaws shall be adopted by a majority vote of two-thirds of the shares represented at the meeting.

12.4.3 Rights and Restrictions Related to Securities

A- The Share Capital of the Company

The share capital of the Company shall be two hundred and fifty-five million (255,000,000) Saudi Riyals divided into twenty-five million five hundred thousand (25,500,000) ordinary shares of a nominal value of ten (10) Saudi Riyals each, of which five-hundred thousand (500,000) shares are ordinary cash shares and twenty-five million (25,000,000) shares are ordinary in-kind shares.

B- Subscription to Shares

The Shareholders of the Company have subscribed to all of the shares of the Company amounting to twenty-five million five hundred thousand (25,500,000) fully paid-up shares with a total value of two hundred and fifty-five million (255,000,000) Saudi Riyals. The entire share capital of the Company of two-hundred and fifty-two million (252,000,000) Saudi Riyals has been paid up prior to the capital increase, and the increase of the Company's capital of three-million (3,000,000) Saudi Riyals has been paid up by converting three-million (3,000,000) Saudi Riyals from the Company's retained earnings account, in accordance with the auditor certificate issued on 20/02/1443H (corresponding to 09/27/2021G).

C- Non-Payment of the Value of the Increase Shares

A Shareholder shall pay the value of the Share on the time scheduled. In the event that a Shareholder fails to pay the value of the Share on time, the Board of Directors may, upon notifying such Shareholder through a registered letter to be sent to its address set out in the Shareholder's register, sell such share in a public auction in accordance with the rules set out by the relevant authority. However, any Shareholder may, until the auction date, pay the amount due in relation to such share together with any expenses incurred by the Company. The Company shall receive the amounts due from the sale proceeds and return any remaining balance to such Shareholder. If such sale proceeds are insufficient to pay the amount due, the Company may collect the remaining balance from said Shareholder's funds and the Company shall cancel the sold share and issue a new share with the same serial number of the canceled share and mark the same in the Shareholder's register.

D- Shareholders' Register

Shares of the Company shall be negotiable only after being recorded in a Shareholder's register comprising the Shareholder's name, nationality, profession, residence and occupation address, share numbers and amount paid. This information shall be entered for each share.

A transfer of a share's ownership shall not be considered valid as against the Company or others until the date of registration of such transfer in the Company's Shareholder register or after completion of the transfer procedures through the automatic system of share transfers.

Subscription to and ownership of shares shall constitute acceptance by the Shareholder of the Company's Bylaws and the resolutions issued by the General Assemblies pursuant to the provisions of these Bylaws, whether such Shareholder was present or absent at such meetings, and whether such Shareholder approves or disapproves such resolutions.

E- Trading of Shares

Shares shall be negotiable after the issuance of their certificates in accordance with the Companies Law except for those shares owned by the founding Shareholders at the time of conversion which may not be traded before publication of the financial statements for two (2) complete fiscal years, each of which shall not be less than twelve (12) months from the date of the ministerial resolution approving the conversion of the Company.

These provisions shall apply to shares subscribed to by the founders in the event the capital is increased before the lapse of the prohibition period.

Nevertheless, during the lock in period, shares may be transferred from one founding Shareholder to another or from one of the heirs of the founding Shareholder to third parties in the event of death, or in case of the imposition of enforcement measures upon bankruptcy, or insolvency provided that pre-emptive rights are granted to other founding Shareholders.

F- Distribution of Dividends

Upon deducting all general expenses and other costs, the annual net profits of the Company shall be distributed as follows:

1- 10% of the net profits shall be deducted to form the legal reserve and the Ordinary General Assembly may cease such deduction once the legal reserve reaches thirty percent (30 %) of the share capital.
2- The Ordinary General Assembly may, at the recommendation of the Board of Directors, set aside a specific percentage of the net profits to build up a consensual reserve allocated for a specific purpose or purposes, such reserve shall not be utilized unless pursuant to a resolution by the Extraordinary General Assembly. The consensual reserve may be for an unspecified purpose and, in this case, the Ordinary General Assembly may, based on the Board of Directors recommendation, resolve to dispose it in the way it sees fit for the Company's and the Shareholders' interest.
3- After deducting the foregoing, the remaining profits shall be distributed to the Shareholders provided that such amount is equivalent to at least five percent (5%) of the share capital.
4- The Company may distribute interim dividends to its Shareholders on a bi-annual or quarterly basis in accordance with the guidelines set out by the relevant authority.

G- Dividend Payment

The profits allocated to be distributed to the Shareholders shall be paid in accordance with the General Assembly resolution in this regard. Such resolution shall determine the date on which payment becomes effective and the date on which the profits will be distributed. The profits shall be payable to the Shareholders registered in the Shareholders register by the end of the day in which the payment becomes effective, and payment shall be in such place and on such date as determined by the Board of Directors in accordance with the instructions of the competent authority.

H- Non-Distributions of Dividend

In the event that no profits are distributed in any fiscal year, no profits may be distributed in the following years save for the payment of the proportions set out in Article (18) of these Bylaws to the holders of preferential shares. However, if the Company fails to pay such proportions from profits for three successive years, the General Assembly of such Shareholders that may be held in accordance with the provisions of Article (89) of the Companies Law and may decide to authorize such Shareholders to attend the General Assembly meetings of the Company to participate in voting therein or to appoint representatives to the Board of Directors in proportion with the value of their shares in the share capital of the Company until the Company is able to pay the total profits allocated for such Shareholders from the previous years.

I- Liability Claim

Each Shareholder shall have the right to bring a claim regarding the liability imposed by the Company on the directors if the error of such directors causes damage to such Shareholder provided that the right of filing such suit by the Company still exists. Such Shareholder shall notify the Company of its intention to file such suit.

12.4.4 Amendment of Share Rights or Classes

A- Preferential Shares

The Extraordinary General Assembly may, according to Islamic Shariah, subject to the conditions of the relevant authority, issue preferred shares, purchase preferred shares, convert ordinary shares into preferred shares, or vice versa. The preferred shares shall not give their holders the right to vote in general assemblies. These shares entitle their holders to a percentage, higher than that of holders of ordinary shares, in the net profits of the Company after deducting the statutory reserve.

B- Issuance of Shares

All shares of the Company shall be negotiable, of nominal value, and shall not be issued at less than the nominal value. Shares may be issued at above nominal value, and the amount in excess of the nominal value shall be put under a separate category under the Shareholders' rights and may not be distributed to Shareholders as profits. The Company's shares are indivisible. If a share is jointly owned by several persons, such persons must nominate one (1) of them to exercise the rights attached to such share jointly on their behalf but they shall be jointly liable for the obligations arising from the ownership of such jointly owned share.

C- Purchase, Sale and Pledge of the Company's Shares

The Company may purchase and pledge its shares in accordance with the rules and regulations set by the competent authorities, and shares purchased by the Company shall not carry voting rights in Shareholders' meetings.

The Company may repurchase its shares for the purpose of allotting such shares to its employees within an employee share option plan in accordance with the regulations set by the competent authorities. The Company may also sell the treasury shares in one phase or in multiple phases in accordance with the regulations set by the relevant authorities.

D- Increasing the Share Capital

1- The Company may, pursuant to a resolution of the Extraordinary General Assembly and after verifying the economic feasibility of the capital increase, elect to increase its share capital at any time by one of the methods prescribed in Article (138) of Companies Law provided that (i) the original share capital has been be paid in full and (ii) the capital increase complies with all relevant provisions of the Companies Law. However, the share capital need not be paid in full if the unpaid amount is for shares that are issued in consideration for converting debt instruments or finance bonds (Sukuk) into shares before the end of the conversion period.

2- The Capital Increase Resolution shall set out the method of increasing the share capital. The original Shareholders shall have a right of pre-emption with respect to the new shares in proportion to the number of shares the Shareholder holds in the Company. Such Shareholders shall be notified of their right of pre-emption by way of notice of the Capital Increase Resolution published in a daily newspaper or circulated by registered mail setting out the conditions of subscription. Each Shareholder shall have the right to express its intention to apply its right of pre-emption from the time of the Extraordinary General Assembly's resolution to increase the capital until the last day of the subscription to the new shares associated with those rights in accordance with the rules set out by the relevant authorities.

3- The Extraordinary General Assembly may stop granting the rights of pre-emption upon subscribing to new shares issued as a result of capital increase in consideration for cash shares or by granting rights of pre-emption to others as it may see fit for the Company's interest.

4- Such new shares shall be distributed to the holders of pre-emptive rights who requested to subscribe to new shares in proportion to their pre-emptive rights held by them out of the total pre-emptive rights resulting from the capital increase provided that the number of the shares granted to such Shareholders shall not exceed the number of shares requested thereby and the remaining new shares shall be distributed to the holders of the pre-emptive rights who requested more than their proportion of the pre-emptive rights held by them out of the total pre-emptive rights resulting from the capital increase provided that the number of the shares subscribed by such Shareholders shall not exceed the number of the new shares requested thereby. Any remaining new shares shall be offered for subscription by third parties unless the Extraordinary General Assembly resolves otherwise.

E- Decreasing the Share Capital

The Company may, pursuant to a resolution of the Extraordinary General Meeting and based on acceptable grounds, elect to reduce its share capital if it exceeds the Company's operating requirements or if the Company has experienced losses. The Capital Reduction Resolution shall only be issued following the publication and consideration by the Company of the auditor's report stating the grounds for such capital reduction, the liabilities of the Company and the effect of the capital reduction on such liabilities taking into consideration the Companies Law. The Capital Reduction Resolution shall set out the method for reducing the share capital. However, if the capital reduction is being affected because the Company's share capital exceeds the Company's operating requirements, the creditors of the Company shall have a right to object to such resolution within sixty (60) days from the date of the publication of the Capital Reduction Resolution in a daily newspaper, that shall be distributed in the city where the head office of the Company is located. In the event that a creditor objects to the capital reduction and presents the relevant documents to the Company within the scheduled timeframe, the Company shall settle the debt of such creditor if it is currently due or shall provide such creditor with a sufficient guarantee if such debt is due in the future.

12.4.5 General Assemblies

A- Attendance of General Assembly Meetings

The Shareholders shall be represented by, as applicable, a validly constituted Ordinary, and Extraordinary General Assembly. Each meeting shall be convened in the city in which the head office of the Company is located. Each Shareholder shall be entitled to attend the General Assembly meeting as a principle or representative. The Shareholder shall be entitled to authorize another person who is not a Director or an employee of the Company to attend the General Assembly meeting on his or her behalf.

B- Competencies of the Ordinary General Assembly

Except for the matters considered by the Extraordinary General Assembly, the Ordinary General Assembly shall consider all matters related to the Company and shall be convened at least one time per year within the first six months following the end of the Company's fiscal year. Other Ordinary General Assemblies may be called as and when necessary.

C- Competencies of the Extraordinary General Assembly

The Extraordinary General Assembly shall be entitled to amend the Company's Bylaws except the provisions not allowed to be amended by law. In addition it may adopt resolutions concerning the matters that are normally discussed by the Ordinary General Assembly in accordance with the same conditions and circumstances of the previous General Assembly.

D- Procedure for Calling General Assemblies

The General Assembly of the Shareholders shall be convened when called for by the Board of Directors, and the Board may call for an Ordinary General Assembly if requested by the auditor, the Audit Committee, or Shareholders representing at least five percent (5%) of the share capital. The auditor may call for the General Assembly to convene if the Board of Directors has not called for the General Assembly to convene within thirty (30) days from the date of the auditor's request. The competent authority may also issue a resolution to call for the General Assembly, and any number of Shareholders representing two percent (%2) of the share capital may request the competent authority to call for the General Assembly to convene in situations determined in Article 90 of the Companies Law.

The invitation to hold the General Assembly shall be published in a daily newspaper to be distributed in the city in which the head office of the Company is located at least twenty-one (21) days prior to the date determined for the General Assembly meeting and it shall set out the agenda of the meeting. Alternatively, circulation of the notice of the meeting by registered mail to all Shareholders will suffice. A copy of the invitation and the agenda shall be sent to the competent authority within the period determined for publication. Record of Attendance at Assemblies

Before convening the Assembly, the Shareholders who intend to attend the General or Special Assembly shall register their names in the head office of the Company or at the place where Assembly is being held. Upon convening the General or Special Assembly, a statement of the attending Shareholders and representatives, their place of residence, the number of shares held by them as principals or proxies and the number of votes allotted for each of them shall be drafted and entitled persons may view such statement.

E- Quorum of the Ordinary General Assembly

The Ordinary General Assembly shall not be valid unless attended by Shareholders holding at least half (1/2) of the share capital. If the quorum is not present, a second meeting shall be called and held within thirty (30) days of the previous meeting. The invitation must be published using the same method provided in Article 33 of these Bylaws. The second meeting shall be deemed valid irrespective of the number of shares represented thereat.

F- Quorum of the Extraordinary General Assembly

The Extraordinary General Assembly shall not be valid unless attended by Shareholders holding at least half (1/2) of the share capital. If the quorum is not present in the first meeting a second meeting shall be called and held in accordance with the same conditions provided in the above Article (35). The second meeting shall be valid if attended by Shareholders holding at least one quarter (1/4) of the share capital. If the quorum is not met in the second meeting, a third meeting shall be called. The third meeting shall be deemed valid irrespective of the number of shares represented thereat.

G- The Power to Vote

Each subscriber shall have a vote for each share represented by it in the General Assembly. Votes at the Ordinary and Extraordinary General Assemblies shall be counted on the basis of one vote for each share represented in the meeting; however, members of the Board of Directors may not participate in the voting on resolutions concerned with indemnifying them for the period served or resolutions concerned with their direct or indirect interest.

H- The Resolutions of the General Assembly

The resolutions of the Ordinary General Assembly shall be adopted by the approval of the majority (%50) of the shares represented in the Meeting.

The resolutions of the Extraordinary General Assembly shall be adopted by the approval of two thirds (2/3) of the shares represented in the meeting, however if the resolution is connected to an increase in or reduction of the Company's share capital, making the Company's term longer, dissolving the Company prior to the end of the term set out in its Bylaws or merging the Company with any other company or corporation, then the resolution shall require the approval of three quarters (3/4) of the shares represented in the meeting.

I- Deliberations in Assemblies

Each Shareholder shall be entitled to discuss the matters set out in the agenda of the General Assembly meetings and may ask the Directors and the auditor any questions concerning the agenda. The Board of Directors or the auditor shall answer the questions of the Shareholders to the extent that answering does not harm the interests of the Company. If the Shareholder is not convinced by the answer then it may refer the matter to the general meeting whose decision shall be final and binding.

J- The Presidency of Assemblies and Preparation of Minutes

The General Assembly shall be chaired by the Chairman, Vice Chairman or any representative authorized by the Board of Directors in case of their absence. The Chairman shall appoint a secretary for the meeting and a vote collector. Minutes for the Meeting setting out the names of the attending Shareholders or representatives, the number of shares held by them as principal or as proxy, the number of votes allotted to them, the decisions taken and the decisions adopted or rejected by each and an overall summary of the issues discussed in the Meeting shall be drafted. The minutes shall be registered regularly after each meeting in a special record to be signed by the Chairman of the meeting, its secretary and the vote collector.

12.4.6 Liquidation and Dissolution of the Company

A- Company Losses

If the losses of the Company amount to half (1/2) the share capital at any time during the fiscal year, any of the Company's officers or the auditor shall report to the Chairman of the Board of Directors immediately upon coming to its knowledge, and the Chairman shall immediately report to the Board of Directors who shall, within fifteen (15) days upon coming to its knowledge, call for an Extraordinary General Assembly to convene within forty five (45) days from the date on which it came to its knowledge that such losses were incurred to decide whether to increase or decrease the capital in accordance with these bylaws and the Companies Law up to the limit that reduces the percentage of losses to less than half the paid in capital or decide to liquidate the Company prior to the expiry of the Company's term as set out in Article (6).

The Company shall be deemed legally expired if the Extraordinary General Assembly does not convene within the period prescribed above, or if it convenes but fails to reach a decision in this respect, or if it resolves to increase the capital in accordance with this Article and the full capital increase was subscribed to completely within ninety (90) from the date of the General Assembly's resolution.

B- Dissolution and Liquidation

The Company shall be under liquidation upon the expiry of its term and shall continue to keep its juristic personality to the extent necessary to dissolve it. The resolution of voluntary liquidation shall be passed by the Extraordinary General Assembly and it shall determine the liquidation method of the Company, appoint one or more liquidators, determine their compensations, powers and the limitations imposed on such powers and determine the period of liquidation provided that it does not exceed five (5) years. Such period may not be extended unless pursuant to a judicial order. The Board of Directors shall be divested of its powers upon the dissolution of the Company. However, the Board of Directors shall continue to manage the Company until the appointment of the liquidator and shall be deemed before third parties as liquidator(s). The General Assemblies shall still exist during the liquidation period and its role shall be limited to exercising its powers that are not in conflict with the powers of the liquidator(s).

12.5 Material Agreements

The Company and its Material Subsidiaries entered into a number of material contracts with several parties. This section sets out a summary of contracts that the Directors consider material with respect to the Company's business or which may otherwise influence an Investors' decision to subscribe to the Offer Shares. The summary of agreements and contracts referred to below does not purport to describe all terms and conditions and it cannot be considered a substitute for the terms and conditions of these contracts.

12.5.1 Franchise Agreements

A- Domino's Master Franchise Agreement

The Company has previously entered into each of the following franchise agreements:

1- Master Franchise Agreement entered into between the Company and the Domino's Master Franchisor (Domino's Pizza Overseas Franchising B.V.) dated 05/08/1432H (corresponding to 07/07/2011G), and was assigned by Domino's Pizza Overseas Franchising to the Domino's Master Franchisor on 22/04/1433H (corresponding to 03/15/2012G) in relation to granting the Company the exclusive right to develop and operate-and grant sub-franchises to develop and operate-Domino's stores in the Kingdom (hereinafter referred to as the "**Terminated Domino's KSA Master Franchise Agreement**").

2- Master Franchise Agreement entered into between Alamar DMCC, a UAE company wholly owned directly by the Company, with Domino's Pizza Overseas Franchising B.V. dated 04/01/1433H (corresponding to 08/29/2011G), which was assigned by Domino's Pizza Overseas Franchising B.V. in favor of Domino's Master Franchisor on 04/22/1433H (corresponding to 03/15/2012G).The Master Franchise Agreement is concluded grant Alamar DMCC the exclusive right to develop and operate-and grant sub-franchises to develop and operate-Domino's stores in Bahrain, Kuwait, Oman, Qatar, the UAE, Tunisia, Algeria, Morocco, Libya, Egypt, Yemen, Syria, Jordan, Lebanon, Iraq and Pakistan (hereinafter referred to as the "**Terminated Domino's MENAP Master Franchise Agreement**").

Accordingly, the Company entered into the Domino's Master Franchise Agreement with the Domino's Master Franchisor on 28/06/1443H (corresponding to 01/31/2022G). The Domino's Master Franchise Agreement terminates both the Terminated Domino's KSA Master Franchise Agreement and the Terminated Domino's MENAP Master Franchise Agreement. However, any obligations or claims arising under these agreements, or under their terms, shall survive, including, without limitation, obligations of the Company or Alamar DMCC to pay and indemnify under the Terminated Domino's KSA Master Franchise Agreement and the Terminated Domino's MENAP Master Franchise Agreement, in accordance with the terms of the termination letter signed on 28/06/1443H (corresponding to 01/31/2022G).

The Domino's Master Franchise Agreement grants the Company the exclusive right to develop, operate - and to sub-franchises the right to develop and operate - Domino's stores in the MENAP Region (which includes the Kingdom, Bahrain, Kuwait, Oman, Qatar, the UAE, Tunisia, Algeria, Morocco, Libya, Egypt, Yemen, Jordan, Lebanon, Iraq and Pakistan). The Domino's Master Franchise Agreement stipulates that the development and operation of Domino's Pizza stores which have not yet been developed by the Company in the MENAP Region shall be subject to the approval of the Domino's Master Franchisor.

The Domino's Master Franchise Agreement also grants the Company a license to use - and subcontract to the license the use of - Domino's systems and the Domino's Pizza trademark and other registered trademarks of Domino's IP Holder LLC to operate Domino's Pizza stores in the MENAP region throughout the term of the agreement.

Under the Domino's Master Franchise Agreement, the Company may, through one or more wholly-owned and controlled legal entities, own, develop and operate directly or through sub-franchisees Domino's Pizza stores in the MENAP region. When forming an approved entity, such approved entity shall enter into a joinder agreement in accordance with the form set out in the Domino's Master Franchise Agreement. The Company and each approved entity shall be jointly and severally liable to the Domino's Master Franchisor and its affiliates for all obligations under the Domino's Master Franchise Agreement, including all payments due to the Domino's Master Franchisor and its affiliates.

1- Term of the Agreement and Renewal

The Domino's Master Franchise Agreement is effective as of the date on which the agreement is entered into, and expires on the earlier of: (i) the date on which all Stores Franchise Agreements and Domino's Stores Development and Operation Agreements entered into pursuant to the Domino's Master Franchise Agreement between the Company and the sub-franchisees, as applicable, have expired or terminated; or (ii) fifteen (15) years after the effective date of the agreement (i.e., on 14/12/1458H (corresponding to 01/31/2037G)).

The Domino's Master Franchise Agreement shall be renewed for an additional ten (10) years after the expiration of the initial term unless the Company provides written notice to the Domino's Master Franchisor of its desire not to renew the Domino's Master Franchise Agreement within a period of no less than six (6) months and no more than twelve (12) months prior to the expiration of the initial term, provided that: (i) The Company is not in material default under the Domino's Master Franchise Agreement or any other agreements with the Domino's Master Franchisor, and the Domino's Master Franchise Agreement does not provide a definition for the term "material default", and the Company has substantially complied with the provisions of such agreements during their respective terms; (ii) the Company has satisfied all of its monetary obligations to the Domino's Master Franchisor and its related companies up to the date of exercise of the option, and that the Company has not repeatedly failed to meet such obligations throughout the term of the Domino's Master Franchise Agreement; and (iii) the parties have mutually agreed to a further growth clause during the term of the renewed agreement. The renewed agreement may provide for higher fees and higher expenditures and may contain terms that differ materially from the Domino's Master Franchise Agreement.

2- Grant of Development Rights

The Domino's Master Franchisor agrees, in accordance with the Domino's Master Franchise Agreement, to grant the Company the right to establish commissaries to be owned and operated by the Company for the purpose of supplying food products, ingredients, beverage products, other supplies and materials for sale to consumers, to all Domino's Pizza stores in the MENAP region subject to the condition that the Domino's Master Franchisor and the Company shall enter into a form commissary agreement.

The Company represents and warrants that Annexure "**F**" attached to the Domino's Master Franchise Agreement, is a true and accurate list of the existing Domino's Pizza stores operated by the Company and its sub-franchisees in the MENAP Region pursuant to valid Store Franchise Agreements.

3- Growth Clause

In accordance with the Domino's Master Franchise Agreement, the Company must maintain its operations in the MENAP Region in accordance with the growth clause set forth in the Domino's Master Franchise Agreement. The Company must, at all times during the term of the Domino's Master Franchise Agreement, use its best endeavors to develop and promote the Domino's systems and trademarks within the MENAP Region. Pursuant to the growth clause, the number of Domino's stores to be opened and operated by the Company in the MENAP Region (either directly or through sub-franchisees) shall be at least one thousand, two hundred and fifty (1,250) Domino's stores by the expiration of the Domino's Master Franchise Agreement term.

For the purposes of meeting the growth clause, only those Domino's Pizza stores which are operating in compliance with Domino's operating standards and that are intended to be open and operating in excess of six (6) months of every year shall be considered. The two parties agree to negotiate in good faith any future growth clause with the intent of maintaining a market leadership role in terms of relative market share in the pizza delivery/carry-out industry sector in the MENAP Region.

4- Opening and Operating Domino's Stores

The Domino's Pizza Master Franchise Agreement does not authorize the Company to, itself open nor to grant any person the right to, open any Domino's Puzza stores without having first received the approval of the Domino's Master Franchisor in the form prescribed for in the Domino's Master Franchise Agreement. Additionally, the Company may not open any Domino's Pizza stores unless a store franchise agreement in the form prescribed in the Domino's Master Franchise Agreement is entered into between the Domino's Master Franchisor and the Company or its Subsidiary, affiliate or division that will be operating the relevant Domino's Pizza store.

Pursuant to the Domino's Master Franchise Agreement, all sub-franchise agreements entered into by the Company and Alamar DMCC during the term of the Terminated Domino's KSA Master Franchise Agreement and the Terminated Domino's MENAP Master Franchise Agreement shall remain in force and effect, after assignment to the Company in conjunction with the conclusion of the Domino's Master Franchise Agreement. However, all sub-franchise agreements entered into by Alamar DMCC will not be assigned to the Company with respect to each Domino's Pizza store that Alamar DMCC, as an approved entity, shall own, develop and operate directly or through sub-franchisees in the MENAP Region.

Pursuant to the Domino's Master Franchise Agreement, the Domino's Master Franchisor may terminate the Domino's Master Franchise Agreement if the Company fails to properly execute any of the documents required under the Domino's Master Franchise Agreement or in connection with the operation of any Domino's Pizza store, or which is necessary to properly implement or effect any of the terms of the Domino's Master Franchise Agreement and the Company has not corrected such breach within thirty (30) days after written notice to the Company has been delivered.

5- Sub-franchise Agreements

Under the Domino's Master Franchise Agreement, the Company may enter into agreements to open and operate Domino's stores in accordance with the terms of the Domino's Master Franchise agreement and with the prior written consent of the Domino's Master Franchisor. Each sub-franchisee must execute a sub-franchise agreement in the form provided in the Domino's Master Franchise Agreement. The Domino's Master Franchisor may, at its sole discretion, approve all sub-franchisees and each of the Domino's Pizza stores opened in the MENAP region. In the event that the Company, in the opinion of the Domino's Master Franchisor, enters into such arrangements other than in accordance with the terms of the Domino's Master Franchise Agreement, the parties must enter into good faith discussions for a period of thirty (30) days with a view to obtaining the consent of the Domino's Master Franchisor to the arrangements. If such consent is not granted at the end of the thirty (30) day period, the Company shall terminate the relevant area development agreement with the Sub-Franchisee, and such termination shall be at the Company's sole cost and expense. The Domino's Master Franchisor may terminate the Domino's Master Franchise Agreement if the Company does not terminate the relevant area development agreement within ninety (90) days from the date of receipt of the Domino's Master Franchisor's written request to terminate it (for further information on Domino's Stores Development and Operation Agreements, please refer to Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus).

6- Store Franchise Fees

a- Store Opening Fees

Pursuant to the Domino's Master Franchise Agreement, upon opening any new Domino's store in the MENAP Region (whether by the Company or a sub-franchisee), the Company shall pay the Domino's Master Franchisor a non-refundable store opening fee in the amount specified in the Domino's Master Franchise Agreement, as soon as practicable after signing the relevant store franchise agreement. If the Company decides to sub-franchise a Domino's store within the MENAP region, the Company shall not be allowed to charge a sub-franchise fee for each Domino's store in excess of the amount specified in the Domino's Master Franchise Agreement.

b- Royalty Fees

The Company shall pay to the Domino's Master Franchisor a continuing royalty fee equal to certain percentages of the sales of all Domino's stores opened by the Company in the MENAP Region and of the sales of all Domino's stores opened by sub-franchisees in the MENAP Region, which vary depending on the number of Domino's stores opened. The royalty fees from Domino's stores opened in the Kingdom differ from the royalty fees from Domino's stores opened in other countries within the MENAP Region. These fees shall be payable within the first three (3) days of each four (4) week period on sales for the previous four (4) week period.

In the event that the Company charges the sub-franchisee with royalties in excess of the percentages of sales agreed between the Company and the sub-franchisee, this surplus shall be shared equally between the Domino's Master Franchisor and the Company. All amounts due from the Company to the Domino's Master Franchisor under the Domino's Master Franchise Agreement shall be paid immediately upon demand, and the Company shall bear interest charged from the due date to the payment date at the rate agreed upon in the agreement, in the absence of an agreement to the contrary and to the extent permitted by the applicable laws.

7- Material Obligations

a- Advertisements

Prior to the use of any advertising or promotional materials, the Company shall submit to the Domino's Master Franchisor its advertising plans for Domino's stores for review and approval. Furthermore, the Company must use reasonable efforts to ensure that the advertising policies and practices of Domino's stores are generally consistent with the advertising practices of the Domino's Master Franchisor, taking into account the rules and practices of the MENAP Region.

b- Disclosure Obligations

Upon execution of the Domino's Master Franchise Agreement, the transfer of any interest in the Company or written request of the Domino's Master Franchisor, the Company shall provide the Domino's Master Franchisor with documents showing the name of each person with a 10% or greater ownership interest in the Company along with copies of the incorporation documents of the Company that prove that the Company is duly established.

8- Pricing

The Domino's Master Franchisor may, from time to time, provide guidance to the Company regarding prices for Domino's store products and services. However, the Company has the sole right to determine the prices that will be charged from Domino's stores from time to time. The same applies to sub-franchisees, who shall have the sole right to determine the prices that will be charged from Domino's stores from time to time. The Company and its sub-franchisee must charge the same prices for products offered by Domino's stores, whether delivered or sold in-store.

9- Termination

a- Termination by the Company

If the Company is in compliance with the Domino's Master Franchise Agreement and the Domino's Master Franchisor is in breach of any of the terms of the Domino's Master Franchise Agreement and has not corrected such breach within thirty (30) days after delivery of written notice of the same to the Domino's Master Franchisor or such other period as may be reasonable due to the nature of the breach, the Company may terminate the Domino's Master Franchise Agreement ninety (90) days after delivery of notice to the Domino's Master Franchisor.

b- Termination by the Domino's Master Franchisor

The Domino's Master Franchisor may terminate the Domino's Master Franchise Agreement immediately, without giving the Company an opportunity to remedy such breach, in the event of any of the following breaches:

- If the Company makes an assignment for the benefit of, or enters into any arrangement with creditors or stops payment or is unable to pay its debts, or any of its owners (defined as companies or individuals owning more than 20% equity interest in the Company) goes into liquidation or if an order is made or a resolution is passed for the winding up of the Company or any of its owners or if the Company or any of its owners commits any act of bankruptcy.
- If, on three (3) or more occasions within any one year period, the Company fails to submit when due, sales reports or financial statements or to pay when due royalty fees, advertising fees or other payments to the Domino's Master Franchisor or its related corporations.
- If the Company or any of its officers are convicted of any offense or crime or engages in any conduct which the Domino's Master Franchisor in its honestly held opinion believes may substantially impair the goodwill associated with the Domino's trademarks.
- If the Company has made any material misrepresentation to the Domino's Master Franchisor in relation to its application for the Master Franchise.

- If the Company intentionally under-reports the sales of the Domino's Pizza stores for any period(s) or if an audit by the Domino's Master Franchisor discloses an understatement of sales and the Company or any of its owners fails to pay any fees required to be paid by the Company to the Domino's Master Franchisor, together with interest due thereon, within seven days after receipt of the final audit report. We note that, pursuant to the Domino's Master Franchise Agreement, the Domino's Master Franchisor is entitled to carry out audits of the Company's sales reports, financial statements and tax returns, which the Company is required to submit to the Domino's Master Franchisor pursuant to the Domino's Master Franchise Agreement.
- If there is a material breach by the Company of any of the provisions relating to Domino's trademarks, confidentiality, non-competition, assignments, or compliance with anti-terrorism regulations, and the Company fails to correct such breach within thirty (30) days after receiving written notice to correct such breach.
- If the Company fails to properly execute any documents required under the Domino's Master Franchise Agreement or in connection with the operation of any Domino's Pizza store or which is necessary to properly implement or effect any of the provisions of the Domino's Master Franchise Agreement, and the Company fails to correct such failure within thirty (30) days after receiving written notice to correct such failure.
- If the designated representative (defined as an individual appointed by the Company who shall devote full time and best endeavors to the development, management and supervision of the Domino's stores within the MENAP Region and ensure that all Domino's Pizza stores meet the Domino's Master Franchisor's specifications, standards and operating procedures) ceases to be productively active and fails to meet the objectives of the Domino's Master Franchise Agreement and does not correct the same within thirty (30) days after delivery of written notice to the Company.
- If the Company breaches any agreement with the Domino's Master Franchisor that grants the Domino's Master Franchisor the right to terminate such agreement and the Company has not corrected such breach within thirty (30) days after delivery of written notice to the Company.
- If any change in the beneficial or legal shareholding of the Company or any of its owners occurs without the prior written consent of the Domino's Master Franchisor, except (i) following any initial public offering of the Company; and (ii) in the case of permitted transfer (as set out below).
- If the Company fails to maintain at all times adequate insurance in accordance with the industry standards in which the Company operates and at reasonable premium costs, and to include the name of the Domino's Master Franchisor and the relevant group of companies among the insured or as determined by the Domino's Master Franchisor based on the risks associated with the business in the applicable sector including, but not limited to, liability insurance in the amount of at least five million US dollars (USD 5,000,000) to protect and indemnify the Domino's Master Franchisor from and against any liabilities. It should be noted that the Company's insurance policies do not expressly include the Domino's Master Franchisor or its associated group of companies as insured. The Company was unable to add the Domino's Master Franchisor as an insured party; however, the Company obtained a letter from the Domino's Master Franchisor on 19/08/1443H (corresponding to 03/22/2022G) which exempts it from this requirement. Adding the Domino's Master Franchiser as an insured party is not permitted by local laws. Accordingly, this shall not be considered a breach of the provisions of the Domino's Master Franchise Agreement.

In addition to the foregoing, the Domino's Master Franchisor may terminate the Domino's Master Franchise Agreement by notice of termination to the Company in the event that the Company fails to comply with any of the provisions of the Domino's Master Franchise Agreement or any operating specifications, standards or procedures specified by the Domino's Master Franchisor and does not correct such breach within:

- Seven (7) days after the Company receives written notice from the Domino's Master Franchisor if such breach relates to the use of any of the trademarks, the quality of pizza or any beverage sold, or the cleanliness or sanitation of any store.
- Fifteen (15) days after the Company receives written notice from the Domino's Master Franchisor if the breach relates to the payment of any amounts due and payable by the Company or any of its owners pursuant to any provision of the Domino's Master Franchise Agreement or any other agreement between Domino's Master Franchisor or its affiliates and the Company.
- Thirty (30) days after the Company or any of its owners receive written notice from the Domino's Master Franchisor with respect to any other breach.

The Domino's Master Franchisor may, instead of providing notice of termination of the Domino's Master Franchise Agreement, either (i) reduce the territory subject to the Domino's Master Franchise Agreement as determined by the Domino's Master Franchisor; or (ii) require the Company to assign its rights under all or any of its sub-franchisee agreements to the Domino's Master Franchisor, and the Company shall irrevocably authorize the Domino's Master Franchisor to provide any notice of assignment in favor of the Domino's Master Franchisor.

10- Non-competition Clause

Pursuant to the Domino's Master Franchise Agreement, during the term of the Domino's Master Franchise Agreement and without the prior written consent of the Domino's Master Franchisor, the Company and its direct shareholders may not have any interest as owner, investor, partner, authorized person, creditor, director, officer, employee, advisor, representative, agent, or in any other capacity, whether directly or indirectly, in any competitive business in the MENAP region (and shall ensure the same for their related companies, (which in the case of Meadow Holdings, as long as it remains a shareholder, mean Carlyle MENA Partners LP, Carlyle MENA CoInvestment LP and Carlyle MENA (GCC) Partners LP)). A "**competitive business**" is defined in the Domino's Master Franchise Agreement as (i) a pizza delivery business (whether that delivery (or delivery order) is made directly by the Company or a third party) or (ii) a business primarily engaged in sit-down, delivery or carry-out pizza (except for Domino's pizza stores that operate under franchise agreements between the Company and the Domino's Master Franchisor).

Pursuant to the Domino's Master Franchise Agreement, during the term of the Domino's Master Franchise Agreement and without the prior written consent of the Domino's Master Franchisor, the Company and its direct shareholders may not have any interest as owner, investor, partner, representative, agent or in any other capacity, whether directly or indirectly, in any business or entity that grants franchises, licenses or grants to others the right to operate a competitive business within the MENAP region (and shall ensure the compliance of their related companies to the same restrictions, which in the case of Meadow Holdings, as long as it remains a shareholder, mean Carlyle MENA Partners LP, Carlyle MENA Co-Investment LP and Carlyle MENA (GCC) Partners LP)).

Furthermore, the Company and its shareholders existing at the time of the termination or expiration of the Domino's Master Franchise Agreement agree that upon the termination or expiration of the Domino's Master Franchise Agreement for any reason, they shall not, for a period of two years beginning on the effective date of termination or expiration of the Domino's Master Franchise Agreement, participate as owner, investor, partner, licensee, lender, director, officer, employee, advisor, representative, agent or in any other capacity, whether directly or indirectly, in any company or entity that operates, franchises, authorizes or grants to others the right to operate a competitive business within the MENAP region, without the prior written consent of the Domino's Master Franchisor.

This non-competition clause does not apply to any of the following cases: (i) the ownership by the Company or its shareholders (or its other relevant Subsidiaries) of less than 5% of the shares of a company listed on a stock exchange (including Tadawul) that is engaged in a competitive business; (ii) any shareholder's ownership or acquisition of the Company's shares or securities in the Company after or upon listing on any stock exchange recognized for trading in listed securities (including Tadawul), with the exception of any controlling shareholder (who owns the largest number of shares or can appoint the majority of the members of the Board of Directors) who is entitled to have any interest as owner, investor, partner, licensee, lender, director, officer, employee, advisor, representative, agent, or in any other capacity, in any competitive business in the MENAP region (for further information on the risks associated with this, please refer to Section 2.1 "**Risks Related to the Group's Business**" of this Prospectus).

In addition, the Company agrees that, during the term of the Domino's Master Franchise Agreement, it shall not (and shall ensure that any related corporations shall not) directly or indirectly solicit any person employed by the Domino's Master Franchisor, Domino's, or any of the Master Franchisors, nor will it induce such person to leave their employment without the Domino's Master Franchisor's prior written consent.

Pursuant to the Domino's Master Franchise Agreement, the Domino's Master Franchisor may terminate the Domino's Master Franchise Agreement if the Company or any of its owners breaches any of the above non-competition obligations.

11- Permitted Transfers

The consent of the Domino's Master Franchisor is not required for the purposes of any provision of the Domino's Master Franchise Agreement with respect to any transfer or encumbrance over any shares or other securities of the Company in the following cases:

1- Subject to the initial public offering clause below, any disposal or issuance of any shares or other securities in connection with the initial public offering of the Company.

2- If the transferee is an affiliate to the Company.

3- In relation to any disposal or issuance of shares to either the Company in the form of treasury shares or directly to any employees of the Company (or its affiliates) in relation to an employee stock option plan.

4- Any sale or issuance of shares by any shareholder owning less than 50% of the total shares or other securities of the Company to any person who is not engaged in or actively involved in any fast-food pizza delivery business, which could reasonably be considered a competitive business with Domino's or its affiliates.

In the event that any transfer is made pursuant to Clause (11) above, the transferring shareholder shall:

1- Provide written notice to the Domino's Master Franchisor regarding the transfer and the identity of the transferee.
2- Provide written confirmation to the Domino's Master Franchisor that neither the transferee nor, to the transferee's knowledge, any director, officer, employee, affiliate, agent or representative of the transferee, is an individual or entity owned or controlled by an individual or entity to whom the following applies:
   a- Subject to any economic or financial sanctions or trade embargo administered or enforced by the U.S. Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or other U.S. governmental authority, including under the Iran Sanctions Act as amended by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, by the United Nations Security Council, the European Union, the British Treasury, or any other relevant sanctioning authority.
   b- Located in a sanctioned country or territory or organized or resident in a sanctioned country or territory by the sanctions imposed in Paragraph (a) above (including, but not limited to, Cuba, Iran, Myanmar, North Korea, Sudan, and Syria).
3- Ensure that the transferee executes a copy of the "**Shareholder Covenants**" in the form attached to the Domino's Master Franchisor Agreement.

12- Initial Public Offering

The Company may not register and list its shares through an initial public offering without the prior written consent of the Domino's Master Franchisor, and such consent will not be unreasonably withheld by the Domino's Master Franchisor. If the Domino's Master Franchisor consents to an initial public offering, a number of conditions shall be applied, including, for example, the consent of the Domino's Master Franchisor to disclosures and use of Domino's trademarks, in addition to the following conditions:

1- No initial public offering shall directly or indirectly result in a change of control. For the purposes of this paragraph, a change in control means:
   a- The approval of the Company's shareholders to offer shares to the public where the voting shares offered for sale to the public represent more than 50% of the total voting rights of the Company.
2- Excerpts of all materials referencing the Domino's Master Franchisor and/or any information relating to the Domino's Master Franchise Agreement required by applicable law for the initial public offering must be submitted to the Domino's Master Franchisor for review prior to being published to investors. Such excerpts shall be in English, and any necessary translations thereof shall be solely at the Company's expense. The Domino's Master Franchisor may consult with the Company on the relevant materials made available to the Domino's Master Franchisor, provided however that this is done within ten (10) days of receipt. No such materials shall imply (by use of the marks or otherwise) that the Domino's Master Franchisor is participating as an underwriter, issuer, or offeror of such ownership interests.
3- The Company shall not use the Domino's Master Franchisor in any offering other than to indicate its relationships with Domino's Master Franchisor, and will not disclose any confidential information in the Offering Documents. Any review of the Offering Documents by the Domino's Master Franchisor shall be made in its own interest only. No investor may interpret such review as approval, endorsement or adoption of any representation, warranty, undertaking or expectation. The Offering Documents shall include disclosures that disclaim the Domino's Master Franchisor from any liability regarding the Offering.
4- The Company shall agree in writing to indemnify the Domino's Master Franchisor in full for all direct losses incurred solely and directly by the Domino's Master Franchisor as a result of, or in connection with, the Company's breach of these public offering terms. The Company further agrees to provide written notice to the Domino's Master Franchisor at least sixty (60) days prior to the commencement of any offer under the terms of the public offering. The Domino's Master Franchisor shall be entitled to charge a fee of not more than five thousand US dollars (USD 5,000) for its review of the Offering Documents.

13- Confidentiality

The Company is obligated under the confidentiality clause of the Domino's Master Franchise Agreement to keep information about the Domino's system and its operation confidential, and the obligation of confidentiality does not extend to the terms of the Domino's Master Franchise Agreement itself.

14- Force Majeure

Subject to the force majeure clause of the Domino's Master Franchise Agreement, the Domino's Master Franchisor has the right to terminate the agreement if the force majeure continues for more than one year.

15- Governing Law and Dispute Resolution

Except to the extent governed by the United States Trademark Law of 1946 or other United States federal law, the Domino's Master Franchise Agreement and the relationship between the parties to the agreement shall be governed by the laws of the State of Michigan, excluding the principle of conflict of laws. The Michigan Franchise Investment Law does not apply unless its jurisdictional elements are met. All disputes, controversies or claims between the Domino's Master Franchisor and the Company shall be submitted to arbitration and administered by the American Arbitration Association at the request of either party.

The Company obtained the approval of the Domino's Master Franchisor to offer and disclose the terms of the agreement on 11/09/1443H (corresponding to 03/14/2022G).

B- Dunkin' Master Franchise Agreement in Egypt

Alamar Foods Egypt entered into a master franchise agreement with the Dunkin' Master Franchisor (Dunkin' Donuts Franchising) on 02/11/1435H (corresponding to 28/08/2014G) and amended on 10/10/1441H (corresponding to 02/06/2020G), by which the Dunkin' Master Franchisor shall grant to Alamar Foods Egypt the right to develop and operate Dunkin' stores in Egypt. The Dunkin' Egypt Master Franchise Agreement was assigned to Alamar DMCC pursuant to the Assignment Agreement dated 15/10/1441H (corresponding to 6/7/2020G) (for further information on the Assignment Agreement, please refer to Section 12.5.2(c)(1) "**Assignment Agreement**" of this Prospectus).

Under the Dunkin' Egypt Master Franchise Agreement, Alamar DMCC shall open and operate eighty-five (85) Dunkin' stores and sell and market its products. The development rights under the Dunkin' Egypt Master Franchise Agreement shall remain in effect from 02/11/1435H (corresponding to 08/28/2014G) to 14/06/1446H (corresponding to 12/15/2024G) (the "**Dunkin' Development Period in Egypt**"), except for the military, diplomatic, or governmental installations of the United States located at the present time or in future in the Republic of Egypt or airport locations, academic institutions, train stations or highway service areas existing at the present time or in future in the Republic of Egypt where development is being carried out by the Dunkin' Master Franchisor or other licensees.

1- Term of the Agreement and Renewal

The Dunkin' Egypt Master Franchise Agreement provides that the development rights shall expire at the end of the Dunkin' Development Period in Egypt, i.e., 14/06/1446H (corresponding to 12/15/2024G). If Alamar DMCC complies with all obligations under the Dunkin' Egypt Master Franchise Agreement and there is room for further development in Egypt, then negotiations will take place between the Dunkin' Master Franchisor and Alamar DMCC, at or prior to the expiration of the term of the Dunkin' Egypt Maser Franchise Agreement, on the terms and conditions under which the Dunkin' Master Franchisor may grant to Alamar DMCC the right to develop and operate additional Dunkin' stores within Egypt during the next ten-year period.

The right of Alamar DMCC to operate any particular Dunkin' store shall automatically terminate twenty (20) years after the opening of the relevant store. Upon the expiration of the operating period of any Dunkin' store, the Dunkin' Master Franchisor may extend or decline to extend the operating period of the relevant store. Therefore, if the Dunkin' Master Franchise Agreement expires in accordance with its terms and conditions, this does not necessarily mean the expirations of the operation period of the stores opened thereunder.

2- Development Schedule

Alamar DMCC shall open such a number of Dunkin' stores as specified in the Dunkin' Egypt Master Franchise Agreement.

3- Exclusivity

During the Dunkin' Development Period, the Dunkin' Master Franchisor shall not develop, open, operate, or license any third party other than Alamar DMCC to develop, open or operate, Dunkin' stores in Egypt, provided that Alamar DMCC complies with the development clause and does not fail to perform its obligations under the Dunkin' Egypt Master Franchise Agreement or any other agreement with the Dunkin' Master Franchisor. The Dunkin' Master Franchisor shall reserve the right to develop, or license to third parties to develop, stores in certain locations that require institutional operators or are subject to multinational transactions, such as airports, train stations and sports and entertainment complexes.

4- Fees

In accordance with the Dunkin' Egypt Master Franchise Agreement, Alamar DMCC shall pay the following agreed fees to the Dunkin' Master Franchisor:

- Market entry fee: A non-refundable fee paid on the date of the execution of the Dunkin' Egypt Master Franchise Agreement, i.e., 02/11/1435H (corresponding to 08/28/2014G);
- Initial franchise fees: A non-refundable fee for each Dunkin' store, payable no later than thirty (30) days after the store's opening to reimburse the Dunkin' Master Franchisor for the development of systems, brands, the preparation of a copy of the Dunkin' Egypt Master Franchise Agreement and general administrative and selling expenses; and
- Ongoing franchise fees: Alamar DMCC shall pay a monthly ongoing franchise fee equal to the applicable percentage of the total sales of each Dunkin' store.

5- Locations

All stores shall be operated by Alamar DMCC, which shall be the lessee under the real estate lease contracts for the stores. The stores shall be situated only in locations designated and approved by the Dunkin' Master Franchisor.

6- Initial Public Offering

Under the Dunkin' Egypt Master Franchise Agreement, in the event that Alamar DMCC or any of its affiliates offers shareholding interests in Alamar DMCC or any of its affiliates, Alamar DMCC shall notify the Dunkin' Master Franchisor in writing. Alamar DMCC and all participants in the initial public offering process shall indemnify the Dunkin' Master Franchisor, its subsidiaries, affiliates, shareholders, directors, employees, agents and representatives for losses due to the initial public offering.

7- Non-competition Clause

During the term of the Dunkin' Egypt Master Franchise Agreement, Alamar DMCC, its parent company, any of its subsidiaries, affiliates, employees or agents shall not, directly or indirectly, for itself or through or on behalf of another person or jointly with any other person, own, operate or engage in any business that includes the manufacture, distribution or sale of products similar to Dunkin' products in the Republic of Egypt.

Alamar DMCC may not, for a period of two years after the termination or expiration of the Dunkin' Egypt Master Franchise Agreement, either directly or indirectly, for itself or through or on behalf of another person or jointly with any other person, own, operate or engage in any other business that includes the manufacture, distribution or sale of coffee, donuts, bagels and/or baked goods or similar products within the Republic of Egypt.

8- Confidentiality

Under the Dunkin' Egypt Master Franchise Agreement, Alamar DMCC shall maintain any confidential information disclosed to or obtained by Alamar DMCC under the Dunkin' Egypt Master Franchise Agreement or through its activities under the Dunkin' Egypt Master Franchise Agreement.

9- Intellectual Property

The Dunkin' Master Franchisor grants Alamar DMCC a limited, non-transferable right to use certain trademarks only in connection with the development, opening and operation of eighty-five (85) Dunkin' stores in the Republic of Egypt.

10- Termination

The Dunkin' Egypt Master Franchise Agreement shall terminate automatically in the following cases:

- if Alamar DMCC, or any of its owners, has waived in favor of creditors, entered into any arrangement with creditors, stopped paying or was unable to pay its debts, if any of the owners entered into liquidation, if an order or decision was issued to dissolve Alamar Foods DMCC or if the Company or any of its owners entered into bankruptcy proceedings;
- if a suit to foreclose any lien or mortgage against a Dunkin' store's premises or equipment is instituted against Alamar DMCC and is not dismissed within sixty (60) days; and
- if the real or personal property of a Dunkin' store will be sold after levy thereupon by any governmental authority.

The Dunkin' Egypt Master Franchise Agreement shall also terminate upon notice by the Dunkin' Master Franchisor in the following cases:

- If at any time Alamar DMCC voluntarily ceases to operate or otherwise abandons any of the stores without the consent of the Dunkin' Master Franchisor, loses the right to possess the premises or otherwise forfeits the right to do or transact business in the Republic of Egypt;
- if Alamar DMCC or any of its owners are convicted of a felony, or crime involving moral turpitude, or any other crime of offence the Dunkin' Master Franchisor believes is reasonably likely to have an adverse effect on the Dunkin' system, the Dunkin' trademarks, the Dunkin' goodwill or the Dunkin' Master Franchisor's interest;
- if a threat or danger to public health or safety results from the construction, maintenance or operation of the Dunkin' stores;
- if Alamar DMCC or any of its owners purports to transfer any rights or obligations to any third party;
- if Alamar DMCC fails to comply with the covenants set out in the Dunkin' Egypt Master Franchise Agreement;
- if Alamar DMCC sells any item that is a replacement for a Dunkin' Product and that is purchased from an unauthorized source;
- if Alamar DMCC opens locations bearing trademarks owned by DD IP Holder and such locations have not been approved by the Dunkin' Master Franchisor; or
- if Alamar DMCC knowingly maintain false books or records, or submits false reports to the Dunkin' Master Franchisor.

Upon any default by Alamar DMCC other than as provided above, the Dunkin' Master Franchisor may terminate the agreement with thirty (30) days' written notice. In this case, Alamar DMCC can avoid termination if it begins to remedy the default in a manner acceptable to the Dunkin' Master Franchisor and provides, within thirty (30) days, evidence that it attempted to remedy the default. Neither party shall have the right to voluntarily terminate the agreement.

11- Force Majeure

Under the Domino's Egypt Master Franchise Agreement, Alamar DMCC shall not be liable to the Dunkin' Master Franchisor for any failure or delay in performing its obligations if such failure or delay is caused by force majeure including any natural disaster, riot, boycott, rebellion, civil disturbance, war, strike, act of terrorism or fire beyond the control of Alamar DMCC.

12- Governing Law and Dispute Resolution

The Dunkin' Egypt Master Franchise Agreement shall be governed by the laws of the Commonwealth of Massachusetts, USA. A dispute shall be resolved under the regulations of the American Arbitration Association.

The Group notified the Dunkin' Master Franchisor of the Offering on 25/01/1443H (corresponding to 09/02/2021G) and obtained its non-objection letter to disclose the terms of the agreement as described in the Prospectus.

C- Dunkin' Master Franchise Agreement in Morocco

Alamar DMCC, a UAE company wholly owned directly by the Company, entered into a master franchise agreement with the Dunkin' Master Franchisor (Dunkin' Donuts Franchising) on 14/10/1441H (corresponding to 06/07/2020G) as amended on 19/03/1443H (corresponding to 10/25/2021G), by which the Dunkin' Master Franchisor grants Alamar DMCC the right to develop and operate Dunkin' stores in Morocco. Under the Dunkin' Morocco Master Franchise Agreement, Alamar DMCC shall open and operate thirty-five (35) Dunkin stores and sell and market its products. The development rights under the Dunkin' Morocco Master Franchise Agreement shall remain in effect from 14/10/1441H (corresponding to 06/07/2020G) to 14/06/1446H (corresponding to 12/15/2024G) (the "**Dunkin' Development Period in Morocco**"), except for some non-traditional sites, which include, but are not limited to, airport sites, military, diplomatic or governmental facilities, academic institutions, train stations or highway service areas existing at the present time or in future in Morocco where development is being carried out by the Dunkin' Master Franchisor or other licensees.

It should also be noted that, other than the terms relating to the territory subject of the agreement and the following terms, the Dunkin' Morocco Master Franchise Agreement has the same terms as the Dunkin' Egypt Master Franchise Agreement (for further information on the Dunkin' Egypt Master Franchise Agreement, please refer to Section 12.5.1(b) "**Dunkin' Egypt Master Franchise Agreement**" of this Prospectus).

1- Term of the Agreement and Renewal

The Dunkin' Morocco Master Franchise Agreement provides that the development rights shall expire at the end of the Dunkin' Development Period in Morocco, i.e., 14/06/1446H (corresponding to 12/15/2024G). The Dunkin' Morocco Master Franchise Agreement does not contain any terms regarding the renewal of the agreement.

2- Development Clause

Alamar DMCC shall open such a number of Dunkin' stores as specified in the Dunkin' Morocco Master Franchise Agreement.

3- Fees

The market entry fees, which are non-refundable and specified in the agreement, shall be payable on the date of the conclusion of the Dunkin' Morocco Master Franchise Agreement.

4- Capitalization

The Dunkin' Morocco Master Franchise Agreement includes an additional term providing that Alamar DMCC shall not issue any securities, accept additional partners, exit an existing partner, materially change the powers of any of the partners, or make any changes to the equity capitalization of Alamar DMCC or any of its affiliates, including, but not limited to, a public or private offering of its securities or its affiliates' securities without the prior written consent of the Dunkin' Master Franchisor.

5- Termination

In addition to the termination clause set forth in the Dunkin' Egypt Master Franchise Agreement, the Dunkin' Morocco Master Franchise Agreement provides that upon default by Alamar DMCC, the Dunkin' Master Franchisor may terminate the Dunkin' Morocco Master Franchise Agreement by ten (10) days' written notice in the event that Alamar DMCC fails to pay the amounts payable by it and thirty (30) days' written notice with respect to any other failure in relation to the terms of the Dunkin' Morocco Master Franchise Agreement. If these terms expire without the defaults being remedied, the Dunkin' Morocco Master Franchise Agreement will be terminated. The agreement shall also terminate upon notice by the Dunkin' Master Franchisor where Alamar DMCC remedies a breach under the agreement and then repeats the same within twelve (12) months from the date of the previous breach, whether or not it remedies the breach upon notice.

The Group notified the Dunkin' Master Franchisor of the Offering on 25/01/1443H (corresponding to 09/02/2021G) and obtained its non-objection letter to disclose the terms of the agreement as described in the Prospectus.

12.5.2 Other Franchise-Related Agreements

A- Domino's

1- Domino's Pulse Agreement for Domino's KSA

The Company entered into the Domino's Pulse Agreement with Domino's Pizza Distribution LLC on 06/05/1441H (corresponding to 01/01/2020G), according to which Domino's Pizza Distribution LLC grants the Company a limited and non-exclusive right to obtain the Domino's Pulse License Agreement for Domino's Pizza franchisees to facilitate their internal business in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Pakistan, Qatar, the Kingdom and the UAE. The right of the Company shall be conditional on: (i) the signing of the End User License Agreement in the form provided for in the Domino's Pulse Agreement by each store using Domino's Pulse, (ii) the delivery of the signed End User License Agreement to Domino's Pizza Distribution LLC and its acceptance by Domino's Pizza Distribution LLC, and (iii) continued payment of fees due to Domino's Pizza Distribution LLC under the Domino's Pulse Agreement.

The term of the Domino's Pulse Agreement began on 06/05/1441H (corresponding to 01/01/2020G), and continues in conjunction with the term of the Master Franchise Agreement in force in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Pakistan, Qatar, the Kingdom and the UAE. The agreement shall expire upon termination of the applicable Domino's Master Franchise Agreement, or until the Domino's Pulse Agreement is terminated in accordance with its terms.

In the event that the Company fails to pay all required fees, Domino's Pizza Distribution LLC may terminate the Domino's Pulse Agreement immediately and shall be entitled to retain all funds paid thereunder. Any amount payable by the Company under Domino's Pulse Agreement that is not paid after the due date shall be subject to an interest fee equal to the lowest of 1.5% or the highest legally permitted interest rate.

Domino's Pizza Distribution LLC may terminate the Domino's Pulse Agreement upon twelve (12) months' notice to the Company in the event that Domino's Pizza Distribution LLC decides to replace Domino's Pulse or order a different system or hardware device.

The Company shall maintain, and ensure that sub-franchisees maintain, all information relating to the Domino's Pulse and Domino's Pizza Distribution LLC systems, including, but not limited to, ideas, concepts, designs, customers, proprietary information and/or trade secrets of Domino's Pizza Distribution LLC or Domino's Pizza LLC will be kept strictly confidential, and such information shall be used only as permitted by the Domino's Pulse Agreement.

The Domino's Pulse Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, and the parties shall agree to resolve all disputes relating to the Domino's Pulse Agreement out of litigation, except for disputes over the non-payment of funds. If the disputes are not resolved by negotiation within sixty (60) days, the dispute shall be submitted to binding arbitration in accordance with the International Arbitration Rules of the American Arbitration Association.

2- Online Ordering Agreement for Domino's KSA

The Company entered into the Online Ordering Agreement with Domino's Pizza Distribution LLC on 25/06/1436H (corresponding to 04/14/2015G), whereby Domino's Pizza Distribution LLC developed the GOLO system for online orders to be used by Domino's Pizza franchisees in Domino's Pizza stores that operate the Domino's Pulse system. In addition, Domino's Pizza Distribution LLC has developed additional services that the Company may choose to subscribe to for additional fees.

The term of the Online Ordering Agreement began on 25/06/1436H (corresponding to 04/14/2015G) and remains valid for a period of five (5) years, and is automatically renewable for a period of one year unless canceled by either party by written notice submitted within at least sixty (60) days before the expiration of the applicable period.

The Company agrees to pay a set amount per month for each store, as well as another amount for each online order after the launch of the GOLO system to customers. Domino's Pizza Distribution LLC invoices the transaction fees and sends them to the Company for payment on a monthly basis.

There is a fee for additional services for each digital order under: (i) ordering from the store GPS, (ii) ordering through a computer or laptop, (iii) online ordering via a mobile phone, (iv) ordering via the iPhone app, and (v) ordering via the Android application.

In the event that Domino's Pizza Distribution LLC does not receive payments from the Company within thirty (30) days of receipt of the invoice, Domino's Pizza Distribution LLC may first assess the change to no more than 1.5% per month on all amounts due; and/or pursue other legally available remedies.

In addition to the mentioned fees, there shall be additional setup and installation fees to be calculated on the basis of time and materials, and the fees shall be paid in advance and in one instalment.

All copyrights to patents, trademarks and trade secrets remain in GOLO or any modification with Domino's Pizza Distribution LLC and/or with the respective manufacturer. Domino's Pizza Distribution LLC may terminate the Online Ordering Agreement if the Company infringes or challenges third-party intellectual property in connection with the GOLO system.

The Company acknowledges that during the term of the Online Ordering Agreement, it may access confidential information, trade secrets and financial information relating to the GOLO system and internet orders, and the Company agrees to keep such information confidential and not to disclose it without the prior written consent of Domino's Pizza Distribution LLC. This obligation shall survive the expiration or termination of the Online Ordering Agreement.

This Online Ordering Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

3- Store Franchise Agreement for Domino's

Pursuant to the Domino's Master Franchise Agreement, the Company shall obtain the prior written consent of the Domino's Master Franchisor before opening – or granting any sub-franchisee the right to open – any Domino's store in In the MENAP region, provided that a franchise agreement for the relevant store is entered into between the Company and the Domino's Master Franchisor (if the store is operated directly by the Company) or the sub-franchisee (if the store is operated by the sub-franchisee). A summary of the main terms of the Store Franchise Agreement Form is set forth below:

a- Term and Renewal

The validity term of the Store Franchise Agreement shall be ten (10) years starting from the date of signing the agreement. The agreement shall be automatically renewed for an additional ten (10) years only after the expiration of the original ten (10) year term of the contract unless the franchisee gives written notice to the Domino's Master Franchisor stating that it does not wish to renew within a period of no less than six (6) months and no more than (12) months prior to the contract expiration date. Renewal shall be subject to the franchisee's ability to obtain the relevant government approvals. Renewal may be subject to a higher royalty fees and higher advertisement expences than the Master Store Franchise Agreement. Also, renewal may include provisions that are materially different than the Master Store Franchise Agreement.

b- Fees

- Franchise fees: Prior to signing the Store Franchise Agreement, the franchisee shall pay an amount as a franchise fee to Domino's Master Franchisor.
- Advertising and promotion fees: The franchisee shall submit its plans for advertisements and offers to Domino's Master Franchisor for approval prior to opening the store. The franchisee shall spend at least an amount equal to the amount specified in the Master Store Franchise Agreement on advertising.

c- Royalty Fees

The franchisee shall pay an amount as a royalty fee to the Domino's Master Franchisor.

d- Location

The franchisee cannot change the store location without obtaining the consent of the Domino's Master Franchisor and if the franchisee changes the location without obtaining the prior consent of the Domino's Master Franchisor or if the franchisor is unable to comply with Domino's Master Franchisor criteria for a change of location, the franchisee shall pay a new franchise fee.

e- Location opening

The franchisee shall submit all of its location engineering plans for approval by the Domino's Master Franchisor and shall open stores within six (6) months from the date of the agreement.

f- Products

The franchisee shall undertake to offer only products permitted in writing by the Domino's Master Franchisor. The franchisee shall also be obligated to provide delivery services for products with an exception only for locations that are more than thirty (30) minutes away from the store location.

g- Termination

If the Company is bound by the provisions of the Store Franchise Agreement and the Domino's Master Franchisor breaches a provision of the Store Franchise Agreement and fails to remedy such breach within thirty (30) days after delivery of written notice of it to Domino's Master Franchisor or such other period as may be reasonable given the nature of the breach, the Company may terminate the applicable Store Franchise Agreement ninety (90) days after notice is given to Domino's Master Franchisor.

h- Termination by the Domino's Master Franchisor

The Domino's Master Franchisor may terminate the Store Franchise Agreement immediately if any of the following events occur:

- If the Company has been adjudicated bankruptcy, or in the event of the Company's insolvency or waiver in favor of its creditors, or in the event that any petition is submitted against the Company under the bankruptcy laws, which shall not be forfeited within one hundred and twenty (120) days, or in the event that a receiver or trustee is appointed for a substantial part of the assets of the relevant Domino's store.
- If the Company, or any of its owners, is convicted of any crime or a felony that materially adversely affects the reputation of the Domino's brand or if the Company or any of its owners engages in any behavior that negatively affects the reputation of the related Domino's store or the Domino's brand, as determined by the Domino's Master Franchisor.
- If the Company, or any of its owners, has provided incorrect or misleading information or materially concealed information in connection with its application for the Master Franchise.
- If the Company fails to open the relevant store within six (6) months from the date of the agreement.
- If the Company abandons or fails to continuously and actively operate the applicable Domino's store or, if the applicable Domino's store is located in the Kingdom, if the Company abandons or fails to continuously and actively operate the applicable Domino's store for more than ninety (90) consecutive days.
- If the Company intentionally under-reports the sales of the relevant Domino's store.
- If the Company or any of its owners breaches the non-competition clauses or provisions applicable to transfers under the Domino's Master Franchise Agreement.

- If the Company or its owners materially breach the provisions of the Store Franchise Agreement or breach any of the specifications, standards, operational procedures or provisions of the Domino's Master Franchisor related to the use of Domino's trademarks or the quality of pizza or any beverage sold by the Company or the cleanliness and sanitation of the relevant Domino's store, and the Company fails to remedy such breach within seven (7) days of receiving written notice to remedy.
- If an audit by the Domino's Master Franchisor discloses an understatement of sales and the Company fails to pay the Domino's Master Franchisor the applicable payments and interest due within seven (7) days after receipt of the final audit report.
- If the Company fails to pay the amounts due to Domino's Master Franchisor and its affiliates or any tax authority, creditor or supplier of the relevant Domino's store and fails to remedy within fifteen (15) days of receiving written notice to remedy.
- If the Company fails to issue or maintain a necessary insurance from Domino's Master Franchisor and fails to remedy such failure within thirty (30) days of receiving written notice to remedy.
- If the Company or any of its owners, on three (3) or more occasions during any one year period, fails to comply with one or more material provisions of the Store Franchise Agreement, whether or not the Company remedies such failure after obtaining written notice to remedy it.
- If the Company fails to properly execute any document required by the Store Franchise Agreement or in connection with the operation of the applicable Domino's store which is necessary to properly implement or effectuate any of the provisions of the Store Franchise Agreement, or to record the Store Franchise Agreement or any document executed thereunder or in connection therewith, and the Company fails to correct such failure within thirty (30) days after written notice.
- If the Company directly or indirectly contests the validity of Domino's IP Holder (or any of its successors) owning the Domino's trademarks or the Domino's Master Franchisor's right to use and license the Domino's trademarks.
- If the Company breaches any of the other agreements between it and the Domino's Master Franchisor or its affiliates and the Company fails to remedy such breach within thirty (30) days of receiving written notice to remedy it.
- If the Company or any of its owners is involved in any act or behavior that impairs the Domino's Master Franchisor's reputation and the goodwill associated with the Domino's trademarks and system, as determined by the Domino's Master Franchisor.
- If the Company or any of its owners fails to comply with any other material provisions of the Store Franchise Agreement or any specification, standard or operating procedure, and fails to correct this failure within thirty (30) days after written notice.

i- Governing Law and Dispute Resolution

Except to the extent governed by the United States Trademark Act of 1946G or other United States federal law, the Store Franchise Agreement and the relationship between the parties to the Agreement shall be governed by the laws of the State of Michigan, excluding the principle of conflict of laws. The Michigan Franchise Investment Act does not apply unless its jurisdictional elements are met. All disputes, controversies or claims between Domino's Master Franchisor and the Company must be submitted to arbitration administered by the American Arbitration Association at the request of either party.

4- Online Ordering Agreement for Domino's in the MENAP Region

Alamar DMCC, a UAE company wholly owned directly by the Company, entered into the Online Ordering Agreement with Domino's Pizza Distribution LLC on 25/06/1436H (corresponding to 04/14/2015G), whereby Domino's Pizza Distribution LLC developed the GOLO system for online orders to be used by Domino's Pizza franchisees in Domino's Pizza stores that operate the Domino's Pulse system. In addition, Domino's Pizza Distribution LLC has developed additional services that the Company may choose to subscribe to for additional fees.

The term of the Online Ordering Agreement began on 25/06/1436H (corresponding to 04/14/2015G) and remains valid for a period of five (5) years, and is automatically renewable for a period of one year unless canceled by either party by written notice submitted within at least sixty (60) days before the expiration of the applicable period.

It should be noted that, except for the terms relating to the area subject to the agreement, the terms of the Online Ordering Agreement for Domino's in the MENAP Region are identical to the terms of the Online Ordering Agreement for Domino's KSA (for further information on the Online Ordering Agreement for Domino's KSA, please refer to Section 12.5.2(a)(2) "**Online Ordering Agreement for Domino's KSA**" of this Prospectus).

B- Dunkin'

1- Assignment Agreement

Alamar DMCC entered into an assignment and approval agreement with the Dunkin' Master Franchisor and Alamar Foods Egypt on 15/10/1441H (corresponding to 06/07/2020G) (the "**Assignment Agreement**"). Alamar Foods Egypt and the Dunkin' Master Franchisor entered into Dunkin' Egypt Master Franchise Agreement. This agreement was assigned by Alamar Foods Egypt to Alamar DMCC (for further information on the Dunkin' Egypt Master Franchise Agreement, please refer to Section 12.5.1(b) "**Dunkin' Master Franchise Agreement in Egypt**" of this Prospectus). Pursuant to the Assignment Agreement, Alamar Foods Egypt and Alamar DMCC shall indemnify, project, and keep and hold harmless the Dunkin' Master Franchisor from damages and protect its shareholders, subsidiaries, successors and representatives against all claims, lawsuits, and legal costs and expenses, etc. in connection with the assignment of Dunkin' Egypt Master Franchise Agreement.

The Assignment Agreement shall be governed by the laws of the Commonwealth of Massachusetts, USA. Any claims shall be resolved under the regulations of the American Arbitration Association.

2- Dunkin' Egypt Trademark License Agreement

Alamar Foods Egypt entered into a trademark licensing agreement with the Dunkin' Master Franchisor on 07/09/1436H (corresponding to 06/24/2015G) ("**Dunkin' Egypt Trademark License Agreement**"). DD IP Holder is the owner of the Dunkin' Donuts' trademarks and granted a license to the Dunkin' Master Franchisor for the authorized use and licensing of Dunkin' Trademarks to third parties. Pursuant to the Dunkin' Egypt Master Franchise Agreement, Alamar Foods Egypt is granted by the Dunkin' Master Franchisor a non-exclusive right to use the trademarks of Dunkin' Donuts' stores in the Republic of Egypt (for further information on the Dunkin' Egypt Master Franchise Agreement, please refer to Section 12.5.1(b) "**Dunkin' Master Franchise Agreement in Egypt**" of this Prospectus). Alamar Foods Egypt may use the Dunkin' Donuts' trademarks only in such a manner and locations as permitted by the Dunkin' Master Franchisor.

The Dunkin' Egypt Trademark License Agreement shall remain effective until the expiration or termination of the Dunkin' Egypt Master Franchise Agreement.

Dunkin' Egypt Trademark License Agreement shall be governed by the laws of the Commonwealth of Massachusetts, USA. Any claims shall be resolved under the regulations of the American Arbitration Association.

3- Guarantee of Dunkin' Egypt Master Franchise Agreement

On 02/11/1435H (corresponding to 08/28/2014G), the Company provided a guarantee that the obligations of Alamar Foods Egypt shall be fully implemented and all financial obligations under Dunkin' Egypt Franchise Agreement shall be made to the Dunkin' Master Franchisor (for further information on Dunkin' Egypt Master Franchise Agreement, please refer to Section 12.5.1(b) "**Dunkin' Master Franchise Agreement in Egypt**" of this Prospectus). The guarantee of Dunkin' Egypt Master Franchise Agreement shall apply to the Company's successors and assignors.

The guarantee of Dunkin' Egypt Master Franchise Agreement shall survive any renewal, amendment or extension of Dunkin' Egypt Master Franchise Agreement as well as any assignment and transfer by the Dunkin' Master Franchisor of Dunkin' Egypt Master Franchise Agreement.

Pursuant to the guarantee of Dunkin' Egypt Franchise Agreement, the Company undertakes that:

- During the term of Dunkin' Egypt Master Franchise Agreement, it shall not own, maintain, operate, engage in, employ or have any interest in any other business in the Republic of Egypt that includes the manufacture, distribution or sale of products identical or similar to Dunkin' Donuts' products, other than any business with 10% or less of its revenue being derived from the sale of donuts, coffee and similar baked goods;
- For a period of two years after the transfer or expiration of Dunkin' Egypt Master Franchise Agreement, the Company shall not directly or indirectly own, participate in or have any interest in any business relating to the manufacture, distribution or sale of coffee, cake, bagels, baked goods or the like within the Republic of Egypt, other than any business with 10% or less of its revenue being derived from the sale of donuts, coffee and similar baked goods;
- The Company shall not, during the effective term of the Dunkin' Egypt Master Franchise Agreement or at any time thereafter, disclose or use any confidential information provided or disclosed to the Company by the Dunkin' Master Franchisor or acquired by the Company under the guarantee of Dunkin' Egypt Franchise Agreement; and
- The Company shall not, at any time and without the prior written consent of the Dunkin' Master Franchisor, copy, duplicate, record, reproduce or otherwise make available any confidential information to any unauthorized person.

The guarantee of Dunkin' Egypt Master Franchise Agreement shall be governed by the laws of the Commonwealth of Massachusetts, USA. Any claims shall be resolved under the regulations of the American Arbitration Association.

4- Guarantee of Dunkin' Morocco Master Franchise Agreement

On 14/10/1441H (corresponding to 06/07/2020G), the Company provided a guarantee that the obligations of Alamar DMCC shall be fully implemented and all financial obligations under Dunkin' Morocco Franchise Agreement shall be made to the Dunkin' Master Franchisor (for further information on Dunkin' Morocco Master Franchise Agreement, please refer to Section 12.5.1(c) "**Dunkin' Master Franchise Agreement in Morocco**" of this Prospectus). The guarantee of Dunkin' Morocco Master Franchise Agreement shall apply to the Company's successors and assignors.

It should also be noted that the Guarantee of Dunkin' Morocco Master Franchise Agreement has the same terms as the Guarantee of Dunkin' Egypt Master Franchise Agreement (for further information on Dunkin' Egypt Master Franchise Agreement, please refer to Section 12.5.2(b)(3) "**Guarantee of Dunkin' Egypt Master Franchise Agreement**" of this Prospectus).

C- Domino's Area Development Agreements

Under the Domino's Master Franchise Agreement, the Group may grant a sub-franchise to third parties, subject to the prior written consent of the Domino's Master Franchisor and the conclusion of an agreement to develop the relevant area between the Company and the sub-franchisee. Pursuant to the Domino's Master Franchise Agreement, all sub-franchise agreements entered into by the Company and Alamar DMCC during the term of the Terminated Domino's KSA Master Franchise Agreement and the Terminated Domino's MENAP Master Franchise Agreement shall remain in force and effect, after assignment to the Company in conjunction with the conclusion of Domino's Master Franchise Agreement. However, all sub-franchise agreements entered into by Alamar DMCC will not be assigned to the Company with respect to each Domino's Pizza store that Alamar DMCC, as an approved entity, shall own, develop and operate directly or through sub-franchisees in the MENAP region.

As of the date of this Prospectus, the Group entered into eleven (11) agreements, whereby it granted a sub-franchise the right to develop and operate Domino's stores according to the schedule below:

Table (12.9): Domino's Area Development Agreements

Territory	Sub-Franchisee	Commencement Date of the Sub-franchise	Expiration Date of the Sub-franchise	Governing Law and Dispute Resolution
Makkah and Altaif	Yazid Ahmed Ali Al-Aqeel (owner of the First Future Catering Corporation)*	16/11/1435H (corresponding to 09/11/2014G)	07/03/1446H (corresponding to 09/10/2024G)	Laws of the Kingdom/ arbitration according to the Kingdom's Arbitration Rules.
Bahrain	Alamar Foods Bahrain	07/02/1433H (corresponding to 01/01/2012G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Bahrain; or (ii) Ten (10) years after the effective date, whichever is earlier.	UAE law/binding arbitration in accordance with the provisions of the Arbitration Rules of the DIFC Arbitration Centre.
Egypt	Alamar Foods Egypt	11/08/1433H (corresponding to 07/01/2012G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Egypt; or (ii) Ten (10) years after the effective date, whichever is earlier.	UAE law/binding arbitration in accordance with the provisions of the Arbitration Rules of the DIFC Arbitration Centre.
Morocco	HEA Trade and Services (Morocco)	28/05/1443H (corresponding to 01/01/2022G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Egypt; or (ii) Ten (10) years after the effective date, whichever is later.	UAE law/binding arbitration in accordance with the provisions of the Arbitration Rules of the DIFC Arbitration Centre.
Oman	Alamar Foods Oman	17/06/1438H (corresponding to 03/16/2017G)	It shall expire automatically after ten (10) years.	US Michigan Law/ American Arbitration Association Rules.
Qatar	Alamar Foods Qatar	14/08/1433H (corresponding to 07/04/2012G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Qatar, or (ii) ten (10) years after the effective date, whichever is earlier.	UAE law/binding arbitration in accordance with the provisions of the Arbitration Rules of the DIFC Arbitration Centre.

Territory	Sub-Franchisee	Commencement Date of the Sub-franchise	Expiration Date of the Sub-franchise	Governing Law and Dispute Resolution
UAE	Alamar Foods UAE	14/08/1433H (corresponding to 07/04/2012G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in the UAE, or (ii) ten (10) years after the effective date, whichever is earlier.	US Michigan Law/ American Arbitration Association Rules.
Lebanon	Alamar Foods Lebanon	07/02/1433H (corresponding to 01/01/2012G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Egypt, or (ii) ten (10) years after the effective date, whichever is earlier.	UAE law/binding arbitration in accordance with the provisions of the Arbitration Rules of the DIFC Arbitration Centre.
Kuwait	Atyab Gulf Catering Services Company	19/04/1435H (corresponding to 02/19/2014G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Kuwait, or (ii) ten (10) years after the effective date, whichever is earlier.	US Michigan Law/ American Arbitration Association Rules.
Pakistan	Premium Food Service Company Ltd.	25/11/1438H (corresponding to 08/17/2017G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Pakistan, or (ii) ten (10) years after the effective date, whichever is earlier.	US Michigan Law/ American Arbitration Association Rules.
Jordan	Alamar Foods Jordan	14/10/1433H (corresponding to 09/01/2012G)	(i) On the date of termination or expiration of all franchise agreements entered into under the Domino's Stores Development and Operation Agreement in Jordan, or (ii) ten (10) years after the effective date, whichever is earlier.	UAE law/binding arbitration in accordance with the provisions of the Arbitration Rules of the DIFC Arbitration Centre.

* This agreement grants the Sub-franchisee a non-exclusive right to operate the Domino's Stores.

Source: The Company

The following is a summary of the key terms of the Domino's Area Development Agreements:

1- Granting of Development Rights

Pursuant to the Domino's Area Development Agreement Form in the relevant territory, the Group grants the sub-franchisee the right to develop Domino's stores in the relevant territory and the right to use Domino's trademarks pursuant to a separate store franchise agreement.

2- Development and Expansion Obligations

The Sub-Franchisee agrees to open and operate a number of Domino's stores during the term of the Domino's Area Development Agreement in the relevant territory on each anniversary of the Agreement, as set forth in the Domino's Area Development Agreement in the relevant territory.

3- Fees

- Franchise Development Fees: Prior to the opening of each new store in any relevant territory, the Sub-Franchisee shall pay the franchise development fee in such an amount as may be determined by the Group at its sole discretion.
- With respect to all Store Franchise Agreements that the Sub-Franchisee entered into with the Group in accordance with the Domino's Area Development Agreement in the relevant territory, this Store Franchise Agreement requires the following payments from the Sub-Franchisee:
  - Franchise fees: Upon opening each new Domino's store in the relevant territory, the Sub-Franchisee shall pay the Group an initial franchise fee.
  - Opening Advertising and Promotion Fee: The Sub-Franchisee shall provide the Group with opening advertising and promotion plans for approval prior to the opening of each new Domino's store and spend a specified amount on the opening, advertising and promotion of each new Domino's Pizza. The Sub-Franchisee shall also provide the Group, upon its request, with copies of all records evidencing such expenses.

- Royalty and advertising fees: With respect to all Store Franchise Agreements that the Sub-Franchisee entered into with the Group in accordance with the Domino's Area Development Agreement in the relevant territory, the Sub-Franchisee shall pay the Group royalty and advertising fees on an ongoing basis. The royalty and advertising fees payable by the Sub-Franchisee shall be as follows:
  - The Sub-Franchisee shall pay a royalty fee on the last Business Day of each month; and
  - The Sub-Franchisee shall pay an advertising fee on the last Business Day of each week for the previous week's sales.

4- Termination

The agreement shall terminate with immediate effect upon the death, mental disability or permanent disability of the Sub-Franchisee (for the Domino's Area Development Agreement in Makkah and Altaif). The Group may also terminate the agreement in the following cases:

- If the Sub-Franchisee is held bankrupt, becomes insolvent, makes an assignment in favor of creditors, or if a petition under any bankruptcy law is filed against the Sub-Franchisee, or a receiver or trustee is appointed for all or a substantial part of the assets of the Sub-Franchisee;
- If the Sub-Franchisee has failed to meet the development obligations or commitments set forth under the "**Development Obligations**" section of the relevant Area Development Agreement, and the sub-franchisee does not cure such failure within ninety (90) days after written notice;
- If the Sub-Franchisee makes an unauthorized assignment or transfer of the relevant Area Development Agreement;
- If the Sub-Franchisee abandons or fails to continuously and actively operate the Domino's stores;
- If the Sub-Franchisee intentionally underreports the sales of the Domino's stores for any period or periods;
- If the Sub-Franchisee or any of its owners have made any material misrepresentation on its application for the development rights granted by the agreement, which misrepresentation results in the probability that the Sub-Franchisee will not meet its development obligations or commitments set forth under the "**Development Obligations**" of the relevant Area Development Agreement;
- If the Sub-Franchisee or any of its owners violates any of the restrictions in relation to the intellectual property, restrictive covenants or confidentiality provisions in the Area Development Agreement;
- If any affiliated company of the Sub-Franchisee commits an act that would be in violation of the intellectual property, restrictive covenants, confidentiality or assignment provisions in the Area Development Agreement;
- If the Sub-Franchisee or any of its owners fail to comply with the relevant Area Development Agreement and does not correct such failure within thirty (30) days after written notice is delivered to the Sub-Franchisee;
- If the Sub-Franchisee fails to pay when due any amount owed to the Company, its affiliates or subsidiaries, or tax authorities, or any creditor or supplier of the Domino's store, and such failure is not corrected within fifteen (15) calendar days after written notice is delivered to the Sub-Franchisee;
- If an audit by the Company discloses an understatement of royalty sales and the Sub-Franchisee fails to pay to the Company the applicable royalty fee and advertising contribution and interest due within five (5) calendar days after receipt of the final audit report;
- If the Sub-Franchisee is in breach of any other agreements between the Sub-Franchisee and the Company, as applicable, or any of their affiliates or subsidiaries, and the Sub-Franchisee fails to cure such breach within fifteen (15) days after written notice is delivered to the Sub-Franchisee; or
- If the Sub-Franchisee or its owners are involved in any act or conduct which impairs the Company's reputation and the goodwill associated with the marks and the system.

Upon the termination or expiration of the Domino's Stores Development and Operation Agreement in the relevant territory, the Group has the option to purchase either: (i) a Domino's store(s) in the relevant territory, or (ii) the Sub-Franchisee in the relevant territory including all Domino's stores and assets in the Relevant Territory. The Group shall have the right to exercise one of these options for a period of thirty (30) days.

D- The Dunkin' Development Agreement in Morocco

Alamar DMCC, a UAE company wholly owned directly by the Company, entered into an area development agreement in Morocco with HEA Trade and Services (Morocco) on 02/04/1443H (corresponding to 11/07/2021G), by which Alamar DMCC grants HEA Trade and Services (Morocco) the exclusive right to open, develop and operate Dunkin' stores in Morocco. The agreement is valid as of 21/11/1442H (corresponding to 07/01/2021G).

Under this agreement, Alamar DMCC grants HEA Trade and Services (Morocco) a limited and non-transferable right to, and HEA Trade and Services (Morocco) agrees to, develop, open and operate no less than thirty-five (35) Dunkin' stores within the territory of the Kingdom of Morocco, except for some non-traditional store locations including, but not limited to, airports, military, diplomatic or governmental facilities, academic institutions, train stations or highway service areas existing at the present time or in future in Morocco (the "**Territory of the Dunkin' Development Agreement in Morocco**"), according to a specific timetable for a period starting from 21/11/1442H (corresponding to 07/01/2020G) to 05/01/1447H (corresponding to 06/03/2025G) (the "**Expansion Period of the Dunkin' Development Agreement in Morocco**").

Under the Dunkin' Development Agreement in Morocco, Alamar DMCC does not grant the area development rights during the Expansion Period of the Dunkin' Development Agreement in Morocco to any third party other than HEA Trade and Services (Morocco) to develop and open Dunkin' stores in the Dunkin' Development Agreement in Morocco, other than with respect to non-traditional store locations, provided that HEA Trade and Services (Morocco) complies with the timetable and does not default under the Dunkin' Development Agreement in Morocco Dunkin' Development Agreement in Morocco during the Expansion Period of the Dunkin' Development Agreement in Morocco.

The Dunkin' Master Franchisor shall reserve the right to develop, or authorize third parties to develop, Dunkin' stores at non-traditional store locations within the territory set forth in the Dunkin' Morocco Master Franchise Agreement. Alamar DMCC shall notify HEA Trade and Services (Morocco) of any non-traditional store locations within the Dunkin' Development Agreement in Morocco which the Dunkin' Master Franchisor has agreed to be developed by the Dunkin' Master Franchisor's company or a third party.

1- Term of the Agreement and Renewal

The Dunkin' Development Agreement in Morocco stipulates that the rights of HEA Trade and Services (Morocco) thereunder shall expire at the end of the Expansion Period of the Dunkin' Development Agreement in Morocco, i.e., on 05/01/1447H (corresponding to 06/03/2025G). The agreement does not contain any terms regarding its renewal.

2- Development Clause

Alamar DMCC shall open a number of Dunkin' stores on annual basis according to a specific timetable.

3- Termination

The Dunkin' Development Agreement in Morocco shall terminate automatically in the following cases:

- If Alamar DMCC has waived in favor of creditors, entered into any arrangement with creditors, stopped paying or was unable to pay its debts, if any of the owners entered into liquidation, if an order or decision was issued to dissolve Alamar DMCC or if the Company entered into bankruptcy proceedings.
- If a suit to foreclose any lien or mortgage against a Dunkin' store's premises or equipment is entered against HEA Trade and Services (Morocco) and not dismissed within sixty (60) days;
- If the real or personal property of a Dunkin' store will be sold after levy thereupon by any governmental authority; or
- If the Dunkin' Morocco Master Franchise Agreement is terminated;

The Dunkin' Development Agreement in Morocco shall also terminate upon notice by the Dunkin' Master Franchisor in the following cases:

- If at any time, HEA Trade and Services (Morocco), at any time ceases to operate or otherwise expressly abandons any of the Dunkin' store, or loses the right to possession of the premises or otherwise forfeits the right to do or transact business in the jurisdiction where the Dunkin' stores are located;
- If HEA Trade and Services (Morocco) or its owners are convicted of or pleads guilty or no contest to a felony, or a crime involving moral turpitude, or any other crime or offence that is injurious to the system or the goodwill associated with the Dunkin' marks, or the Dunkin' Master Franchisor's interest therein;
- If there is a threat or danger to public health or safety arising from the development, maintenance or operation of the stores;
- If HEA Trade and Services (Morocco) or its owners purports to transfer any rights or obligations under the Dunkin' Morocco Master Franchise Agreement to any third party in a manner inconsistent with the transfer provisions of the Dunkin' Development Agreement in Morocco;
- If HEA Trade and Services (Morocco) or its representatives fails to comply with the covenants set forth in the Dunkin' Morocco Master Franchise Agreement;
- If HEA Trade and Services (Morocco) sells any alternative item to a Dunkin' product which is purchased from an unauthorized source;

- If HEA Trade and Services (Morocco) opens locations with trademarks of Dunkin IP Holder or its subsidiaries and such locations are not approved by the Dunkin' Master Franchisor in writing;
- If HEA Trade and Services (Morocco) willfully maintains false books or records, or submits false reports to the Dunkin' Master Franchisor; or
- If, after curing a default in accordance with this section, HEA Trade and Services (Morocco) repeats the same breach again within a twelve (12) month period from the previous breach, whether or not such breach is remedied upon notice.

Upon any default by HEA Trade and Services (Morocco) other than as provided above, Alamar DMCC and the Dunkin' Master Franchisor may terminate the agreement with thirty (30) days' written notice. If HEA Trade and Services (Morocco) does not remedy the breach within the specified period, the agreement shall be terminated without notice to HEA Trade and Services (Morocco), and the termination shall be effective immediately upon the expiration of the remedy period granted to HEA Trade and Services (Morocco). In addition, under this agreement, no party shall be entitled to terminate the agreement without cause.

4- Confidentiality

Under the Dunkin' Development Agreement in Morocco, HEA Trade and Services (Morocco) shall maintain any confidential information disclosed to Alamar DMCC or obtained by Alamar DMCC under the agreement or through its activities.

12.5.3 Supply Agreements

The Group has entered into six (6) supply agreements which the Group considers to be material to its business. The following is a summary of the Group's material supply agreements.

A- Cheese Supply Agreement with Leprino Foods Dairy Products Company

The Company entered into a supply agreement with Leprino Foods Dairy Products Company (hereinafter referred to as "**Leprino**") on 22/03/1438H (corresponding to 12/21/2016G), which was renewed on 18/07/1440H (corresponding to 03/25/2019G), under which Leprino will provide the Company with 100% of the cheese supplies required for use in Domino's stores in the MENAP region (hereinafter referred to as the "**Cheese Supply Agreement**").

The term of the Cheese Supply Agreement began on 03/04/1438H (corresponding to 01/01/2017G) and is valid for a period of six (6) years ending on 07/06/1444H (corresponding to 12/31/2022G).

Under the Cheese Supply Agreement, Leprino Foods Dairy Products Company will supply the products to the Company in accordance with the price schedule specified in the Cheese Supply Agreement, and Leprino Foods Dairy Products Company will deliver the products to the Company at the Company's expense. The Company shall pay the amount due within thirty (30) days of the delivery of the products invoice, and the payment shall be in US dollars.

The Cheese Supply Agreement shall be construed in accordance with the laws of the United Kingdom. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to the Cheese Supply Agreement. The parties agree that any dispute, claim or controversy arising out of or in connection with the Cheese Supply Agreement or any breach thereof and all matters relating to its termination, enforcement, interpretation or validity shall be finally settled by arbitration before a panel of three arbitrators in accordance with the Conciliation and Arbitration Rules of the ICC in London.

B- Carton Boxes Supply Agreement with Al-Medan Project Factory for Carton

The Company entered into a carton boxes supply agreement with Al-Medan Project Factory for Carton on 28/04/1441H (corresponding to 12/25/2019G), according to which Al-Medan Project Factory for Carton manufactures, supplies and sells carton boxes to the Company or its affiliates as requested by the company (hereinafter referred to as the "**Carton Boxes Supply Agreement**").

The term of the Carton Boxes Supply Agreement is three (3) Gregorian years, starting from 06/05/1441H (corresponding to 01/01/2020G).

Al-Medan Project Factory for Carton provides the Company, under the Carton Boxes Supply Agreement, with a deferred payment program where the Company withdraws any amount from the amount of the facilities to order any number of products according to the purchase orders submitted by the Company to Al-Medan Project Factory for Carton.

After the delivery of products, Al-Medan Project Factory for Carton provides the Company with an invoice for the amounts owed in relation to the purchase orders submitted by the Company, which must be paid by the Company within forty-five (45) days from the date of providing the invoice to the Company.

If the total annual purchases exceed the amount of the facilities provided in a single year, Al-Medan Project Factory for Carton offers a discount of 2% on the total annual purchases. The excess amounts shall be calculated and issued from Al-Medan Project Factory for Carton according to a letter of credit deducted from the total amount due from the Company.

The prices of products supplied under the Carton Boxes Supply Agreement shall be as specified in the Agreement, which shall be revised annually. The parties may request that the prices be adjusted once a year according to market changes. Within a period of sixty (60) days after the submission of such changes, the parties shall negotiate and seek to agree to such changes.

The Carton Boxes Supply Agreement shall be subject to the laws of the Kingdom, and any dispute that may arise between the parties under the Agreement that cannot be resolved amicably shall be referred to the competent courts in the Kingdom.

C- Meat and Poultry Supply Agreement with Nabil Foods

The Company entered into a non-exclusive supply agreement with Nabil Foods on 18/12/1440H (corresponding to 08/19/2019G), according to which Nabil Foods will supply the Company with meat and poultry products, including beef, beef pepperoni, grilled chicken, chicken wings, chicken kickers, Italian sausages, premium chicken and beef steaks for distribution in the Company's stores under the Domino's Pizza name in the Kingdom, Egypt, Jordan, the UAE, Bahrain, Qatar, Lebanon, Morocco, Kuwait, Oman and Pakistan (hereinafter referred to as the "**Meat and Poultry Supply Agreement with Nabil Foods**").

The term of the Meat and Poultry Supply Agreement with Nabil Foods is three (3) years, starting from 18/12/1440H (corresponding to 08/19/2019G) and is automatically renewable every year for a period of one year, provided that neither party provides written notice to the other party of its intention to terminate the Meat and Poultry Supply Agreement with Nabil Foods within at least sixty (60) days before the termination of the applicable term.

The price paid by the Company to Nabil Foods for the products shall be calculated using the price list stipulated in the Meat and Poultry Supply Agreement with Nabil Foods, as amended from time to time.

In the event that the costs of supplying any of the products to the Company increase by 5% or more than the cost of supplying these products to Nabil Foods, the parties shall negotiate an amendment to the price list within forty-five (45) days of receiving the proposed price increase. The Company may either: (i) accept the proposed amendment; or (ii) at its sole discretion, reject the proposed amendment if it is not justified and notify Nabil Foods of the same in writing. If the Company rejects the proposed amendment, Nabil Foods shall have the right to terminate the agreement by giving written notice to the Company within forty-five (45) days of receiving the notice of refusal of the price adjustment. The price list shall be automatically increased on an annual basis as on the first day of each anniversary of the Meat and Poultry Supply Agreement with Nabil Foods in proportion to the percentage increase in the consumer price index in Jordan. In general, the Company shall have the right to set the selling prices of products at its sole discretion. The Company agrees to purchase from Nabil Foods specified minimum quantities for a number of products.

The Meat and Poultry Supply Agreement with Nabil Foods is governed by English law, and any disputes arising therefrom which cannot be amicably settled shall be submitted to binding arbitration in accordance with the provisions set forth in the Arbitration Rules of the DIFC-LCIA Arbitration Centre.

D- Meat and Poultry Supply Agreement with Al Awael Food Industries Factory

The Company entered into a non-exclusive supply agreement with Al Awael Food Industries Factory on 30/08/1440H (corresponding to 05/05/2019G), according to which Al Awael Food Industries Factory will supply the Company with meat and poultry products, including beef, beef pepperoni, grilled chicken, chicken wings, chicken kickers, Italian sausages, premium chicken and fillet beef steaks for distribution in the Company's stores under the Domino's Pizza name in the Kingdom, UAE, Bahrain, Oman, Kuwait, Jordan and Lebanon (hereinafter referred to as the "**Meat and Poultry Supply Agreement with Al Awael Food Industries Factory**").

The term of the Meat and Poultry Supply Agreement with Al Awael Food Industries Factory is five years, starting from 25/08/1440H (corresponding to 04/30/2019G) and is automatically renewable every year for successive periods of one year, provided that neither party provides the other with a written notice of its intention to terminate the agreement.

The price that the Company pays to Al Awael Food Industries Factory for the products shall be calculated using the price list stipulated in the Meat and Poultry Supply Agreement with Al Awael Food Industries Factory, and any amendments to the price list received after 2019G shall be submitted to the Company within at least thirty (30) days before the end of the effective year. The parties shall, within such thirty (30) days, discuss, negotiate and use reasonable commercial efforts to agree to such changes.

Each party may evaluate and notify the other party every six months whether there is a change in the costs of the products and in the event of:

- An increase in material costs by more than 5%, Al Awael Food Industries Factory shall have the right to request an amendment in the price list to take into account this increase, or
- A decrease in material costs by more than 5%, the Company shall have the right to request an amendment in the price list to take into account this decrease.

The Company shall purchase specified minimum quantities from Al Awael Food Industries Factory. The Company shall also determine the selling price of the purchased products at its own discretion.

The Meat and Poultry Supply Agreement with Al Awael Food Industries Factory may be terminated with or without cause by Al Awael Food Industries Factory at any time with a sixty (60) day written notice sent to the Company.

The Meat and Poultry Supply Agreement with Al Awael Food Industries Factory shall be subject to the laws of the Kingdom, and any disputes arising therefrom that cannot be settled amicably, shall be referred to the competent court in the Kingdom.

E- Soft and Non-Soft Drinks Supply Agreement with PepsiCo-Cork

Alamar DMCC entered into a supply agreement with PepsiCo-Cork on 10/10/1439H (corresponding to 06/24/2014G), according to which PepsiCo-Cork purchases soft and non-soft drinks from bottling companies to supply the Company with soft and non-soft drinks in Oman, Qatar, Kuwait, Bahrain, Kingdom, the UAE, Egypt, Lebanon, Jordan, Morocco and Pakistan. PepsiCo-Cork also provides financial support, equipment, marketing support and supplies to the Company (hereinafter referred to as "**Soft and Non-Soft Drinks Supply Agreement**").

The term of the Soft and Non-Soft Drinks Supply Agreement with PepsiCo-Cork began on 15/05/1439H (corresponding to 02/01/2018G) and shall be valid until Alamar DMCC purchases a quantity of soft drinks equal to the agreed upon volume for sale to its customers. Upon the purchase of 75% of the agreed volume, Alamar DMCC will send a notice to PepsiCo-Cork giving PepsiCo-Cork the right to refuse to renew the Soft and Non-Soft Drinks Supply Agreement on the same terms or other competitive terms that may be negotiated between the parties. In the event that the terms cannot be agreed upon by the parties within two months of the submission of this notice by Alamar DMCC, the parties shall not be obligated to renew the Soft and Non-Soft Drinks Supply Agreement.

The prices payable by Alamar DMCC for the products shall be determined based on the price list stipulated in the Soft and Non-Soft Drinks Supply Agreement. PepsiCo-Cork shall offer discounts to Alamar DMCC as set out in the Soft and Non-Soft Drinks Supply Agreement, which remain constant notwithstanding any price amendments.

Alamar DMCC shall also confirm that the prices payable thereby may be subject to reductions or increases in each country separately, which are attributable to any changes in the costs of raw materials and currency depreciation.

1- Amounts payable by PepsiCo-Cork to Alamar DMCC are contingent upon the full performance by Alamar DMCC of its obligations under the Soft and Non-Soft Drinks Supply Agreement. Alamar DMCC acknowledges that if it fails to pay any amount due therefrom under the Soft and Non-Soft Drinks Supply Agreement, PepsiCo-Cork or the bottling companies are entitled to deduct any amount from the balance owed to it as appropriate.

The Soft and Non-Soft Drinks Supply Agreement provides that the approval of PepsiCo-Cork shall be obtained when there is a change of control of Alamar DMCC that applies to the Offering. It should be noted that Alamar DMCC has obtained PepsiCo-Cork's approval and acknowledgment that the change in the legal form and ownership structure of the Company as a result of the Offering does not constitute a violation of the agreement, as per the letter dated 27/05/1443H (corresponding to 12/31/2021G).

During the validity of the Soft and Non-Soft Drinks Supply Agreement and for a period of three (3) years after its termination or expiration, both Alamar DMCC and PepsiCo-Cork agree to maintain the confidentiality of the terms of the agreement and any confidential information of the other party.

The Soft and Non-Soft Drinks Supply Agreement is governed by English law, and any disputes arising therefrom that cannot be amicably settled shall be submitted to binding arbitration in accordance with the provisions set forth in the Arbitration Rules of the DIFC Arbitration Center and the London Court of International Arbitration.

F- Food Supply and Distribution Agreement

Alamar Foods UAE entered into a food supply and distribution agreement with Emporium Ltd. on 06/10/1440H (corresponding to 06/09/2019G), by which Emporium Ltd. obtains, purchases, imports, stores and distributes products to franchisees.

Under the Food Supply and Distribution Agreement, Alamar Foods (UAE) grants Emporium Ltd. an exclusive and non-transferable designation for the provision of services covered by the Food Supply and Distribution Agreement. Emporium Ltd. represents and warrants that it will not sell any of the products offered to Alamar Foods (UAE) to any party in the UAE other than the franchisees, who obtained franchises under the franchise agreements concluded with Alamar Foods (UAE).

The term of the Food Supply and Distribution Agreement began on 06/10/1440H (corresponding to 06/09/2019G) and shall be valid for one year and is automatically renewable for a similar period.

Under the Food Supply and Distribution Agreement, either party may terminate the Agreement with sixty (60) days' written notice.

Under the Food Supply and Distribution Agreement, Emporium Ltd. will issue monthly invoices every forty-five (45) days after the end of the month. Alamar Foods (UAE) shall pay the amount due within fifteen (15) days of receiving the invoice for the products.

12.5.4 Shareholders' Agreements

A- Shareholders' Agreement in the Kingdom

The Company, Meadow Saudi Arabia, Meadow Holdings Limited (Cayman), Abdulaziz Ibrahim AlJammaz and Brothers Company, Abdulaziz Ibrahim AlJammaz, Salwa AlHokail and Ibrahim Abdulaziz AlJammaz entered into a Shareholders' agreement regarding the Company on 14/10/1433H (corresponding to 12/14/2011G). The Shareholders' agreement includes a number of provisions that regulate the relationship between the Company's Shareholders, including provisions that regulate the Company's governance, the nomination of members of the Board of Directors, the taking of important decisions in the Company such as matters exclusive to Shareholders, restrictions imposed on Shareholders regarding the transfer of Shares and other issues. The Shareholders' agreement provides that if the Company's IPO is completed, it shall be automatically terminated.

B- Alamar DMCC Shareholders' Agreement

Alamar DMCC entered into a shareholders' agreement with the former shareholders of the Company, namely Meadow Holdings Limited (Cayman), Salwa AlHokail, Ibrahim Abdulaziz AlJammaz, Abdulaziz Ibrahim AlJammaz, Abdullah AlJammaz, Saud AlJammaz and Abdulrahman AlJammaz regarding Alamar DMCC on 14/10/1433H (corresponding to 12/14/2011G). The shareholders' agreement includes a number of provisions regulating the relationship between the shareholders of Alamar Foods DMCC at that time, including provisions regulating the governance of Alamar Foods DMCC, the nomination of members of the board of directors and the taking of important decisions in Alamar Foods Company DMCC such as matters exclusive to shareholders, restrictions imposed on shareholders in relation to the transfer of shares and other matters. While the agreement is signed by the former shareholders of Alamar DMCC, it has not been canceled, nor does it expressly provide for its cancellation if its parties cease to be shareholders in Alamar DMCC. Alamar DMCC shareholders' agreement provides that if the Company's IPO is completed, it shall be automatically terminated.

12.5.5 Financing Agreements

A- SNB Credit Facility Agreement

The following table shows a summary of the Credit Facility Agreement between the Company and the Saudi National Bank (SNB).

Table (12.10): Summary of the Facility Term Agreement with SNB

Parties	The Company and SNB
Type of Financing	Credit facilities with a total limit of fifty-eight million (SAR 58,000,000) consisting of: 1- Commercial facilities with a limit of forty-nine million Saudi Riyals (SAR 49,000,000); 2- Letters of guarantee with a limit of three million Saudi Riyals (SAR 3,000,000); and 3- Letters of guarantee with a limit of six million Saudi Riyals (SAR 6,000,000).
Date	24/11/1441H (corresponding to 07/15/2020G).
Total Financing	Fifty-eight million Saudi Riyals (SAR 58,000,000).
Term	Until 20/11/1442H (corresponding to 06/30/2021G)*

Guarantees*	A payment guarantee by Abdulaziz Ibrahim AlJammaz and Brothers Company amounting to 57.804% of the value of the promissory note.
Termination	SNB shall have the right to cancel the facilities for any reason, at its absolute discretion, and require the Company to pay all amounts due immediately if: • The Company delays in or violates the implementation of any of its obligations under the SNB Facility Agreement without justification; • The Company breaches the guarantees submitted to the SNB; • The Company breaches its obligations towards third parties in a manner that the SNB may, at its absolute discretion, consider to have an adverse effect on the Company's financial position; • The Company becomes bankrupt or is liquidated; or • The Company's legal form is changed; any of its shareholders exits or changes, or the Company is sold. The SNB shall also have the right, at any time before the end of the SNB Facility Agreement and without the Company's approval or justification, to terminate the SNB Facility Agreement in whole or in part without notifying or informing the Company of the reasons for the same, and require the Company to repay the facilities without the latter having the right to object. The Company shall have the right to terminate the SNB Facility Agreement at any time, provided that it shall pay any obligations thereunder.

*This agreement is still under renewal as of the date of this Prospectus.

Source: The Company

It should be noted that the Company has obtained the SNB's approval and acknowledgment that the change in the legal form and ownership structure of the Company as a result of the Offering does not constitute a violation of the agreement, as per the letter dated 05/05/1443H (corresponding to 12/09/2021G).

B- Riyad Bank Credit Facility Agreement

The following table shows a summary of the Credit Facility Agreement between the Company and Riyad Bank.

Table (12.11): Summary of the Terms of Riyad Bank Facility Contract

Parties	The Company and Riyad Bank
Type of Financing	Facilities with a total limit of eighty-two million Saudi Riyals (SAR 82,000,000) consisting of: 1- Multi-purpose facilities with a limit of ten million Saudi Riyals (SAR 10,000,000); 2- A short-term revolving facility with a limit of forty million Saudi Riyals (SAR 40,000,000); and 3- Tawarruq facilities with a limit of thirty-two million Saudi Riyals (SAR 32,000,000).
Date	27/06/1442H (corresponding to 02/09/2021G).
Total Financing	Eighty-two million Saudi Riyals (SAR 82,000,000).
Term	Until 28/02/1445H (corresponding to 06/09/2024G).
Purpose	To provide multi-purpose facilities and finance Domino's stores.
Guarantees*	• A joint payment guarantee by Abdulaziz Ibrahim AlJammaz and Brothers Company amounting to eighty-two million Saudi Riyals (SAR 82,000,000). • A promissory note of eighty-seven million, one hundred and twenty thousand Saudi Riyals (SAR 87,120,000).
Termination	Riyad Bank shall have the right to require the Company to pay all the amounts due if: • The Company fails to pay any of the amounts due under the Riyad Bank Facility Agreement; • The Company violates the Riyad Bank Facility Agreement or any of the guarantees; • The Company violates its obligations under any financial agreements or arrangements entered into with any other parties; • There are any judicial proceedings against the Company; • The Company is bankrupt or insolvent; • There are any orders issued against the Company's Subsidiaries, which in the sole discretion of Riyad Bank, will result in an adverse financial impact on the Company's business; or • The Company violates any applicable laws or regulations.
Material Restrictions	Under the Riyad Bank Facility Agreement, the Company shall notify Riyad Bank of any material changes of more than 50% in its ownership structure and ownership percentages and any change in the legal form of the Company or its Subsidiaries. Where Riyad Bank does not agree to such changes, it shall notify the Company thereof, and all obligations owed by the Company to Riyad Bank shall become immediately due and payable and shall be settled by the Company within a period of thirty (30) days.

*The joint payment guarantee provided by Abdulaziz Ibrahim AlJammaz and Brothers Company shall be canceled upon the completion of the Offering process.

Source: The Company.

The Company submitted a letter, in which it notified Riyad Bank of the Offering process, which will result in changing the Company's legal form. Riyad Bank gave its written approval on 08/03/1443H (corresponding to 10/14/2021G).

12.6 Related Party Agreements and Transactions

The total value of related party transactions amounted to eighty-four, eight hundred and fifty-two, five hundred and twenty-two Saudi Riyals (SAR 84,852,522), eleven million, eight hundred and sixty-one, five hundred and fifty-seven Saudi Riyals (SAR 11,861,557), and twenty-nine million, nine hundred and seventy-nine, six hundred and eighty-nine Saudi Riyals (SAR 29,979,689) for the years ended December 31, 2019G 2020G, and 2021G, respectively (for further information on related parties' balances based on the nature of each transaction and the percentages thereof, please refer to Section 2.1.43 "**Risks Related to Related Party Transactions**" of this Prospectus). The Ordinary General Assembly authorized all related party transactions in which the Directors have a direct or indirect interest on 20/11/1442H (corresponding to 06/30/2021G) (as applicable) (for further information about these transactions, please refer to Section 12.6.2 "**Transactions in which the Directors Have a Direct or Indirect interest**" of this Prospectus). This Section sets out a summary of the material agreements with the related parties that the Directors believe are material with respect to the Company's business or may influence the investors' decision to subscribe to the Offer Shares. The summary of the agreements and contracts set out below does not include all terms and conditions and may not be considered a substitute for the terms and conditions of such agreements.

The Directors confirm that all agreements with Related Parties described in this Section do not include any preferential conditions and have been executed in accordance with laws and regulations and on an arm's length basis. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any related party transactions, agreements, commercial relations or real estate transactions.

Moreover, the Directors confirm that they comply with Article 72 of the Companies Law and Article 46 of the Corporate Governance Regulations issued by the CMA in relation to the related party agreements.

12.6.1 Transactions with Subsidiaries

A- Transactions with Alamar DMCC

The Company entered into five (5) documented and undocumented transactions with Alamar DMCC under written agreements, including a partial waiver of the Company's liabilities towards Alamar DMCC, financing, and other payments and returns. The total value of such transactions was eighty-five million, six hundred and twenty-five thousand, nine hundred and ninety-three Saudi Riyals (SAR 85,625,993).

These transactions are related party transactions as they are concluded with a subsidiary in accordance with the definition of related parties in the OSCOs. However, these transactions do not need to be authorized by the Company's General Assembly.

B- Transactions with Alamar Foods UAE

The Company entered into three (3) undocumented transactions under written agreements with Alamar Foods UAE, including sales of goods, expenses and miscellaneous sales. The total value of these transactions was nine hundred and eighty-eight thousand, one hundred and fifty-three Saudi Riyals (SAR 988,153).

These transactions are related party transactions as they are concluded with a subsidiary in accordance with the definition of related parties in the OSCOs. However, these transactions do not need to be authorized by the Company's General Assembly.

C- Transactions with Alamar Foods Lebanon

The Company entered into two undocumented transactions with Alamar Foods Lebanon under written agreements, including the sale of goods and miscellaneous payments. The total value of these transactions was two hundred and thirty-seven thousand, two hundred and fifty-four Saudi Riyals (SAR 237,254).

These transactions are related party transactions as they are concluded with a subsidiary in accordance with the definition of related parties in the OSCOs. However, these transactions do not need to be authorized by the Company's General Assembly.

D- Transactions with Alamar Foods Jordan

The Company entered into two transactions with Alamar Foods Jordan, including the sale of goods and balance transfer. The total value of these transactions was one hundred and ninety-four thousand, four hundred and fifty-four Saudi Riyals (SAR 194,454).

These transactions are related party transactions as they are concluded with a subsidiary in accordance with the definition of related parties in the OSCOs. However, these transactions do not need to be authorized by the Company's General Assembly.

E- Transactions with Alamar Foods Bahrain

The Company entered into three (3) transactions with Alamar Foods Bahrain, including the sale of goods and miscellaneous sales and expenses. The total value of these transactions was one million, four hundred and seven thousand, two hundred and twenty-eight Saudi Riyals (SAR 1,407,228).

These transactions are related party transactions as they are concluded with a subsidiary in accordance with the definition of related parties in the OSCOs. However, these transactions do not need to be authorized by the Company's General Assembly.

F- Transactions with Kasual Plus

The Company entered into two transactions with Kasual Plus, including the sale of goods and miscellaneous payments. The total value of these two transactions was eighty-three thousand, six hundred and twenty-four Saudi Riyals (SAR 83,624).

These transactions are related party transactions as they are concluded with a subsidiary in accordance with the definition of related parties in the OSCOs. However, these transactions do not need to be authorized by the Company's General Assembly.

12.6.2 Transactions in which the Directors Have a Direct or Indirect Interest

A- Transactions with Abdulaziz Ibrahim AlJammaz and Brothers Company

The Company entered into one transaction with Abdulaziz Ibrahim AlJammaz and Brothers Company, in relation to the Zakat and tax collection. The total value of this transaction was four million, two hundred and forty-three thousand, one hundred and thirty-six Saudi Riyals (SAR 4,243,136).

This transaction is a related party transaction as two Directors, Ibrahim Abdulaziz Ibrahim AlJammaz and Assem Saud Ibrahim AlJammaz, have an interest therein. These Directors and their Relatives have an ownership percentage in Abdulaziz Ibrahim AlJammaz and Brothers Company. The Company obtained the approval of the Ordinary General Assembly on these agreements on 20/11/1442H (corresponding to 06/30/2021G).

B- Transaction with AlJammaz Establishment

The Company entered into two transactions with AlJammaz Establishment in relation to expenses and miscellaneous payments. The total value of these transactions was one million, eight hundred and fourteen thousand, eight hundred and sixty-eight Saudi Riyals (SAR 1,814,868).

These transactions are related party transactions as the Director, Ibrahim Abdulaziz Ibrahim AlJammaz who is the owner of AlJammaz Establishment, has an interest therein. The Company obtained the approval of the Ordinary General Assembly on these agreements on 20/11/1442H (corresponding to 06/30/2021G).

C- Transactions with AlJammaz Agriculture

The Company entered into one (1) transaction with AlJammaz Agriculture in relation to expenses. The total value of this transaction was fifty-three thousand, seven hundred and seven Saudi Riyals (SAR 53,707).

This transaction is a related party transaction as two Directors, Ibrahim Abdulaziz Ibrahim AlJammaz and Assem Saud Ibrahim AlJammaz, have an interest therein. These Directors and their Relatives have an ownership percentage in Abdulaziz Ibrahim AlJammaz and Brothers Company, which owns 100% of AlJammaz Agriculture. The Company obtained the approval of the Ordinary General Assembly on these agreements on 20/11/1442H (corresponding to 06/30/2021G).

D- Transactions with Gulf Solutions

The Company entered into one transaction with Gulf Solutions in relation to the acquisition of assets. The total value of this transaction was sixty thousand, six hundred and thirty-eight Saudi Riyals (SAR 60,638).

This transaction is a related party transaction as the Director, Assem Saud Ibrahim AlJammaz who owns 100% of Gulf Solutions, has an interest therein. The Company obtained the approval of the Ordinary General Assembly on these agreements on 20/11/1442H (corresponding to 06/30/2021G).

12.7 Real Estate

12.7.1 Real Estate Owned by the Company and its Material Subsidiaries

The Directors declare that there is no real estate owned by the Company, Alamar Foods UAE and HEA Trade and Services (Morocco) as of the date of this Prospectus.

Alamar Foods Egypt owns a piece of land on which the October Factory was built under a sale contract concluded on 29/03/1442H (corresponding to 11/15/2020G) between Alamar Foods Egypt and the Real Estate Development Group, for consideration of twelve million, three hundred thousand Egyptian pounds (EGP 12,300,000). This Sale Contract is governed by the laws of Egypt. Any disputes related thereto shall be resolved by arbitration under the CRCICA Arbitration Rules.

12.7.2 Real Estate Leased by the Company and its Material Subsidiaries

A- The Company

1- Domino's Stores

The Company entered into several lease agreements for the purpose of managing and operating Domino's stores and related warehouses. The number of Domino's stores directly managed by the Company in the Kingdom was two hundred and forty-seven (247) stores. There are four (4) warehouses, in addition to twenty-eight (28) stores operated by a sub-franchisee in the Makkah and Altaif region as of December 31, 2021G. Said stores are located in Riyadh, Jeddah, Dammam, Madinah, Khobar, Dhahran, Jubail, Qatif, Yanbu, Buraydah, Hofuf, Al Mubarraz, Al Rass, Al Mithnab, Ras Tanura, Al Majmaah, Tabuk, Hail, Al Zulfi, Al Bukayriah, Al Kharj, Rabigh, Hafr Al Batin, Dawadmi, Unayzah, Nairiyah, Al Muzahimiyah, Thuwal, Khamis Mushait, Al Qunfudhah, Jazan, Abha, Sakaka, Sabya, Al-Baha, Al-Bishah, Abu Arsh, Al-Darrab, Mahayel Asir, Ahad Rafidah, Wadi Al-Dawasir and Al-Namas. The average rental area of Domino's stores directly managed by the Company was approximately twenty-nine thousand (29,000) square meters as of December 31, 2021G. The average rental value amounts to one thousand, three hundred and forty Saudi Riyals (SAR 1,340) per square meter.

The main purpose of these agreements is to operate Domino's stores. The lease terms range from one to ten (10) years, most of which are renewable. It should be noted that most of the leases do not give the right to assign or sub-lease the lease. Some leases give the right to the same, subject to the prior written consent of the lessor. Some leases require the lessee to obtain the prior written consent of the lessor to make any modifications or construction additions to the leased property. In general, the leases are governed by the laws of the Kingdom. Most of the leases provide that disputes shall be resolved amicably within fifteen (15) days; otherwise, they shall be referred to the competent authorities in the Kingdom for resolution.

These agreements include a number of provisions relating to the termination of the agreements. Most of the agreements provide that the aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreements shall also be terminated in the event of the insolvency of the lessee if he/she is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business entity.

2- Other Leased Locations

The Company entered into sixty-five (65) other lease agreements for a warehouse and an office to be used as a head office. The Company also entered into lease contracts for staff accommodation. The total rental area of the warehouse and head office is five thousand, eight hundred and fifty-four (5,854) square meters. The average rental area of staff accommodation is four hundred and seventy-five (475) square meters. The Company's warehouse is located in Al-Sulay District, Riyadh, while its head office is located in AlOlaya District, Riyadh. The lease contracts for staff accommodation are located in Riyadh, Jeddah, Al-Namas, Hofuf, Dammam, Khobar, Hail, Mahayel Asir, Bukayriyah, Unayzah, Al-Kharj, Yanbu, Buraydah, Makkah, Al Rass, Tabuk, Wadi Al-Dawasir, Abha, Al-Bisha, Khamis Mushait, Qunfudah, Sakaka, Jubail, Jazan, Hafr Al-Batin, Thuwal, Madinah, Dawadmi, Al Majmaah, Nairiyah, Shaqra, Ras Tanura, and Al Zulfi. The total value of these agreements ranges from ten thousand Saudi Riyals (SAR 10,000) annually to one million, nine hundred and fifty thousand, four hundred and eighty Saudi Riyals (SAR 1,950,480) annually.

The lease terms range from one to five (5) years, most of which are renewable. It should be noted that most of the leases do not give the right to assign or sub-lease the lease without the prior written consent of the lessor. Some leases require the lessee to obtain the prior written consent of the lessor to make any modifications or construction additions to the leased property. In general, the leases are governed by the laws of the Kingdom. Most of the leases provide that disputes shall be resolved amicably within fifteen (15) days; otherwise, they shall be referred to the competent authorities in the Kingdom for resolution.

These agreements include a number of provisions relating to the termination of the agreements. Most of the agreements provide that the aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreements shall also be terminated in the event of the insolvency of the lessee if he/she is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business entity. It should be noted that the lease agreement related to the Company's head office does not include provisions for the termination of the contract.

B- Material Subsidiaries

1- Domino's and Dunkin' Stores

The Material Subsidiaries entered into one hundred and thirty-five (135) lease agreements to lease and operate Domino's and Dunkin' stores in the MENAP region. Alamar Foods UAE entered into forty-seven (47) lease agreements for Domino's stores in the UAE. Alamar Foods Egypt entered into twenty-four (24) lease agreements for Domino's stores and forty (40) lease agreements for Dunkin' stores in Egypt. HEA Trade and Services (Morocco) entered into twenty (20) lease agreements for Domino's stores and four (4) lease agreements for Dunkin' stores in Morocco. The number of Domino's stores operated by the Group in the MENAP region (excluding the Domino's stores in the Kingdom) is two hundred and forty-eight (248) stores, and the number of Dunkin' stores operated by the Group in Egypt and Morocco is forty-four (44) stores, as of December 31, 2021G. The average rental area of Domino's stores directly operated by Alamar Foods UAE was five thousand, two hundred and seventy (5,270) square meters as of December 31, 2021G. The average rental value amounts to one thousand, nine hundred and sixty Saudi Riyals (SAR 1,960) per meter square. The average rental area of Domino's and Dunkin' stores directly operated by Alamar Foods Egypt was seven thousand, six hundred and eighty (7,680) square meters as of December 31, 2021G. The average rental value amounts to one thousand, two hundred and fifty (SAR 1,250) per square meter. The average overall rental area of Domino's and Dunkin' stores directly operated by HEA Trade and Services (Morocco) was two thousand, six hundred (2,600) square meters as of December 31, 2021G. The average rental value amounts to one thousand, three hundred Saudi Riyals (SAR 1,300) per square meter.

The main purpose of these agreements is to operate the Domino's and Dunkin' stores. The lease terms range from one to ten (10) years, some of which are renewable, while others require a new contract. It should be noted that most of the leases do not give the right to assign or sub-lease the lease. The governing laws of lease agreements and dispute resolution vary depending on the city in which the Subsidiaries operate.

These agreements include a number of provisions relating to the termination of the agreements. Most of the agreements provide that the aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within a period of fifteen (15) days to three (3) months from the date of such notification or remove the damage resulting therefrom. Some agreements also stipulate that the agreement shall be terminated if the lessee (i) fails to receive the leased location on the effective date; (ii) fails to start planning work; (iii) fails to operate its activity within fifteen (15) days of the receipt of the leased property and its readiness; (iv) makes modifications to the property facade without informing the lessor; (v) fails to secure insurance policies; or (vi) fails to make payments due.

2- Other Leased Locations

Alamar Foods Egypt entered into three (3) other lease agreements to lease a warehouse and office for its head office in Egypt with a total rental area of approximately one thousand, two hundred and sixty-four (1,264) square meters. The Company's warehouse is located on Cairo Desert Road, Amreya, Merghem Industrial City, Alexandria. The company's head office is located on Al-Fursan Street, Cairo. The rental value of these agreements ranges from sixteen thousand Egyptian pounds (EGP 16,000) to twenty thousand Egyptian pounds (EGP 20,000) per month.

The lease term is nine (9) years for the warehouse and seven (7) years for the head office. The leases are not renewable. It should be noted that most of the leases do not give the right to assign or sub-lease the lease without the prior written consent of the lessor.

The warehouse lease may be terminated by the lessor in cases where the lessee does not pay the monthly rent on the due date for more than a month after being notified in writing; there is damage to the structure of the leased properties; Alamar Foods Egypt is sold or assigned to third parties, or the activity of Alamar Foods Egypt is changed. As for the head office lease, the lease agreement shall be terminated in cases where (i) the lessee does not pay the monthly rent on the due date for more than a month; (ii) the lessee assigns the lease agreement without the written consent of the lessor; or (iii) the lessee makes external modifications affecting the concrete structure. In addition, the lessor may terminate the head office lease if the lessee becomes bankrupt or is liquidated for any reason.

In addition, HEA Trade and Services (Morocco) entered into one lease agreement for a warehouse in Morocco, with a total rental area of two thousand, one hundred and six (2,106) square meters and a total value of approximately eighty-three thousand, three hundred and thirty-three Moroccan dirhams (MAD 83,333). The lease term is six (6) years, to be automatically renewed.

12.8 Intangible Assets

12.8.1 Trademarks

All trademarks used by the Group are owned either by Domino's IP Holder (in relation to the Domino's trademarks), where the right to use the trademarks has been granted to the Company by Domino's IP Holder under the Domino's Master Franchise Agreement and other related agreements, or by DD IP Holder (in relation to Dunkin' trademarks) where the right to use the trademarks has been granted to the Company by the Dunkin' Master Franchisor under the Dunkin' Master Franchise Agreements and other related agreements (for further information, please refer to Section 12.5.1 "**Franchise Agreements**" and Section 12.5.2 "**Other Franchise-Related Agreements**" of this Prospectus). The Company has not registered its own trademark in any country.

The Company relies heavily on these trademarks in its business and in marketing its services, so the Company's inability to protect these trademarks or having to take necessary legal action to protect them may adversely and materially affect its ability to use them, which will affect the conduct of its business and the results of its operations (for further information on the risks associated with this matter, please refer to Section 2.1 "**Risks Related to the Group's Business**" of this Prospectus).

As of the date of this Prospectus, the Group uses eleven (11) trademarks of Domino's registered in the Kingdom and the UAE. The following table sets out the key details of the trademarks used by the Company:

Table (12.12): Key details of the trademarks used by the Company and its Material Affiliates

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
1	Domino's	Kingdom	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	143404930	15/04/1434H (corresponding to 02/25/2013G)	14/04/1444H (corresponding to 11/08/2022G)	35
2	Domino's	Kingdom	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	143404929	15/04/1434H (corresponding to 02/25/2013G)	14/04/1444H (corresponding to 11/08/2022G)	30
3	Domino's	Kingdom	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	143404931	15/04/1434H (corresponding to 02/25/2013G)	14/04/1444H (corresponding to 11/08/2022G)	43
4		Kingdom	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	143309170	07/08/1443H (corresponding to 03/10/2022G)	06/08/1453H (corresponding to 11/21/2031G)	30
5		Kingdom	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	143309167	07/08/1443H (corresponding to 03/10/2022G)	06/08/1453H (corresponding to 11/21/2031G)	43
6		Kingdom	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	143309168	07/08/1443H (corresponding to 03/10/2022G)	06/08/1453H (corresponding to 11/21/2031G)	35
7	Domino's Pizza	UAE	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to Alamar DMCC by Domino's IP Holder.	5562 (registration number 002557)	22/04/1414H (corresponding to 10/09/1993G)	24/03/1445H (corresponding to 10/09/2023G)	30

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
8		UAE	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	175845	06/08/1433H (corresponding to 06/26/2012G)	27/11/1443H (corresponding to 06/26/2022G)	30
9		UAE	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	175846	06/08/1433H (corresponding to 06/26/2012G)	26/11/1443H (corresponding to 06/26/2022G)	35
10	Domino's Pizza	UAE	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	5532 (registration number 002560)	24/04/1414H (corresponding to 10/09/2013G)	24/03/1445H (corresponding to 10/09/2023G)	42
11		UAE	The registered owner is Domino's IP Holder. The right to use the trademarks was granted to the Company by Domino's IP Holder.	175847	06/08/1433H (corresponding to 06/26/2012G)	27/11/1443H (corresponding to 06/26/2022G)	43

Source: The Company

12.8.2 Website Domains

The Group registered twenty-eight (28) domain names that it uses in its business. The following table shows the details of these domains.

Table (12.13): Website Domains

#	Location	Address	Use	Status	Registration Expiration Date
1	Kingdom	dominos.sa	Domino's website domain in the Kingdom	Active	06/06/1444H (corresponding to 12/30/2022G)
2	Kingdom	dominos.com.sa	Domino's website domain in the Kingdom	Active	06/06/1444H (corresponding to 12/30/2022G)
3	Kingdom	دومينوز.السعودية	Domino's website domain in the Kingdom	Inactive	06/06/1444H (corresponding to 12/30/2022G)
4	Group	pathone.tech	Used for the Company's GPS application	Active	06/07/1444H (corresponding to 01/28/2023G)
5	Group	dp.vg	Used as a mini-URL for the purposes of the Company's activities	Active	02/06/1444H (corresponding to 12/26/2022G)
6	Group	dominostalktous.com	Used to obtain feedback from customers regarding the exhibition.	Active	10/02/1444H (corresponding to 09/06/2022G)
7	Group	feedbackdominos.com	Used to obtain feedback from customers	Active	29/01/1443H (corresponding to 09/06/2021G)
8	Group	alamar.com	The Company's website	Active	09/06/1444H (corresponding to 01/02/2023G)
9	Group	alamarfoods.com	The Company's website	Active	01/09/1444H (corresponding to 03/23/2023G)
10	Group	alamarfoods.net	The Company's website	Active	01/09/1444H (corresponding to 03/23/2023G)
11	Group	alamar.me	The Company's website	Active	20/08/1443H (corresponding to 03/23/2022G)
12	Group	dominosmenap.com	The Group's website domain	Inactive	14/07/1444H (corresponding to 02/05/2023G)
13	Group	dominosmenap.net	The Group's website	Inactive	14/07/1444H (corresponding to 02/05/2023G)
14	Group	dominosarabia.com	The Group's website	Active	27/09/1444H (corresponding to 04/18/2023G)
15	Egypt	dunkin.eg	Dunkin' Egypt website	Inactive	N/A

#	Location	Address	Use	Status	Registration Expiration Date
16	Egypt	DunkinEgypt.com	Dunkin' Egypt website	Inactive	18/12/1443H (corresponding to 07/17/2022G)
17	Egypt	Dominos.com.eg	Domino's Egypt website	Active	14/12/1444H (corresponding to 07/02/2023G)
18	Morocco	Dominos.ma	Domino's Morocco website	Active	13/08/1444H (corresponding to 03/05/2023G)
19	Morocco	Dunkin.ma	Dunkin' Morocco website	Inactive	23/05/1443H (corresponding to 12/27/2021G)
20	Lebanon	Dominos.com.lb	Domino's Lebanon website	Active	17/01/1444H (corresponding to 08/15/2022G)
21	Jordan	Dominos.jo	Domino's Jordan website	Active	N/A
22	Bahrain	Dominos.bh	Domino's Bahrain website	Active	01/09/1444H (corresponding to 03/23/2023G)
23	Qatar	Dominos.qa	Domino's Qatar website	Active	N/A
24	UAE	Dominos.ae	Domino's UAE website	Active	N/A
25	Oman	Dominos.om	Domino's Oman website	Active	15/12/1444H (corresponding to 07/03/2023G)
26	Pakistan	Dominos.com.pk	Domino's Pakistan website	Active	15/11/1443H (corresponding to 07/14/2022G)
27	Pakistan	dominospakistan.com	Domino's Pakistan website	Inactive	07/07/1444H (corresponding to 01/29/2023G)
28	Pakistan	dominospakistan.net	Domino's Pakistan website	Inactive	07/07/1444H (corresponding to 01/29/2023G)

Source: The Company

12.8.3 Software Ownership

Pursuant a software purchase agreement dated 04/04/1440H (corresponding to 12/11/2018G), the Company purchased all rights, ownership and interest in a software application called PathOne from MIPE Single Member Private Company. The Group has invested in developing PathOne, a tool that improves the delivery experience and provides route optimization, automated dispatches, real time fleet tracking and analytics. PathOne does not include any components of open-source software licensed under the copyleft terms.

12.9 Insurance

The Company secures insurance policies covering different types of risks associated with its activities. The following table sets out the key particulars of the insurance policies held by the Company:

Table (12.14): Insurance Policies of the Company and its Subsidiaries

#	Type of Coverage	Insurer	The Insured	Policy No.	Expiration Date of Coverage	Insured Value/Maximum Compensation
1	All installation risks and general liability	AXA Cooperative Insurance Company	The Company	46/0/30345/EA/1	07/06/1444H (corresponding to 12/31/2022G)	SAR 13,050,000 for contractual and material damages, and SAR 5,000,000 for third party liability
2	Electronic/computer equipment	AXA Cooperative Insurance Company	The Company	53/0/30030/EE/1	07/06/1444H (corresponding to 12/31/2022G)	SAR 11,123,264 for material damages, SAR 500,000 for external data media and SAR 200,000 for higher labor cost
3	Machine breakdown insurance	AXA Cooperative Insurance Company	The Company	10/0/30011/EM/1	07/06/1444H (corresponding to 12/31/2022G)	SAR 2,339,000 for material damages, and SAR 227,000,000 for loss of profit

#	Type of Coverage	Insurer	The Insured	Policy No.	Expiration Date of Coverage	Insured Value/Maximum Compensation
4	All-risk insurance for the facility	AXA Cooperative Insurance Company	The Company	9/0/30055/EP/1	07/06/1444H (corresponding to 12/31/2022G)	Third party liability insurance with a limit of SAR 1,000,000. Coverage for additional fees, overtime, evening work, work during government holidays and express shipping with a limit of SAR 1,000,000. Temporary repair clause - SAR 100,000. Claim preparation clause - SAR 20,000. Demonstrations, strikes and civil riots with a limit of SAR 25,000. Debris removal clause - 10% of the claim value with a limit of SAR 5,000. Immediate repairs with a limit of SAR 5,000.
5	All-risk insurance (UAE)	AXA Cooperative Insurance Company	The Company	30/0/30562/FA/1	07/06/1444H (corresponding to 12/31/2022G)	SAR 581,706,013
6	General liability	AXA Cooperative Insurance Company	The Company	58/0/30275/BL/A	07/06/1444H (corresponding to 12/31/2022G)	SAR 5,000,000 per occurrence and SAR 10,000,000 for the annual total claims
7	Product liability	AXA Cooperative Insurance Company	The Company	3/0/30011/PR/1	07/06/1444H (corresponding to 12/31/2022G)	USD 10,000,000 for any event or series of events resulting from a single event, and USD 10,000,000 for the annual total claims
8	Breach of trust insurance - collective	AXA Cooperative Insurance Company	The Company	23/0/30040/ZF/1	07/06/1444H (corresponding to 12/31/2022G)	A total of SAR 1,500,000 per insurance period.
9	Money insurance	AXA Cooperative Insurance Company	The Company	44/0/30222/ZM/1	07/06/1444H (corresponding to 12/31/2022G)	280,000,000 for annual total claims
10	Money Insurance (UAE)	AXA Cooperative Insurance Company	The Company	45/0/30222/ZM/1	07/06/1444H (corresponding to 12/31/2022G)	SAR 45,275,574
11	Cargo and marine shipping insurance	AXA Cooperative Insurance Company	The Company	020237/MO/31	07/06/1444H (corresponding to 12/31/2022G)	SAR 3,000,000
12	Cargo and marine shipping insurance	AXA Cooperative Insurance Company	The Company	020238/MO/31	07/06/1444H (corresponding to 12/31/2022G)	SAR 500,000
13	Directors' and officers' liability insurance	MedGulf	The Company	2021-1603240-DOL	01/10/1443H (corresponding to 05/02/2022G)	SAR 18,750,000
14	Health insurance	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	A/NIS/219/2021/951/09 B/NEX/2021/951/09	17/02/1444H (corresponding to 09/13/2022G)	AED 150,000
15	Breach of trust insurance - collective (UAE)	AXA Cooperative Insurance Company	The Company	24/0/30040/ZF/1	07/06/1444H (corresponding to 12/31/2022G)	AED 25,528 per employee
16	Risk Insurance (UAE)	AXA Cooperative Insurance Company	The Company	30/0/305062/FA/1	07/06/1444H (corresponding to 12/31/2022G)	AED 124,881,662

#	Type of Coverage	Insurer	The Insured	Policy No.	Expiration Date of Coverage	Insured Value/Maximum Compensation
17	General liability (UAE)	AXA Cooperative Insurance Company	The Company	58/0/30275/BL/1	07/06/1444H (corresponding to 12/31/2022G)	SAR 5,000,000 per occurrence and an annual total of SAR 10,000,000
18	Insurance against loss of and damage to a single vehicle*	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	1-397-2022-661-11	26/07/1444H (corresponding to 02/17/2023G)	232,000
19	Vehicle - tank (10) (UAE)	Dubai Islamic Insurance & Reinsurance Co.	The Company	1-11-2021-663-13 2-11-2021-663-13 3-11-2021-663-13 10-11-2021-663-13	26/09/1443H (corresponding to 04/27/2022G)	-
20	Vehicle - tank (12) (UAE)	Dubai Islamic Insurance & Reinsurance Co.	The Company	11-11-2021-662-13 12-11-2021-663-13 13-11-2021-663-13 22-11-202-663-13	19/10/1443H (corresponding to 05/20/2022G)	-
21	Contractors' plants and machines	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	2-2022-112-11	19/06/1444H (corresponding to 01/12/2023G)	500,000
22	Fire, lightning and burglary policy	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	82-2022-882-11	19/06/1444H (corresponding to 01/12/2023G)	500,000
23	Money policy	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	6-2022-449-11	19/06/1444H (corresponding to 01/12/2023G)	60,000
24	General liability insurance	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	18-2022-237-11	19/06/1444H (corresponding to 01/12/2023G)	1,000,000
25	Auto insurance	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	11-663-2021-11-1	26/09/1443H (corresponding to 04/27/2022G)	Undefined
26	General Liability	Dubai Islamic Insurance & Reinsurance Co.	Alamar Foods UAE	18-2022-237-11	19/06/1444H. (corresponding to 02/12/2023G)	1,000,000
27	Workers' compensation	RSA Insurance	The Company	0002315290/020/1/2	Undefined	-
28	Auto insurance	AXA Cooperative Insurance Company	Alamar Foods Egypt	45/VF/30726/0/0	07/06/1444H (corresponding to 12/31/2022G)	EGP 100,000 per car (equivalent to approximately SAR 23,883.07)
29	Auto insurance	AXA Cooperative Insurance Company	Alamar Foods Egypt	1/0/30726/VF/45	29/05/1444H (corresponding to 12/23/2022G)	EGP 100,000 per car (equivalent to approximately SAR 23,883.07)
30	Fire and associated hazards policy	AXA Cooperative Insurance Company	Alamar Foods Egypt	FX/A 516-21	07/06/1444H (corresponding to 12/31/2022G)	EGP 281,976,200 (equivalent to approximately SAR 67,344,575.09)
31	Multi-risk insurance	AtlantaSanad	HEA Trade and Services (Morocco)	0573.1706.170209	07/01/1444H (corresponding to 08/05/2022G)	-
32	Fleet insurance	AtlantaSanad	HEA Trade and Services (Morocco)	0573.3001.364508	07/06/1444H (corresponding to 12/31/2022G)	-

Source: The Company

12.10 Claims and Litigation

Except as disclosed in this Section, the Directors confirm that the Company and its Subsidiaries, as of the date of this Prospectus, are not a party to any judicial dispute, arbitration or administrative proceedings that could individually or collectively have a material adverse effect on its financial position and results of operations. Moreover, they confirm that they are not aware of any lawsuits or claims threatened to be filed.

12.10.1 The Company

A- Commercial Claims

The below table sets out a summary of labor claims and legal proceedings filed by or against the Company as of the date of this Prospectus. As for its disputes in the Kingdom, the Company has a financial provision for the related disputes at an amount of one hundred and seven thousand Saudi Riyals (SAR 107,000).

Table (12.15): Summary of Commercial Claims Filed by or against the Company as of the date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Expected financial impact
Commercial Claims Filed by the Company					
1	The Company	Othman Tariq Othman AlQasabi	A real estate dispute in which the Company claims a paid rent value for the first year's rent as it did not benefit from the leased location due to non-receipt of the same.	A first instance judgment was rendered in favor of the Company. The Defendant appealed, and a hearing session date was scheduled on 17/10/1443H (corresponding to 05/18/2022G).	SAR 160,000
2	The Company	Al-Jaroudi (contractor)	A real estate dispute in which the Company requires the contractor to pay the amounts paid to the contractor who did not perform the required services according to the agreement.	The case has been referred to the expert to assess the value of the damage caused to the Company, and the hearing session with the experts in Jeddah has been scheduled on 08/01/1443H (corresponding to 05/09/2022G) and with the general court in Riyadh on 11/10/1443H. (corresponding to 05/12/2022G)	SAR 79,541
3	The Company	Joby Bafour	Traffic violation dispute	The hearing session was held on 11/09/1443H (corresponding to 04/12/2022G). The case has been transferred to the president of the court to issue a ruling since the financial impact of the case amounts to less than twenty thousand Saudi Riyals (SAR 20,000).	SAR 12,850
4	The Company	Joby Bafour	Car accident dispute	A judgment was issued in favor of the Company and is submitted to the enforcement court. The Company is still waiting to receive the amounts due.	SAR 26,477
The Total Value of Commercial Claims Lodged by the Company					**SAR 278,868**
Commercial Claims Filed against the Company					
1	Individual	The Company	A traffic accident with one of the Company's drivers.	The case was referred to the judge. A date for a hearing is to be set.	SAR 19,519.01
The Total Value of Commercial Claims against the Company					**SAR 19,519.01**

Source: The Company

B- Labor Lawsuits and Claims

The below table sets out a summary of the labor claims and legal proceedings filed by or against the Company as of the date of this Prospectus.

Table (12.16): Summary of Labor Claims Filed by or against the Company as at the Date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Expected financial impact
Labor Claims Filed by the Company					
1	The Company	Employee	The Defendant claimed for six months' salary during the COVID-19 Pandemic.	The case is being considered by the Enforcement Court.	The total judgment debt: SAR 13,320, of which SAR 10,000 were paid. The outstanding amount is SAR 3,230.
2	The Company	Employee	Illegal resignation by the Defendant.	The case is still pending.	SAR 44,553
The Total Value of Labor Claims Lodged by the Company					**57,873**
Labor Claims Filed against the Company					
1	Employee	The Company	Service termination of a former employee.	The hearing session was scheduled for 27/12/1443H (corresponding to 07/26/2022G).	Undefined
2	Employee	The Company	Labor claims and illegal compensation.	The hearing session was scheduled for 10/10/1443H (corresponding to 05/09/2022G).	97,210
3	Employee	The Company	Labor claims and illegal compensation.	The hearing session was scheduled for 10/10/1443H (corresponding to 05/11/2022G).	24,200
4	Employee	The Company	A claim filed due to the employee being recorded as an absconder in the system.	The hearing session was held on 23/07/1443H (corresponding to 02/24/2022G). The Plaintiff did not attend.	Undefined
The total value of labor claims filed against the Company					**121,410**

Source: The Company

12.10.2 Material Subsidiaries

Alamar Foods Egypt is involved as a plaintiff in two commercial claims filed by a group of individuals in relation to compensation claims related to a factory vehicle driver who committed manslaughter. A final judgment was rendered, obligating Alamar Foods Egypt and two of its employees to pay an amount of four hundred and ten thousand Egyptian pounds (EGP 410,000) (equivalent to ninety-seven thousand, seven hundred and thirty-five Saudi Riyals and eighty-two halalas (SAR 97,735.82).

It should be noted that HEA Trade and Services (Morocco) is subject to a number of lawsuits relating to its employees, the potential overall financial impact of which has not been determined.

It should be noted that the Group has a financial provision of one hundred and sixty-seven thousand, five hundred Egyptian pounds (EGP 167,500) for the lawsuit related to Alamar Foods Egypt.

12.11 Zakat and Tax Status of the Company

The Company is subject to Zakat and tax requirements in the Kingdom. Any increase of Zakat and/or tax requirements applicable to the Company may adversely affect its profitability. It should be noted that the Company and its Subsidiaries do not submit consolidated Zakat returns. The Company is subject to Zakat and income tax. A consolidated filing can only be submitted if the Saudi companies are wholly owned by GCC shareholders and the filing entity owns 100% of the subsidiaries. In addition, the Company has submitted Zakat and tax returns for the financial years up to 2020G, and paid Zakat and tax dues within the required time. The Company obtained the Zakat certificates from ZATCA for all years up to 2020G. However, there is a risk that ZATCA may return to any of the previous five (5) years if there is no Zakat assessment and ZATCA challenges the submitted returns. It may require the Company to pay additional Zakat amounts, as the Company has not obtained the final Zakat assessments.

It should be noted that the Company obtained final Zakat assessments for all years up to 2017G. There is an ongoing Zakat assessment for the financial year 2018G as ZATCA issued a Zakat assessment on the Company in FY 2018G with an additional Zakat liability of SAR 2.6 million. This amount has not been paid as of the date of this Prospectus as the Company challenged the Zakat differences for said years. The Company also obtained a tax assessment for the financial years up to 2014G and FY 2018G. As for the financial years 2015G to 2017G, ZATCA imposed an additional liability for withholding tax amounting to SAR 1.3 million. The Company filed an appeal against such differences, which is currently being considered. As for the financial years 2019G and 2020G, ZATCA has not raised any assessment as of the date thereof. In addition, there are tax and Zakat risks in the Kingdom on the Company with a value of SAR 4.6 million, which relate to wage and salary differences reported in the approved financial statements compared to the social insurance certificate for the financial year 2021G. Based on the calculations made by the financial due diligence advisor, disallowing the total differences amounting to SAR 69.6 million may result in an income tax liability of SAR 3.3 million (excluding late payment penalties) and a Zakat liability of SAR 1.3 million (amounting to a total of SAR 4.6 million). The Company will bear any future claims, Zakat differences, or tax claims for previous years, whether in relation to the Company or its Subsidiaries. The Company made a provision of SAR 9.3 million for Zakat differences and tax claims for the period ended September 30, 2021G. The Company has not made any provisions for Zakat and tax payments for the financial year ended December 31, 2021G.

During the period between the financial year 2018G to the financial year 2021G, the tax authorities in any of the concerned countries did not issue any tax or Zakat assessments on the following subsidiaries: Kasual Plus, Alamar Foods UAE, Alamar Foods Bahrain, Alamar Foods Egypt, Alamar Foods Kuwait, Alamar Foods Lebanon and Alamar Foods Qatar. With respect to previous periods (i.e., financial year 2018G to financial year 2021G), no tax or Zakat assessments or other tax or Zakat claims have been identified by the relevant tax authorities other than those referred to in this Section in relation to the Company. The following are the details of the tax audit status for Subsidiaries in previous periods:

- Kasual Plus has not historically been subject to any queries or tax assessments by the ZATCA in the Kingdom since its incorporation and there are no current appeals or field audits relating to tax matters.
- Alamar DMCC and Alamar Foods UAE have not undergone any tax audits since their incorporation, and therefore their tax positions for the financial years from 2018G to 2021G are still open for inspection.
- Alamar Foods Bahrain has not been subject to historic tax audits since its incorporation, and its tax status for the financial years from 2019G to 2021G are still open for inspection.
- Alamar Foods Egypt underwent tax inspections with regard to income tax and value added tax until the financial year 2016G, in addition to salary tax inspections up to the financial year 2017G. Therefore, the financial years from 2018G to 2021G are still open for inspection.
- Alamar Foods Jordan has been subject to tax inspections with regard to income tax, goods and services tax and personal income tax by the Jordanian tax authorities until the financial year 2018G. Therefore, the financial years from 2019G to 2021G are still open for inspection.
- Alamar Foods Kuwait has not historically been subject to any tax audits since its establishment, and some tax positions related to the financial years from 2018G to 2021G (including retention tax) may still be open for inspection.
- Alamar Foods Lebanon has been subject to a tax audit for the financial years from 2011G to 2014G. In view of the extension of the tax inspection dates by the tax authorities in Lebanon as a result of the COVID-19 Pandemic, the financial years from 2015G to 2021G may still be open for inspection.
- HEA Trade and Services (Morocco) has been subject to a tax audit for the financial years from 2014G to 2017G. Therefore, the financial years from 2019G to 2021G are still open for inspection.
- Alamar Foods Qatar, since its incorporation, has not been subject to tax inspections, and therefore, its tax positions for the financial years from 2018G to 2021G are still open for inspection.
- Alamar Foods Oman was subject to a tax audit up to the financial year 2016G. There is no information related to any tax audit, assessments or tax claims with respect to Alamar Foods Oman relating to tax periods from the financial year 2017G onwards and is therefore open for inspection.

As for Alamar DMCC, the UAE Federal Tax Authority issued a fine of 50 thousand UAE dirhams (equivalent to 51.05 thousand Saudi Riyals), which relates to the delay in submitting files of real economic activities for the year 2019G. The Company has appealed against linking the Federal Tax Authority to the UAE, which was rejected by it, and the fine in this regard is currently being paid.

In addition, the Federal Tax Authority in the UAE issued a fine of 20,000 UAE dirhams (equivalent to 20.42 thousand Saudi Riyals) for delaying the submission of files of actual economic activities for the financial year 2020G. Alamar DMCC is currently planning to settle such fine which has not been settled as of the date of this Prospectus.

With regard to HEA for Trade and Services (Morocco), the Company underwent tax assessments in 2018G for the financial years up to the year of 2017G, and these tax assessments were amicably settled after paying an amount of 618.25 thousand Saudi Riyals.

With regard to Alamar Foods Jordan, the Company was subject to tax assessments until the financial year 2018G. Accordingly, the tax authorities in Jordan considered part of the expenses in the amount of 50 thousand Jordanian dinars (equivalent to 266.35 thousand Saudi Riyals) as a non-deductible expense, which affected the amount of losses that are carry-forward but have no monetary tax effect and accordingly, the management has adjusted the amount of deferred tax assets in the financial year of 2019G.

12.12 Description of the Rights of Shareholders

12.12.1 Voting Rights

Each Subscriber shall have one vote for each share represented thereby at the conversion assembly, and each Shareholder shall have a vote for each share in the General Assemblies. Cumulative voting shall be used in the elections of the Board of Directors.

12.12.2 Rights to Dividends

The Shareholder is entitled to its share of dividends under a resolution of the General Assembly issued in this regard. The resolution shall specify the date of maturity and the date of distribution. Dividends shall be provided to owners of the shares recorded in the shareholders' register at the end of the maturity day.

12.12.3 Rights of Recovery or Repurchase

The Company may purchase its shares subject to the approval of the Extraordinary General Assembly.

12.12.4 Rights to Surplus Assets upon Liquidation and Dissolution

Pursuant to Article 163 of the Companies Law, shares shall entail equal rights to net profit and liquidation surplus, unless the Articles of Association stipulate otherwise.

12.12.5 Approvals Necessary to Amend the Voting Rights

The Company's Bylaws shall be amended to the effect that the rights and voting mechanism at the General Assemblies of the Company are modified. In accordance with Article 30 of the Company's Bylaws, the Extraordinary General Assembly shall be competent to amend the Bylaws. The Extraordinary General Assembly shall be valid only if shareholders representing at least 50% of the share capital are in attendance. If this percentage is not present in the first meeting, the second meeting of the Extraordinary General Assembly shall be valid only if attended by shareholders representing at least a quarter of the share capital. If the required quorum has not been provided in the second meeting, there shall be an invitation for a third meeting in accordance with Article 31 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein upon the approval of the competent authority. Resolutions of the Extraordinary General Assembly on amendments to the Company's Bylaws shall be adopted by a majority vote of two-thirds of the shares represented at the meeting.

13. Underwriting

The Company, the Selling Shareholders and the Underwriter (HSBC Saudi Arabia) entered into an underwriting agreement on 01/12/1443H (corresponding to 30/06/2022G) (the "**Underwriting Agreement**"), pursuant to which the Underwriter has agreed, subject to certain terms and conditions of the Underwriting Agreement, to fully underwrite all the ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) Offer Shares. The name and address of the Underwriter are set out below:

13.1 Name and Address of Underwriter

HSBC Saudi Arabia
HSBC Building
7267 Olaya Road, AlMurooj District
Riyadh 2255-12283
Kingdom of Saudi Arabia
Tel: +966 920005920
Fax: +966 11 2992385
Website: www.hsbcsaudi.com
E-mail: saudiarabia@hsbcsa.com

HSBC

13.2 Summary of Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a- The Selling Shareholders undertake to the Underwriter that, on the first Business Day after allocation of the Offer Shares following the end of the Offering Period, they shall:

  1- Sell and allocate the Offer Shares to any Retail Investor or Participating Party whose application for Offer Shares has been accepted by the Receiving Entities; and

  2- sell and allocate to the Underwriters the Offer Shares that are not subscribed to by Retail Investors or Participating Parties pursuant to the Offering.

b- The Underwriter undertakes to the Selling Shareholders that it will purchase any Offer Shares that are not subscribed to by Retail Investors or Participating Parties, as set out below.

Table (13.1): Underwritten Shares

Underwriter	Number of Offer Shares to be underwritten	Percentage of Offer Shares to be Underwritten
HSBC Saudi Arabia	**10,633,392**	**100%**

Source: The Company

The Company and Selling Shareholders have committed to satisfying all the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholders will pay the Underwriter an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholders agreed on behalf of the Company to pay the Underwriter's costs and expenses in connection with the Offering.

14. Offering Expenses

The Selling Shareholders shall bear all expenses and costs associated with the Offering, which are estimated at approximately forty-three million four hundred ninety-three thousand four hundred and seventy-five Saudi Riyals (SAR 43,493,475). These expenses include the fees of the Financial Advisor, Underwriter, Lead Manager, Bookrunner, Legal Advisor and Legal Advisor to the Underwriter, Auditor, Market Consultant, and Receiving Entities, in addition to marketing, printing and distribution expenses and other related expenses. The expenses will be deducted from the proceeds of the Offering. The Company will not be responsible for payment of the Offering-related expenses.

15. Company's Post-Listing Undertakings

Following the Listing, the Company undertakes to:

- Fill out Form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations;
- Start the necessary procedures for electing alternate directors for the two Directors who will submit their resignations after the Offering and Listing are completed (for further information, please refer to Section 5.3.1 "**Formation of the Board**", by taking the following steps:

Table (15.1): Steps of the Election of Alternate Directors

#	Event	Details	Time
1	Listing of the Company's Shares	-	Listing Date
2	Opening the nomination	The Company will, through the issuance of the Board's resolution, publish the nomination announcement on the websites of the Company and Tadawul and in any other means determined by the CMA.	The announcement will be published within a period of no more than thirty (30) days from the date of Listing. The nomination period will be one month from the date of the announcement.
3	Accepting nomination applications	The Company shall receive all nomination applications, by any qualified person, whether from among the current Directors or other persons.	During the nomination period.
4	Considering the candidates' nomination applications and CVs	The Nomination and Remuneration Committee will consider the applications submitted in accordance with the Companies Law and the CMA's regulations, in addition to the criteria specified in the Company's Director Selection Policy, and make its recommendations to the Board of Directors for submission to the General Assembly.	During the nomination period until the date on which the General Assembly's meeting is announced.
5	Invitation to the Ordinary General Assembly	The Ordinary General Assembly will be called to vote on the election of the alternate directors to replace the two resigning Directors.	Within a period of no more than ten (10) Business Days from the end of the nomination period.
6	The Convening of the Ordinary General Assembly	The General Assembly will be held twenty-one (21) days after the invitation date in accordance with the applicable procedures regarding the convening of listed companies' assemblies, including in relation to electronic voting.	Twenty-one (21) days from the date the Ordinary General Assembly is invited.

Source: The Company

- Immediately appoint a deputy chairman of the Board of Directors to replace the Deputy Chairman as of the date of this Prospectus, Lubna Mansour Ahmed Qunash, who will submit her resignation after the completion of the Offering and Listing (for further information, please refer to Section 5.3.1 "**Formation of the Board**" (of this Prospectus), to ensure the presence of a deputy chairman of the Board of Directors on an ongoing basis;
- Notify the CMA of the date on which the first General Assembly will be held following the Listing so that a representative may attend;
- Submit any business or contract in which any member of the Board of Directors has a direct or indirect interest to the General Assembly for the board clearance (in accordance with the Companies Law and Corporate Governance Regulations, and Rules of Listed Companies), provided that the interested Director shall be prevented from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly;
- Immediately after the Listing, comply with all mandatory provisions of the Corporate Governance Regulations;
- Immediately after the Listing, comply with all the articles of the Listing Rules in relation to the Company's continuing obligations; and
- Immediately after Listing, call for a General Assembly meeting to update the Company's Bylaws.

Accordingly, after the Listing, the Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Chairman and Secretary; and
- Disclose the details of any related party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16. Waivers

The Company has not applied to the CMA for any waivers from any of the regulatory requirements.

17. Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of securities and an application for Listing of securities on the Exchange in accordance with the OSCOs and the Listing Rules. All Subscribers must carefully read the subscription terms and conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Receiving Entity or the Bookrunner constitutes an acceptance and approval of the Subscription Terms and Conditions.

17.1 Subscription to Offer Shares

The Offering will consist of ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) ordinary shares with a fully-paid nominal value of ten Saudi Riyals (SAR 10) per share at an Offer Price of one hundred and fifteen Saudi Riyals (SAR 115). The Offer Shares represent 41.699% of the Company's capital, with the total value of the Offering amounting to one billion, two hundred and twenty two million, eight hundred and forty thousand and eighty (1,222,840,080) Saudi Riyals Saudi Riyals. Note that the Offering to Retail Investors and Listing of the Company's shares thereafter are subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. The CMA also has the right to suspend the Offering if, after its approval of this Prospectus and before the registration and admission to Listing the Shares on the Exchange, a material adverse change occurs in the Company's operations.

The Offering is directed at, and may be accepted only by Investors in the following two tranches:

Tranche A: Participating Parties: this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (please see Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of the Offer Shares that will be initially allocated to the Participating Parties is ten million, six hundred and thirty-three thousand, three hundred and ninety-two (10,633,392) Offer Shares, representing 100% of the total Offer Shares. In the event that Retail Investors (as defined in Tranche B below) subscribe for all Offer Shares allocated thereto, the Financial Advisor, in consultation with the Company and Selling Shareholders, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to at least nine million, five hundred and seventy thousand and fifty-three (9,570,053) Offer Shares, representing 90% of the Offer Shares. The number and percentage of Offer Shares to be allocated to the Participating Parties will be determined by the Financial Advisor, in consultation with the Company and the Selling Shareholders, using the optional allocation mechanism.

Tranche B: Retail Investors: this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or GCC natural investors,, in each case who has a bank account with a Receiving Entity and is allowed to open an investment account. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million, sixty-three thousand, three hundred thirty-nine (1,063,339) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors, provided that the Participating Parties subscribe to all the Offer Shares allocated to them. If the Retail Investors do not subscribe for all the Shares allocated to them, the Financial Advisor, in consultation with the Company and the Selling Shareholders, may reduce the number of Shares allotted to them in proportion to the number of Shares to which they subscribed.

17.2 Offering Period

Two (2) days starting from Wednesday on 21/12/1443H (corresponding to 20/07/2022G), until the end of Thursday on 22/12/1443H (corresponding to 21/07/2022G).

17.3 Subscription Conditions and Method for Each Category of Targeted Investors

17.3.1 Book-building for Participating Parties

a- The Financial Advisor, in consultation with the Company and the Selling Shareholders, shall determine the price range for the purposes of book-building, which will be made available to all Participating Parties. The number and percentage of the Offer Shares to be allocated to the Participating Parties will be determined in consultation with the Company and the Selling Shareholders, using the discretionary allocation mechanism.

b- Participating Parties may submit subscription applications during the book-building process period through Bid Forms to be made available by the Bookrunner. Participating Parties that are not registered in the Kingdom may submit subscription applications during the book-building process period by applying with the Bookrunner by phone or e-mail, without the need to complete and sign an application form. The Participating Parties may amend or cancel their applications at any time during the Book-Building Period, provided that said applications are amended by submitting a modified Bid Form or an appended Bid Form (where applicable) for the Participating Parties registered in the Kingdom or by phone or e-mail for the Participating Parties that are not registered in the Kingdom, before the Offer Price determination to be made prior to the Offering Period. The number of Offer Shares for each of the Participating Parties shall not be less than one hundred thousand (100,000) shares, and no more than one million, two hundred and seventy-four thousand, nine hundred and ninety-nine (1,274,999) shares and, in relation to public funds only, not exceed the maximum limit for each participating public fund to be determined in accordance with the Book-Building Instructions. The number of requested shares shall be subject to allocation. The Bookrunner shall notify the Participating Parties of the Offer Price and the number of Offer Shares initially allocated thereto. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes the Retail Investors, according to the terms and conditions detailed in the Subscription Application Forms.

c- Once the book-building process for Participating Parties is completed, the Financial Advisor will announce the subscription percentage for Participating Parties.

d- The Financial Advisor and the Company will have the power to determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the underwriting agreement and provided that the Offer Price is in accordance with the tick size applied by the Exchange.

17.3.2 Subscription by Retail Investors

Each Retail Investor shall subscribe for a minimum of ten (10) Offer Shares and a maximum of three hundred thousand (300,000) Offer Shares. No change or withdrawal of the Subscription Application Forms shall be permitted once they have been submitted.

Subscription Application Forms will be made available during the Offering Period on the websites of the Receiving Entities. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Retail Investors can subscribe through the Internet, telephone banking or ATMs of any of the Receiving Entities' branches that offer any or all such services to its customers, provided that the following requirements are satisfied:

a- The Retail Investor shall have a bank account at a Receiving Entity that offers such services; and

b- There should have been no changes to the personal information or data of the Retail Investor since his subscription in the last offering.

A signed Subscription Application represents a legally binding agreement between the Selling Shareholders and the relevant Retail Investor submitting the same to the Receiving Entities.

Retail Investors may obtain a copy of this Prospectus from the websites of the following Receiving Entities (the Prospectus is also available on the websites of the CMA, the Financial Advisor and the Company):

Saudi National Bank (SNB) King Fahad Road – Al-Aqiq King Abdullah Financial District P.O. Box 3208, Unit No. 778 Kingdom of Saudi Arabia Tel: +966 (92) 0001000 Fax: +966 (11) 4060052 Website: www.alahli.com E-mail: contactus@alahli.com	
Al Rajhi Bank King Fahd Road - Al-Murouj District - Al Rajhi Bank Tower Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 11 828 2515 Fax: +966 11 279 8190 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	
Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com E-mail: customercare@riyadbank.com	

The Receiving Entities offering this service will commence receiving Subscription Application Forms through the Internet, telephone banking or ATMs of the Receiving Entities that offer any or all such services to its customers, beginning from Wednesday 21/12/1443H (corresponding to 20/07/2022G), until Thursday 22/12/1443H (corresponding to 21/07/2022G). Once the Subscription Application Form is signed and submitted, the Receiving Entity will stamp it and provide the Retail Investor with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Entity, the Subscription Application Form will be considered void. Retail Investors do not have the right to claim any compensation for damages incurred due to such cancellation.

Each Retail Investor is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount shall be equal to the number of Offer Shares applied for multiplied by the Offer Price of one hundred and fifteen Saudi Riyals (SAR 115) per Offer Share.

Subscriptions for less than ten (10) Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of the said number. The maximum number of Offer Shares to be applied for is three hundred thousand (300,000) Offer Shares.

Subscription Application Forms for Retail Investors should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Entities will verify all copies against the originals and will return the originals to the relevant Retail Investor):

a- The original and copy of the Retail Investor's national civil identification card or residency identification card (in case of individuals, including GCC nationals, and non-Saudi national residents);
b- The original and copy of the family civil identification card (when subscribing on behalf of family members);
c- The original and copy of a power of attorney (when subscribing on behalf of others);
d- The original and copy of the certificate of guardianship (when subscribing on behalf of orphans);
e- The original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
f- The original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
g- The original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event a Subscription Application Form is made on behalf of a Retail Investor (parents and children only), the name of the person signing on behalf of the Retail Investor should be stated in the Subscription Application Form, accompanied with a valid original and a copy of the power of attorney. The power of attorney must be notarized by a notary public for the Retail Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for the Retail Investors residing outside the Kingdom. The concerned official of the Receiving Entity shall match the copy with the original version and return the original version to the Retail Investor.

One Subscription Application Form should be completed for each primary Retail Investor applying for himself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the primary Retail Investor. In this case:

a- All Offer Shares allocated to the primary Retail Investor and dependent Retail Investors will be registered in the prime Retail Investor's name.
b- The primary Retail Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Retail Investors; and
c- The primary Retail Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Retail Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a- The Offer Shares to be allocated are to be registered in a name other than the name of the primary Retail Investor;
b- Dependent Retail Investors intend to apply for a different number of Offer Shares than the primary Retail Investor; and
c- The wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Retail Investor). In the latter case, applications made by husbands on behalf of their spouses will be canceled and the independent application of the wives will be processed by the Receiving Entity.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children, provided that she submits proof of motherhood. A subscription by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a primary Retail Investor subscribes for Shares for himself and other family members registered in his family book, and a family member submits a separate Subscription Form, such family member's portion of the original application will be canceled.

During the Offering Period, only a valid residence permit will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Retail Investors. The maximum age for non-Saudi dependents to be included with their mother is 18 years. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Retail Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of one hundred and fifteen Saudi Riyals (SAR 115) per Offer Share. Each Retail Investor shall acquire the number of Offer Shares allocated to him/her upon:

a- Delivery by the Retail Investor of the Subscription Application Form to any of the Receiving Entities; and

b- Payment in full by the Retail Investor to a Receiving Entity of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Entities by authorizing a debit of the Retail Investor's account held with the Receiving Entity to whom the Subscription Application Form is submitted.

For the purposes of clarity, the owners of the Offering Shares are entitled to receive any dividends that the Company declares from the date of this Prospectus and the subsequent financial years.

If a submitted Subscription Application Form is not in compliance with the Subscription Terms and Conditions, the Company shall have the right to reject, in full or in part, such an application. The Retail Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he/she has applied for.

17.4 Allocation and Refunds

The Lead Manager and Receiving Entities shall open and operate escrow accounts, for the purpose of depositing and keeping subscription amounts collected from Participating Parties and Receiving Entities (on behalf of Retail Investors). These subscription amounts shall be transferred to Selling Shareholders only upon completion of the Listing and deduction of certain fees and expenses. Details of this escrow account will be specified in the Subscription Application Forms. In addition, the Receiving Entities shall deposit all amounts received from the Retail Investors into the escrow accounts.

The Lead Manager and Receiving Entities, as the case may be, will notify the Subscribers of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation and refund of subscription monies will be made no later than Tuesday, 27/12/1443H (corresponding to 26/07/2022G). Subscribers should communicate with the Lead Manager or the Receiving Entity where they submitted their Subscription Application Form, as applicable, for any further information.

17.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares for the Participating Parties, by using the discretionary allocation mechanism, after the allocation of Offer Shares to Retail Investors is completed, provided that the number of Offer Shares initially allocated to Participating Parties shall not be less than nine million, five hundred and seventy thousand and fifty-three (9,570,053) Offer Shares, representing 90% of the Offer Shares.

Transfer of ownership of the Offer Shares will be valid only from the time Participating Parties pay the costs thereof, the Participating Parties are recorded in the Company's Shareholder Register and the trading of Shares commenced on the Exchange, in accordance with the applicable laws and instructions regarding the trading of shares in the Kingdom. If the Company's shares are not traded or are de-listed before trading for any reason, then the subscription monies paid by the Participating Parties shall be refunded thereto and the ownership of the shares shall return to the Selling Shareholders.

17.4.2 Allocation of Offer Shares to Retail Investors

The Financial Advisor, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares for the Retail Investors. A maximum of one million, sixty-three thousand, three hundred and thirty-nine (1,063,339) ordinary Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors. The minimum allocation per Retail Investor is ten (10) shares, and the maximum allocation per Retail Investor is three hundred thousand (300,000) shares. The balance of the Offer Shares (if any) will be allocated on a pro-rata basis of the number of Offer Shares applied for by each Investor to the total Offer Shares applied for. In the event that the number of Retail Investors exceeds one hundred and six thousand and three hundred and thirty three (106,333) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the allocation shall be made as per the instructions of the Company and Financial Advisor. Excess subscription monies, if any, will be refunded to the Retail Investors without any withholding, commissions or deductions by the Receiving Entities.

17.5 Circumstances where the Listing may be Suspended or Canceled

17.5.1 Power to Suspend or Cancel the Listing

a- The CMA may suspend stock trading or cancel the Listing at any time as it deems fit, in any of the following circumstances:
   1- The CMA considers it necessary for the protection of Investors or the maintenance of an orderly market;
   2- The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Exchange rules;
   3- The Company fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA;
   4- The CMA considers that the Company or its business, the level of its operations or its assets are no longer suitable for the continued Listing of securities on the Exchange;
   5- When a reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Company has given sufficient information regarding the target entity and the CMA is convinced, after the announcement of the Issuer, that sufficient public information is available on the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;
   6- When information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly;
   7- When an initiation application for the Company's financial reorganization is registered with the court if its accumulated losses are 50% or more of its capital in accordance with the Bankruptcy Law;
   8- When a liquidation application or administrative liquidation of the Company is registered with the court in accordance with the Bankruptcy Law;
   9- When a court issues a final ruling to terminate a financial reorganization proceeding and commence a bankruptcy proceeding of the Company in accordance with the Bankruptcy law; or
   10- When a court issues a final ruling to commence a liquidation proceeding or administrative liquidation proceeding of the Company before the court under the Bankruptcy Law.

b- Lifting of the trading suspension under paragraph a above is subject to the following:
   1- The events which led to the suspension being sufficiently remedied, and the suspension being no longer necessary for the protection of Investors;
   2- The lifting of suspension being unlikely to affect the normal activity of the Exchange;
   3- The Company complying with any other conditions that the CMA may require;
   4- Upon issuance of a final judgment initiating financial restructuring for the Company under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made due to the Company's accumulated losses reaching 50% or more of its capital; and
   5- Upon issuance of a final judgment rejecting the liquidation procedure or the administrative liquidation under the Bankruptcy Law, unless the Company is suspended from the practice of its activities by the relevant competent authority, in the event the suspension is made due to the registration of a liquidation application or administrative liquidation of the Company with the court in accordance with the Bankruptcy Law.

c- The Exchange shall suspend the trading of securities of the Company in any of the following cases:
   1- When the Company does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the Rules on the Offer of Securities and Continuous Obligations;
   2- When the Auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from expressing an opinion, until the opposing opinion or abstention from expressing an opinion is removed;
   3- If the liquidity requirements of Chapters II and VIII of the Listing Rules are not met after the lapse of the period set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise; or
   4- Upon the issuance of a resolution by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of such resolution.

d- The Exchange shall remove the suspension referred to in Paragraph c (1 and 2) above, prior to one trading session after the cause of suspension ceases to exist. In the event that the over-the-counter trade of the Company's shares is allowed, the Exchange shall remove the suspension within a period of no more than five (5) trading sessions after the cause of suspension ceases to exist.

e- The Exchange may, at any time, propose to the CMA to suspend the trading of any listed security or cancel its Listing where, in its opinion, any of the circumstances of Paragraph a of this Article are likely to occur.

f- If its securities are subject to a trading suspension, the Company must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.

g- In the event that the Listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's Listing.

h- Upon the Company's completion of a reverse takeover, the Company's shares will be de-listed. If the Company wishes to re-list its shares, it must submit a new application to list its shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCOs.

i- This paragraph shall not prejudice the suspension of trading and cancellation of Listing resulting from the losses of the Company pursuant to the relevant Implementing Regulations and Exchange Rules.

17.5.2 Voluntary Cancellation of Listing

a- After securities have been listed, the Company may not cancel the Listing of its securities on the Exchange without the prior approval of the CMA. In order to obtain such approval, the Company will submit an application for the cancellation to the CMA, with concurrent notification to the Exchange, which must include:

1- Specific reasons for the request for the cancellation;

2- A copy of the disclosure described in Paragraph d below;

3- A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company; and

4- The names and contact information of the Financial and Legal Advisors appointed according to the Rules on the Offer of Securities and Continuing Obligations.

b- The CMA may, at its discretion, approve or reject the cancellation request.

c- The Company must obtain the consent of its Extraordinary General Assembly to cancel a Listing, subject to the CMA's approval of such cancellation.

d- Where a cancellation is made at the Company's request, the Company must disclose the same to the Public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the Company's activities.

17.5.3 Temporary Trading Suspension

a- The Company may request a temporary trading suspension upon the occurrence of an event that occurs during trading hours that requires immediate disclosure under the CML, its Implementing Regulations or the Exchange Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend the trading of the Company's securities immediately upon the receipt of such request.

b- When trading is temporarily suspended at the Company's request, the Company must disclose to the Public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the Company's activities.

c- The CMA may impose a temporary trading suspension without a request from the Company where the CMA becomes aware of information or circumstances affecting the Company's activities that the CMA considers would be likely to interrupt the operation of the Exchange or the protection of Investors. If its securities are subject to temporary trading suspension, the Company must continue to comply with the CML, its Implementing Regulations and Exchange Rules.

d- The temporary trading suspension will be lifted following the lapse of the period referred to in Paragraph b above, unless the CMA or the Exchange decides otherwise.

e- The Exchange may propose that CMA exercise its authorities under Paragraph c above in case it finds that there is information or circumstances that may affect the Company's activities and that are likely to interrupt the operation of the Exchange or the protection of Investors.

In the event that the Listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's Listing.

17.5.4 Lifting of Suspension

Lifting of trading suspension under Paragraph a of Section 17.5.1 "**Power to Suspend or Cancel Listing**" of this Prospectus is subject to the following:

a- The events which led to the suspension being sufficiently remedied, and the suspension being no longer necessary for the protection of Investors;

b- The lifting of the suspension being unlikely to affect the normal activity of the Exchange; and
c- The Company complying with any other conditions that the CMA may require;

In the event that the Listing suspension continues for six (6) months with no appropriate procedure made by the Company to remedy such suspension, the CMA may cancel the Company's Listing.

17.6 Approvals and Decisions Under Which the Offer Shares are Offered

The following are the decisions and approvals under which the Offer Shares are offered:

a- The Board of Directors' Resolution approving the Offering dated 20/03/1443H (corresponding to 10/26/2021G);
b- The General Assembly's Resolution approving the Offering dated 29/03/1443H (corresponding to 11/04/2021G);
c- The CMA's approval of the Offering dated 08/11/1443H (corresponding to 06/07/2022G); and
d- The Exchange's Listing approval dated 12/09/1443H (corresponding to 03/15/2022G), subject to the approval of the CMA.

17.7 Lock-up Period

Abdulaziz Ibrahim AlJammaz and Brothers Company, as a Substantial Shareholder in the Company, may not dispose of its shares for a period of six (6) months from the date on which trading of the Company's shares commences on the Exchange. Following the end of this period, Abdulaziz Ibrahim AlJammaz and Brothers Company may dispose of its shares without the prior approval of the CMA.

In addition, the Company may not issue any shares in the same class as those already listed on the Exchange for a six-month period starting from the date the trading of the Shares commences on the Exchange.

17.8 Subscription Undertakings

By completing and delivering the Subscription Application Form, each Subscriber:

a- Agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;
b- Warrants that he/she has read and carefully examined this Prospectus and understood all its content;
c- Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes in the Offer Shares accordingly;
d- Declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed for any shares and that the Company has the right to reject any or all duplicate applications;
e- Accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Subscription Application Form; and
f- Warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Entity.

17.9 Share Register and Trading Arrangements

The Depository Center shall keep a Shareholder Register containing their names, nationalities, addresses, professions, and shares as well as the amounts paid for such shares.

17.10 Saudi Stock Exchange (Tadawul)

In 1990G, full electronic trading of equities in the Kingdom was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "**Tadawul**" system through a fully integrated trading system covering the entire trading process from the execution of the trade transaction through the settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, orders can be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. These times change during the month of Ramadan as announced by Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at the best price) are executed first, followed by limit orders (orders placed at a price limit), such that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that a transfer of shares is settled two Business Days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that is important for Investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

17.11 Securities Depository Center Company (Edaa)

The Securities Depository Center Company ("**Edaa**") was established in 2016G as a closed joint stock company having a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share, and is wholly owned by the Exchange. The establishment was made upon the CMA Board's approval of the request provided by the Exchange's Board of Directors in relation to converting the Securities Depository Center into a joint stock company in accordance with the Capital Market Law. The principal activities of Edaa are to conduct business related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on deposited securities. Further, it deposits and manages the records of the issuers of securities and organizes issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with the CML and its Implementing Regulations.

17.12 Trading of Shares

Trading of the Shares is expected to commence after the final allocation process is completed and the start date of trading of the Company's shares is announced. Following the Listing, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with the QFI Rules. Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into swap agreements with Capital Market Institutions authorized by the CMA to acquire, hold and trade in the Shares on the Exchange on behalf of foreign non-GCC Investors. It should be noted that the authorized Capital Market Institutions will be the legal owners of the Shares subject to the Swap Agreements.

Furthermore, Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignors, executors, administrators and heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising thereunder shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, conditions and receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been released in both the Arabic and English language, with the Arabic version being the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic text, the Arabic text of the Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than Saudi Arabia are expressly prohibited except for foreign financial institutions subject to the applicable laws and instructions. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters, between 10:00 a.m. and 3:00 p.m. from Thursday 10/11/1443H (corresponding to 09/06/2022G) until Thursday 22/12/1443H (corresponding to 21/07/2022G), for a period of no less than twenty (20) days prior to the end of the Offering Period:

a- A copy of the CMA's announcement of the approval of the Offering;
b- The Exchange's approval to list the Company's shares on Tadawul;
c- The Board of Directors' approval of the Offering issued on 20/03/1443H (corresponding to 10/26/2021G);
d- The General Assembly's Resolution approving the Offering dated 29/03/1443H (corresponding to 11/4/2021G);
e- The Company's Bylaws and amendments thereto;
f- The Company's Articles of Association and amendments thereto;
g- The Company's commercial registration certificate issued by the Ministry of Commerce;
h- The Company's audited financial statements for the financial years ended December 31, 2019G, 2020G and 2021G;
i- The Market Study report prepared by the Market Consultant;
j- All other reports, letters, documents, and valuations and data prepared by any expert wholly or partly included or referred to in the Prospectus;
k- Contracts and agreements disclosed in Section 12.5 "**Material Agreements**" and Section 12.6 "**Related Party Agreements and Transactions**" of this Prospectus; and
l- Letters of consent from each of:
    1- The Financial Advisor, Lead Manager, Bookrunner and Underwriter (HSBC Saudi Arabia) for the inclusion of its name and logo in this Prospectus;
    2- The Company's Legal Advisor (Law Firm of Salman M. Al-Sudairi) for the inclusion of its name, logo and statement in this Prospectus;
    3- The Legal Advisor for the Offering outside the Kingdom (Latham & Watkins LLP) for the inclusion of its name, logo and statement in this Prospectus;
    4- The Legal Advisor to the Financial Advisor, Lead Manager, Bookrunner and Underwriter (Law Office of Megren M. Al-Shaalan) for the inclusion of its name, logo and statement in this Prospectus;
    5- The Legal Advisor to the Financial Advisor, Lead Manager, Bookrunner and Underwriter outside the Kingdom (White & Case LLP) for the inclusion of its name, logo and statement in this Prospectus;
    6- The Financial Due Diligence Advisor (Ernst & Young & Co. (Chartered Public Accountants)) for the inclusion of its name, logo and statements in this Prospectus;
    7- The Chartered Accountant (KPMG Professional Services) for the inclusion of its name, logo and statements, in addition to audit reports for the same years, in this Prospectus; and
    8- The Market Consultant (Arthur D. Little Middle East FZ-LLC) for the inclusion of its name, logo and statements in this Prospectus.

19. Financial Statements and Auditor's Report

This Section contains the audited financial statements for the financial years ended December 31, 2019G, 2021G and 2021G, and the accompanying notes thereto, prepared in accordance with the IFRS endorsed in the Kingdom and other pronouncements approved by SOCPA and audited by KPMG Professional Services.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2019
together with the
INDEPENDENT AUDITOR'S REPORT

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

KPMG Al Fozan & Partners
Certified Public Accountants
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Internet www.kpmg.com/sa

Licence No. 46/11/323 issued 11/3/1992

Independent Auditor's report

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

Opinion

We have audited the consolidated financial statements of Alamar Foods Company ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes 1 to 33 to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 consolidated financial statements, and we have fulfilled our other 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.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

alamar الأمار
Alamar Foods Company شركة الأمار للأغذية
C.R. 1010162939 س.ت

KPMG

Independent Auditor's report

To the Shareholders of Alamar Foods Company (continued)

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

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

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

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

We communicate with the Management and Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Alamar Foods Company ("the Company") and its subsidiary ("the Group").

For KPMG Al Fozan & Partners
Certified Public Accountants

KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No. 371

Date: 2 Shaaban 1441
Corresponding to: 26 March 2020

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
(Amount in Saudi Riyals)

	Note	31 December 2019	31 December 2018
ASSETS			
Property, plant and equipment	6	103,215,711	112,824,402
Right of use assets	7	138,862,453	–
Intangible assets	8	3,827,644	3,394,859
Equity-accounted investees	9	288,231	1,628,372
Deferred tax assets	10	881,181	414,953
Non-current assets		247,075,220	118,262,586
Inventories	11	20,514,487	15,909,781
Trade and other receivables	12	38,730,783	48,892,995
Due from related parties	13	150,107,789	100,734,021
Cash and cash equivalents	14	17,024,197	40,051,003
		226,377,256	205,587,800
Assets held for sale	15	-	124,067,026
Current assets		226,377,256	329,654,826
TOTAL ASSETS		473,452,476	447,917,412
EQUITY AND LIABILITIES			
Equity			
Share capital	16	5,000,000	5,000,000
Statutory reserve	17	2,500,000	2,500,000
Capital contribution	18	151,268,859	151,268,859
Retained earnings		79,460,833	132,209,058
Total equity		238,229,692	290,977,917
Lease liabilities	19	95,089,526	7,655,120
Employee benefits	20	16,718,000	15,352,000
Trade and other payables	21	1,630,933	1,750,000
Non-current liabilities		113,438,459	24,757,120
Lease liabilities	19	42,121,098	4,018,539
Employee benefits	20	9,967,361	12,749,955
Trade and other payables	21	64,202,123	38,701,623
Due to related parties	13	171,225	53,485,063
Provision for zakat and income tax	10	5,322,518	4,357,141
		121,784,325	113,312,321
Liabilities held for sale	15	--	18,870,054
Current liabilities		121,784,325	132,182,375
Total liabilities		235,222,784	156,939,495
TOTAL EQUITY AND LIABILITIES		473,452,476	447,917,412

The accompanying notes (1) through (33) form an integral part of these consolidated financial statements.

These consolidated financial statements shown on pages 3 to 38 were approved on 1 Shaaban 1441 (corresponding to 25 March 2020) and signed on behalf of the Board of directors by:

Ibrahim A. AlJammaz
Chief Executive Officer

Filippo Sgattoni
Chief Financial Officer

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019
(Amount in Saudi Riyals)

	Note	31 December 2019	31 December 2018
Continuing operations:			
Revenue	22	**457,271,256**	375,160,330
Cost of sales	23	**(322,795,310)**	(274,994,716)
Gross profit		**134,475,946**	100,165,614
Selling and distribution expenses	24	**(49,683,971)**	(43,608,160)
Administrative expenses	25	**(66,859,333)**	(58,374,852)
Other income	26	**9,762,788**	9,088,874
Operating profit		**27,695,430**	7,271,476
Finance costs and bank charges	27	**(6,786,260)**	(2,893,474)
Share of losses of equity-accounted investee	9	**(1,340,141)**	(2,418,892)
Profit before zakat and tax		**19,569,029**	1,959,110
Zakat and income tax	10	**(3,296,373)**	(4,385,961)
Profit / (loss) from continuing operations		**16,272,656**	(2,426,851)
Discontinued operation:			
Profit / (loss) from discontinued operation, net of zakat and tax	15	**7,849,982**	(25,228,545)
Profit / (loss) for the year		**24,122,638**	(27,655,396)
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement gain / (loss) of employee defined benefit liabilities	20	**37,000**	(459,000)
Total comprehensive income / (loss) for the year		**24,159,638**	(28,114,396)

The accompanying notes (1) through (33) form an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(Amount in Saudi Riyals)

	Share capital	Statutory reserve	Capital contribution	Retained earnings	Total equity
At 1 January 2018	5,000,000	2,500,000	151,268,859	196,030,922	354,799,781
Total comprehensive loss for the year					
Loss for the year	–	–	–	(27,655,396)	(27,655,396)
Other comprehensive loss for the year	–	–	–	(459,000)	(459,000)
Total comprehensive loss for the year	–	–	–	(28,114,396)	(28,114,396)
Transactions with owners of the Company					
Dividends (note 32)	–	–	–	(37,746,520)	(37,746,520)
Zakat and income tax recharged 2017 (note 10.1)	–	–	–	2,039,052	2,039,052
Total transactions with owners of the Company	–	–	–	(35,707,468)	(35,707,468)
Balance at 31 December 2018	5,000,000	2,500,000	151,268,859	132,209,058	290,977,917
At 1 January 2019	5,000,000	2,500,000	151,268,859	132,209,058	290,977,917
Total comprehensive income for the year					
Profit for the year	–	–	–	24,122,638	24,122,638
Other comprehensive income for the year	–	–	–	37,000	37,000
Total comprehensive income for the year	–	–	–	24,159,638	24,159,638
Transactions with owners of the Company					
Dividends (note 32)	–	–	–	(79,705,086)	(79,705,086)
Zakat and income tax recharged 2018 (note 10.1)	–	–	–	2,797,223	2,797,223
Total transactions with owners of the Company	–	–	–	(76,907,863)	(76,907,863)
Balance at 31 December 2019	5,000,000	2,500,000	151,268,859	79,460,833	238,229,692

The accompanying notes (1) through (33) form an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019
(Amount in Saudi Riyals)

	Note	31 December 2019	31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before zakat and tax after discontinued operation		**27,609,122**	(23,507,656)
Adjustments for:			
- Depreciation of property, plant and equipment	6	**19,197,059**	30,978,879
- Depreciation of right of use assets	7	**40,244,410**	–
-Amortization of intangible assets	8	**2,326,383**	2,954,234
-Share of loss in equity-accounted investee	9	**1,340,141**	2,418,892
- Gain from disposal of net assets held for sale	15	**(11,654,462)**	–
-Allowance for slow moving inventories, net of reversal		–	(375,640)
-Allowance for doubtful debts		–	1,938,784
- Impairment loss on held for sale assets	15	–	22,500,000
-Employee benefits	20	**4,170,000**	4,017,000
- Interest expense of lease liabilities	27	**5,452,338**	2,174,357
-Loss / (gain) on disposal of property, plant and equipment	26	**(1,961)**	563,123
		88,683,030	43,661,973
Changes in:			
Inventories		**(10,339,482)**	14,622,157
Trade and other receivables		**(7,335,946)**	(15,903,114)
Due from related parties		**(34,115,703)**	(35,663,045)
Employee benefits		**(2,348,136)**	(3,132,850)
Trade and other payables		**18,594,763**	11,982,831
Due to related parties		**(33,857,850)**	36,714,280
Cash generated from operating activities		**19,280,676**	52,282,232
Zakat and income tax paid	10.1	**(2,797,224)**	(2,039,052)
Employee benefits paid	20	**(2,767,000)**	(2,703,000)
Net cash generated from operating activities		**13,716,452**	47,540,180
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(44,828,314)**	(18,868,898)
Acquisition of intangible assets	8	**(2,759,168)**	(925,194)
Proceeds from sale of property, plant and equipment		**1,090,330**	1,293,697
Proceeds from sale of net assets held for sale		**99,161,074**	–
Investments in equity-accounted investee		–	(1,998,813)
Net cash used in investing activities		**52,663,922**	(20,499,208)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in lease liabilities		**(12,924,982)**	(4,557,816)
Dividends paid	32	**(79,705,086)**	(13,319,501)
Net cash used in financing activities		**(92,630,068)**	(17,877,317)
Net (decrease) / increase in cash and cash equivalents		**(26,249,694)**	9,163,655
Cash and cash equivalents reclassified to assets held for sale	15	**(1,567,663)**	(4,790,551)
Cash and cash equivalents at 1 January – Continued operations	14	**40,051,003**	35,677,899
Cash and cash equivalents at 1 January – Discontinued operations	15	**4,790,551**	-
Cash and cash equivalents at 1 January		**44,841,554**	35,677,899
Cash and cash equivalents at 31 December	14	**17,024,197**	40,051,003

The accompanying notes (1) through (33) from an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. ACTIVITIES

Alamar Foods Company (the "Company" (or) the "Parent Company") is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422 H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Group consist of:
i) Operating meat distribution plant in Industrial Area II, Riyadh (discontinued 26 May 2019); and
ii) administration and operation of 248 restaurants (31 December 2018: 228) under a Domino's franchise agreement catering service for cooked and non-cooked food and fast food meals.

The address of the Company's registered office is as follows:
Alamar Building
Olaya Road, Olaya District
P.O Box 4748, Riyadh 11412
Kingdom of Saudi Arabia

These consolidated financial statements include the financial position and performance of the Company and its wholly owned subsidiary, namely Premier Foods Industries, Single Shareholder LLC ("Subsidiary") (collectively referred as the "Group"). Premier Foods was the branch of Alamar Foods during the year 2017 which was then transferred to a single shareholder LLC effective from 2 May 2018 under Commercial Registration (CR) Number 1010154741 dated 16 Shaban 1439 H (corresponding to 2 May 2018).

On 22 Ramadan 1440 H (corresponding to 26 May 2019) the ownership of 100% of Premier Foods Industries, Single Shareholder LLC, was transferred to Almarai Company, Saudi Joint Stock Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Company.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the parent company and its subsidiary as at 31 December 2018. Subsidiary is an entity which is controlled by the Group. Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Revenue recognition

The Company recognizes revenue from the sale of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

The Company sells goods as detailed in note 1 to its customers. For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. A receivable is recognized by the Company when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from the restaurant sales under the Domino's Franchisee are recognized, net of discount at the point at which the goods are delivered. Royalty revenue from the sub-franchisee contract is recorded monthly based on the sales achieved by the respective sub-franchisee. This is recorded under other operating income.

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

<u>Short-term employee benefits</u>
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service if the Company has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

<u>Retirement benefits</u>
Retirement benefits made to defined contribution plans are expensed when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Zakat
Zakat is provided in accordance with the regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

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

<u>Current tax</u>
The tax currently payable is based on taxable profit for the period. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)
Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Property, plant and equipment
Property, plant and equipment, except land and capital work-in-progress, are stated at cost (including capitalized borrowing cost) less accumulated depreciation and accumulated impairment losses, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method and is generally recognized in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The Company applies the following annual rates of depreciation to its property, plant and equipment:

Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture	10% - 20%
Machines and equipment	10% - 20%
Computer devices and hardware	25%
Vehicles	25%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Company applies an annual rate of amortization of 25% to its intangible assets.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets
At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rates prevailing at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Gains and losses from settlement and translation of foreign currency transactions are included in profit or loss.

Financial instruments
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Company becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

All recognized financial assets are initially recognized at cost and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

Despite the above, the Company may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses (including any interest or dividend income) recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Impairment of financial assets
The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime Expected Credit Loss ("ECL") for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment and estimating ECLs, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Company considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due for financial assets due from private sector customers and more than five years past due from government customers unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider ;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve (under OCI) is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (i) it is a derivative, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)
Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortized cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination,1) derivative, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's contractual obligations are discharged, cancelled or they expire. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Equity-accounted investees
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the statement of financial position at cost (including transaction cost) and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture until the date on which significant influence or joint control ceases. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Further no borrowing cost is capitalized during the idle period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of work-in-process and finished goods are determined on the weighted average basis which includes, inter alia, an allocation of labor and manufacturing overheads.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets employee benefits assets, investment property or biological assets, which continue to be measured in accordance with the group's other accounting policies impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses are recognized in profit and loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 IFRS issued but not yet effective

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendment to IFRS 3)
- Definition of Material (Amendment to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts.
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)

3.2 Early adoption of IFRS

The Company has not early adopted any Standards or Interpretations.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially adopted IFRS 16 'Leases' from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have a material effect on the Group's consolidated financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Significant accounting policies under IFRS 16 – effective from 1 January 2019

The Group adopted IFRS 16 'Leases' with effect from 1 January 2019. The standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions in the Legal Form of a Lease'.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies under IFRS 16 – effective from 1 January 2019 (continued)

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's Financial Position, unless the term is twelve months or less or the lease for low value asset. Thus, the classification required under IAS 17 'Leases' into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is depreciated over the useful life.

The Group recognizes a right-of-use asset (RoU asset) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Generally, RoU asset would be equal to the lease liability. However, if there are any additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

Impact of adoption of IFRS 16

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transitions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than twelve months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies under IFRS 16 – effective from 1 January 2019 (continued)

On transition to IFRS 16, the Group recognized right-of-use assets and lease liabilities. The prepaid and accrued rentals are adjusted against the right-of-use assets.

The impact of transition on the consolidated statement of financial position is summarized below:

Impact on	**1 January 2019**
Right-of-use assets	152,846,646
Lease liabilities	143,120,967
Trade and other payables	(608,411)
Prepayments and other assets	(10,334,089)

When measuring lease liabilities for leases that were classified as operating leases under IAS 17, the Group discounted lease payments using its incremental borrowing rate of 3.261% at 1 January 2019.

Impact for the period
As a result of initially applying IFRS 16, the Group has recognized for the year ended 31 December 2019, SR 40,244,410 of depreciation charges and SR 5,452,338 of interest costs from these leases, resulting in a carrying value of SR 138.9 million and SR 137.2 million for right of use assets and lease liabilities respectively as at 31 December 2019.

There were no changes to the classification and measurement of financial liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

5.1 Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivable (note 12)
An estimate of the allowance for doubtful debts is calculated in accordance with the accounting policy detailed in note 2. At the reporting date, gross trade receivables were SR 4.6 million (31 December 2018: SR 4.2 million), Nil in 31 December 2019 (31 December 2018: Nil) being provided for. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

Useful lives and residual values of property, plant and equipment and intangible assets (notes 6 and 8)
An estimate of the useful lives and residual values of property, plant and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Provision for slow moving inventory items (note 11)
The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

Employee defined benefit liabilities (note 20)
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs. These estimates have been disclosed in note 20.

Leases (notes 7 and 19)
In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Management revises the lease term if there is a change in the non-cancellable period of a lease.

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6. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements buildings improvements	Furniture	Machine and equipment	Computer devices and hardware	Vehicles	Total
Cost:							
At 1 January 2018	10,600,191	83,719,682	11,001,924	157,804,977	15,280,104	20,850,317	299,257,195
Additions	–	10,393,695	392,793	4,743,365	1,057,674	2,452,362	19,039,889
Disposals	–	(940,143)	(71,311)	(3,378,305)	(95,186)	(2,064,025)	(6,548,970)
Reclassification to assets held for sale	(10,070,251)	(8,338,117)	(2,886,000)	(79,548,313)	(817,256)	(2,044,347)	(103,704,284)
At 31 December 2018	**529,940**	**84,835,117**	**8,437,406**	**79,621,724**	**15,425,336**	**19,194,307**	**208,043,830**
Additions	–	10,850,302	466,218	6,839,335	2,284,822	978,967	21,419,644
Disposals	--	(485,363)	(17,164)	(1,179,823)	(464,379)	(196,750)	(2,343,479)
Reclassification to right of use assets (note 7)	–	--	--	--	--	(17,327,705)	(17,327,705)
At 31 December 2019	**529,940**	**95,200,056**	**8,886,460**	**85,281,236**	**17,245,779**	**2,648,819**	**209,792,290**
Accumulated depreciation:							
At 1 January 2018	7,217,508	24,828,780	4,547,944	86,624,383	9,919,678	6,028,594	139,166,887
Charge for the year	982,363	8,994,855	1,110,314	13,281,988	1,939,872	4,669,487	30,978,879
Disposals	--	(246,566)	(25,894)	(2,765,572)	(81,175)	(1,401,952)	(4,521,159)
Reclassification to assets held for sale	(8,056,787)	(501,874)	(1,663,523)	(58,252,464)	(636,311)	(1,294,220)	(70,405,179)
At 31 December 2018	**143,084**	**33,075,195**	**3,968,841**	**38,888,335**	**11,142,064**	**8,001,909**	**95,219,428**
Charge for the year	15,898	9,134,930	810,464	7,118,833	1,866,041	250,893	19,197,059
Disposals	–	(344,601)	(4,091)	(267,100)	(444,569)	(196,748)	(1,257,109)
Reclassification to right of use assets (note 7)	--	--	--	--	-	(6,582,799)	(6,582,799)
At 31 December 2019	**158,982**	**41,865,524**	**4,775,214**	**45,740,068**	**12,563,536**	**1,473,255**	**106,576,579**
Net book value:							
At 31 December 2019	**370,958**	**53,334,532**	**4,111,246**	**39,541,168**	**4,682,243**	**1,175,564**	**103,215,711**
At 31 December 2018	386,856	51,759,922	4,468,565	40,733,389	4,283,272	11,192,398	112,824,402

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Note	31 December 2019	31 December 2018
Cost of sales	*23*	17,300,305	17,258,793
Selling and distribution expenses	*24*	85,606	3,021,935
Administrative expenses	*25*	1,811,148	2,904,740
Reclassification to assets held for sale		–	7,793,411
		19,197,059	30,978,879

7. RIGHT OF USE ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16.

The Company leases stores and vehicles. The leases typically run for an average lease term of upto 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	Buildings	Vehicles	Total
Cost:			
At 1 January 2019	–	–	–
Recognition of right-of-use asset on initial application of IFRS 16	152,846,646	–	152,846,646
Adjusted balance at 1 January 2019	152,846,646	–	152,846,646
Transferred from property, plant and equipment	–	17,327,705	17,327,705
Additions	10,349,096	5,452,510	15,801,606
Disposals	–	(612,500)	(612,500)
At 31 December 2019	163,195,742	22,167,715	185,363,457
Accumulated depreciation:			
At 1 January 2019	–	–	–
Transferred from property, plant and equipment	–	6,582,799	6,582,799
Charge for the year	35,986,999	4,257,411	40,244,410
Disposals	–	(326,205)	(326,205)
At 31 December 2019	35,986,999	10,514,005	46,501,004
Net book values:			
At 31 December 2019	127,208,743	11,653,710	138,862,453

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

	Note	31 December 2019
Cost of sales	*23*	34,412,158
Selling and distribution expenses	*24*	3,177,057
Administrative expenses	*25*	2,655,195
		40,244,410

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8. INTANGIBLE ASSETS

	31 December 2019	31 December 2018
Cost		
Balance at beginning of the year	**13,346,245**	12,440,566
Additions	**2,759,168**	925,194
Reclassification to assets held for sale	**–**	(19,515)
	16,105,413	13,346,245
Accumulated amortization		
Balance at beginning of the year	**9,951,386**	7,016,666
Amortization	**2,326,383**	2,954,234
Reclassification to assets held for sale	**–**	(19,514)
Balance at the end of the year	**12,277,769**	9,951,386
Net carrying value	**3,827,644**	3,394,859

Intangible assets comprise software.

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

	Note	**31 December 2019**	31 December 2018
Cost of sales	*23*	**1,440,449**	1,563,982
Selling and distribution expenses	*24*	**12,653**	11,028
Administrative expenses	*25*	**873,281**	1,379,224
		2,326,383	2,954,234

9. EQUITY-ACCOUNTED INVESTEES

	31 December 2019	31 December 2018
Investment in 2 in 1 Restaurant Company Limited	**288,231**	1,628,372

On 16 August 2017, the Company acquired a of 50% equity interest in 2 in 1 Restaurant Company Limited ("the Joint Venture"), a Company incorporated in the Kingdom of the Saudi Arabia. The principal activities of the Joint Venture include establishing, managing and operating restaurants and cafes and supply of cooked and uncooked food. The ownership interest did not change in 2019.

The joint venture accounted for using the equity method in these consolidated financial statements.

Summarized financial information in respect of the joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

	31 December 2019	31 December 2018
Current assets	**1,016,194**	1,314,657
Non-current assets	**19,234,391**	11,013,173
Current liabilities	**(2,937,340)**	(1,385,052)
Non-current liabilities	**(20,886,419)**	(11,835,670)
Net liabilities	**(3,573,174)**	(892,892)
Proportion of the Company's ownership interest in the joint venture	**50%**	50%

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9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

	31 December 2019	31 December 2018
Revenue	9,532,295	3,987,656
Loss for the year	(2,613,785)	(4,904,284)
Other comprehensive loss for the year	--	--
Total comprehensive loss for the year	(2,613,785)	(4,904,284)
Share of losses	(1,340,141)	(2,418,892)
Dividend received from joint venture	--	--
Effect of amortized cost*	--	1,998,813

* This amount represents impact of classification of due from 2 in 1 Restaurant Company Limited balance to Financial assets at amortised cost category which will be amortised over the period.

10. ZAKAT AND TAXATION

	31 December 2019	31 December 2018
Zakat and income tax payable *(refer note 10.1)*	5,322,518	4,357,141
Deferred tax assets / (liabilities) *(refer note 10.2)*	881,181	414,953

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

	31 December 2019	31 December 2018
Zakat and income tax charge *(refer note 10.1)*	3,762,601	2,602,222
Zakat and income tax charge for prior years *(refer note 10.1)*	--	2,426,656
Deferred tax credit *(refer note 10.2)*	(466,228)	(642,917)
	3,296,373	4,385,961

10.1 Zakat and income tax

	Zakat	Income tax	31 December 2019
Opening balance	4,148,829	208,312	4,357,141
Charge for the year	2,844,318	918,283	3,762,601
Payments during the year	(1,917,175)	(880,049)	(2,797,224)
Closing balance	5,075,972	246,546	5,322,518

	Zakat	Income tax	31 December 2018
Opening balance	2,039,052	(671,737)	1,367,315
Charge for the year	1,848,080	754,142	2,602,222
Charge related to prior years	2,300,749	125,907	2,426,656
Payments during the year	(2,039,052)	-	(2,039,052)
Closing balance	4,148,829	208,312	4,357,141

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10. ZAKAT AND TAXATION(CONTINUED)

10.2 Deferred tax

Movement of deferred tax is as follows:

	31 December 2019	31 December 2018
Opening balance	**414,953**	(92,111)
Credited to profit or loss	**466,228**	642,917
Reclassification to assets held for sale	**–**	(135,853)
	881,181	414,953

Deferred tax assets / (liabilities) comprises of below:

	31 December 2019	31 December 2018
Property, plant and equipment	**88,413**	(313,038)
Employee benefits	**792,768**	727,991
	881,181	414,953

11. INVENTORIES

	31 December 2019	31 December 2018
Raw materials	**18,259,252**	13,854,201
Consumables and packaging material	**2,255,235**	2,055,580
	20,514,487	15,909,781

12. TRADE AND OTHER RECEIVABLES

	31 December 2019	31 December 2018
Trade receivables	**4,623,088**	4,197,586
Advances to suppliers	**7,372,139**	8,218,035
Prepaid expenses	**19,019,537**	23,502,924
Advances to employees	**3,472,070**	3,821,259
Other receivables	**4,243,949**	13,752,438
Less: allowance for doubtful other receivables	**--**	(4,599,247)
	38,730,783	48,892,995

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

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Company's different customer types.

31 December 2019	**Not past due**	**Trade receivables – days past due**				**Total**
		<30	**31-60**	**61-90**	**>90**	
Expected credit loss rate %	--	--	--	--	--	--
Gross carrying amount	**3,826,612**	**772,047**	**10,508**	**13,921**	--	**4,623,088**
Lifetime ECL	--	--	--	--	--	--

31 December 2018	Not past due	Trade receivables – days past due				Total
		<30	31-60	61-90	>90	
Expected credit loss rate %	--	--	-	--	--	--
Gross carrying amount	1,228,117	1,465,022	718,387	786,060	--	4,197,586
Lifetime ECL	--	--	-	--	--	--

13. RELATED PARTIES INFORMATION

The Company's immediate and ultimate controlling party is Abdul Aziz Ibrahim Al Jammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia.

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the period, the Company entered into the following transactions with related parties:

	31 December 2019 SR	31 December 2018 SR
Transactions with holding company	**47,453,730**	23,447,856
Dividends	**44,484,148**	21,818,998
Zakat and income tax recharged	**2,885,582**	1,544,858
Expenses	**84,000**	84,000
Transactions with joint venture investment	**500,000**	5,118,834
Fund transfer	**500,000**	3,100,000
Capital contribution	--	1,998,813
Expenses	--	20,021

	31 December 2019	31 December 2018
Transactions with other related parties	**36,898,792**	**21,308,186**
Expenses	**2,538,334**	927,820
Zakat and income tax recharged	**1,803,052**	494,195
Dividends	**31,296,406**	15,927,522
Sale of goods	**945,338**	3,603,107
Sale of property and equipment	**315,662**	355,542

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13. RELATED PARTIES INFORMATION (CONTINUED)

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

	Nature of relationship	31 December 2019	31 December 2018
Due from related parties			
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	Holding company	1,465,002	--
Alamar Foods DMCC, UAE	Affiliate company	134,893,704	90,449,073
Alamar Foods L.L.C., UAE	Affiliate company	1,917,228	2,439,665
Alamar Foods S.A.R.L, Lebanon	Affiliate company	2,555,941	222,956
Alamar Foods Company, Jordan	Affiliate company	608,847	509,742
Alamar Foods Company L.L.C., Egypt	Affiliate company	201,271	200,893
Alamar Foods Company W.L.L., Bahrain	Affiliate company	2,164,831	840,484
Alamar Foods Company, Oman	Associate company	111	--
2 in 1 restaurants Company	Joint venture investment	6,551,187	6,071,208
Meadow Holding (Cayman) Limited	Shareholder	81,102	--
Meadow Saudi Arabia Company	Shareholder	468,565	--
		150,107,789	100,734,021

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

	Nature of relationship	31 December 2019	31 December 2018
Due to related parties			
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	Holding company	--	1,606,769
Meadow Holding (Cayman) Limited	Shareholder	--	5,319,203
Meadow Saudi Arabia Company	Shareholder	--	4,344,022
Abdulaziz & Abdullah Al Jammaz for Travel & Tourism Company	Affiliate company	4,016	8,587
Al Jammaz Establishment	Affiliate company	167,209	194,519
Premier Foods industries Company, KSA	Subsidiary held for sale	--	42,011,963
		171,225	53,485,063

The amounts outstanding with related parties are unsecured and will be settled in cash. No amount has been expensed in the current period for bad or doubtful debts in respect of amounts owed by related parties.

Compensation paid to key management personnel as short-term benefits during the year amounted to SR 9,045,229 (31 December 2018: SR 7,167,458).

14. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash on hand	1,437,728	2,530,546
Cash at bank	15,586,469	37,520,457
	17,024,197	40,051,003

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15. ASSETS HELD FOR SALE

On 22 Ramadan 1440AH (corresponding to 26 May 2019) the ownership of 100% of Premier Foods Industries, Single Shareholder LLC have been transferred to Almarai Company, Saudi Joint Stock Company. The company has recorded a gain of SR 11.6 million as a result of disposal of its 100% of its share in Premier Foods Industries Single Share LLC.

Assets and liabilities of subsidiary held for sale
At 31 December 2018, the assets and liabilities of subsidiary were stated at fair value less costs to sell and comprised the following assets and liabilities.

	31 December 2019	31 December 2018
Property, plant and equipment	–	33,299,105
Intangible assets	–	1
Deferred tax assets	–	374,074
Inventories	–	24,621,849
Trade and other receivables	–	38,760,747
Due from related parties	–	44,720,699
Cash and cash equivalents	–	4,790,551
	–	146,567,026
Impairment in assets held for sale	–	(22,500,000)
Assets held for sale	–	124,067,026
Finance lease obligations	–	511,471
Employee defined benefit liabilities	–	5,422,000
Trade and other payables	–	11,392,320
Provision Zakat	–	--
Employee liabilities	–	1,544,263
Liabilities held for sale	–	18,870,054

Results of discontinued operation:

	31 December 2019	31 December 2018
Revenue	51,840,767	108,188,931
Cost of sales	(46,586,260)	(91,522,191)
Gross profit	5,254,507	16,666,740
Selling and distribution expenses	(3,462,009)	(7,637,710)
General and administrative expenses	(5,504,545)	(11,826,368)
Impairment loss on trade receivables	-	(1,938,784)
Other income	461,879	1,877,725
Operating loss	(3,250,168)	(2,858,397)
Finance costs and bank charges	(364,201)	(108,369)
Loss before zakat	(3,614,369)	(2,966,766)
Zakat	(190,111)	238,221
Loss from discontinued operation, net of zakat	(3,804,480)	(2,728,545)

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15. ASSETS HELD FOR SALE (CONTINUED)

Details of loss from discontinued operations is as follows:

	31 December 2019	31 December 2018
Loss from operations held for sale	(3,804,480)	(2,728,545)
Impairment loss in assets held for sale	–	(22,500,000)
Gain on disposal of subsidiary	11,654,462	--
Profit / (loss) from discontinued operation, net of zakat	7,849,982	(25,228,545)

Cash flows from / (used in) discontinued operation:

	31 December 2019	31 December 2018
Net cash generated from operating activities	(1,828,521)	893,964
Net cash used in investing activities	(23,406,669)	(5,999,608)
Net cash generated from financing activities	25,626,671	364,318

16. SHARE CAPITAL

	31 December 2019	31 December 2018
500,000 shares of SR10 each	5,000,000	5,000,000

17. STATUTORY RESERVE

In accordance with the Company's By-laws and the previous Saudi Arabian Regulations for Companies, the Company set aside 10% of its net income each year as statutory reserve until such reserve equals to 50% of the share capital. The Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to 2 May 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. This reserve is not available for dividend distribution.

18. CAPITAL CONTRIBUITION

These funds were provided by the shareholders to be used for any capital increase in the future. These accounts are non-interest bearing. The details of shareholders' contribution accounts are as follows:

	31 December 2019	31 December 2018
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	87,439,451	87,439,451
Meadow Saudi Arabia Company	27,966,587	27,966,587
Meadow Holding (Cayman) Limited	35,862,821	35,862,821
	151,268,859	151,268,859

19. LEASE LIABILITIES

	31 December 2019	31 December 2018
Non-Current liabilities		
Lease liabilities	95,089,526	7,655,120
Current liabilities		
Current portion of lease liabilities	42,121,098	4,018,539

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19. LEASE LIABILITIES (CONTINUED)

The Company leased certain of its vehicles and its stores. The average lease term is 5 years (2018: 4 years).

	31 December 2019	31 December 2018
Minimum lease payments		
Not later than one year	46,816,180	5,407,955
Later than one year and not later than five years	93,236,299	9,133,426
More than five years	9,357,505	-
	149,409,984	14,541,381
Less: future finance charges	(12,199,360)	(2,867,722)
Present value of minimum lease payments	137,210,624	11,673,659
Present value of minimum lease payments		
Not later than one year	42,121,098	4,018,539
Later than one year but not later than five years	86,109,433	7,655,120
More than five years	8,980,093	-
	137,210,624	11,673,659

20. EMPLOYEE BENEFITS

	31 December 2019	31 December 2018
Non-current liability		
Defined benefit liability	16,718,000	15,352,000
Current liabilities:		
Payroll and bonus	4,330,425	8,624,029
Accrued vacation	2,849,303	1,758,007
Accrued air ticket and iqama fee	2,072,573	1,118,037
Others	715,060	1,249,882
	9,967,361	12,749,955
	26,685,361	28,101,955

Defined benefit liability	31 December 2019	31 December 2018
Balance at the beginning of the year	15,352,000	18,243,000
Current service cost	3,576,000	3,510,000
Interest cost	594,000	507,000
	4,170,000	4,017,000
Paid during the year	(2,767,000)	(2,703,000)
Actuarial (gain) / loss	(37,000)	459,000
Employees provision transferred	–	303,000
Reclassified to liabilities held for sale	–	(4,967,000)
Balance at the end of the year	16,718,000	15,352,000

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

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

	31 December 2019	31 December 2018
Discount rate	2.40%	4.25%
Rate of salary increases	3.15%	5.00%

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20. EMPLOYEE BENEFITS (CONTINUED)

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analysis
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2019	31 December 2018
Increase in discount rate of 1%	(1,017,632)	(841,032)
Decrease in discount rate of 1%	1,163,466	947,282
Increase in rate of salary increase of 1%	1,228,919	1,007,723
Decrease in rate of salary increase of 1%	(1,096,241)	(911,884)

21. TRADE AND OTHER PAYABLES

	31 December 2019	31 December 2018
Non-Current liabilities		
Other long-term liabilities	1,630,933	1,750,000
Current liabilities		
Trade payables	45,159,894	28,445,529
Accrued expenses	10,720,567	7,621,648
Current portion of other long-term liabilities	–	315,084
Other payables	8,321,662	2,319,361
	64,202,123	38,701,623

No interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

22. REVENUE

Disaggregation of revenue
The Company derives its revenue from the transfer of goods at a point in time in the following major product lines:

	31 December 2019	31 December 2018
Sale of products from Domino's pizza outlets	439,268,886	359,216,671
Supply center sales	18,002,370	15,943,659
	457,271,256	375,160,330

23. COST OF SALES

	31 December 2019	31 December 2018
Direct materials	126,224,337	109,153,307
Employee benefits	83,265,024	63,087,587
Rent expense	8,888,162	41,080,477
Depreciation and amortization * (note 6)	53,152,912	18,822,775
Royalties	21,680,043	17,985,392
Utilities	19,014,411	13,947,172
Cleaning material	3,698,116	2,648,914
Other expenses	6,872,305	8,269,092
	322,795,310	274,994,716

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019
(Amount in Saudi Riyals)

24. SELLING AND DISTRIBUTION EXPENSES

	31 December 2019	31 December 2018
Advertising	32,456,920	25,214,477
Salaries and other benefits	6,814,975	8,056,457
Storage expenses	1,133,289	379,842
Delivery	4,227,730	4,630,434
Rent expense	1,348,008	1,736,853
Depreciation and amortization * (note 6)	3,275,316	3,032,963
Other expenses	433,733	557,134
	49,683,971	43,608,160

25. ADMINISTRATIVE EXPENSES

	31 December 2019	31 December 2018
Salaries and other benefits	44,030,616	37,918,734
Depreciation and amortization * (note 6)	5,339,624	4,283,964
Rent expense	292,717	1,053,548
Travelling expenses	3,840,634	2,777,230
Utilities	1,334,568	1,348,890
Legal and professional fees	5,218,728	5,717,463
Maintenance	1,190,771	1,107,007
Other expenses	5,611,675	4,168,016
	66,859,333	58,374,852

* Depreciation relating to property plant and equipment for the year ended 31 December 2019 is SR 19,197,059 (2018: SR 23,185,468). While depreciation and amortization amounting to SR 40,244,410 (2018: Nil) relates to Right of use assets, remaining amount of SR 2,326,383 (2018: SR 2,954,234) relates to amortization of Intangibles.

26. OTHER INCOME

	31 December 2019	31 December 2018
Royalty and advertising	6,135,271	5,633,683
Beverages income	2,209,317	1,421,368
Development and store opening	562,725	375,150
Gain / (loss) on disposal of property, plant and equipment	1,961	(563,123)
Others	853,514	2,221,796
	9,762,788	9,088,874

27. FINANCE COSTS AND BANK CHARGES

	31 December 2019	31 December 2018
Finance and bank charges	1,333,922	719,117
Finance charges on lease liabilities	5,452,338	2,174,357
	6,786,260	2,893,474

No finance charges were capitalized during the period.

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(Amount in Saudi Riyals)

28. CAPITAL COMMITMENTS

The Company had capital commitments of SR 3.6 million at the reporting date (31 December 2018: SR 6.5 million).

29. FINANCIAL INSTRUMENTS

Capital management
The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Company's overall strategy remains unchanged from the previous year.

The capital structure of the Company consists of equity comprising share capital, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments

	31 December 2019	31 December 2018
Financial assets		
Amortized cost		
Cash and cash equivalents	**17,024,197**	40,051,003
Trade and other receivables	**8,867,036**	13,350,777
Due from related parties	**150,107,769**	100,734,021
Financial liabilities		
Amortized cost		
Trade and other payables	**55,112,489**	32,829,975
Due to related parties	**171,225**	53,485,063

Financial risk management objectives and policies
The Company's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Market risk
Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Company was exposed to market risk, in the form of interest rate risk as described below, during the year under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks through its operations of selling, purchasing and lending which are done in currencies other than the functional currency which is SAR. Main currencies that the Group may face risks because of dealing with are the AED, EUR, USD and GBP.

29. FINANCIAL INSTRUMENTS (CONTINUED)

The Group didn't engage in any hedging activities to mitigate the currency fluctuation risk, which are as the following according to par value:

As of December 31, 2019, *In SR*	AED	EURO	USD	GBP	TOTAL
Cash and bank balances	61,558	27,824	763,594	3,523	856,500
Trade payables and other payables	41,817	336	6,952,803	-	6,994,956
Total	103,375	28,160	7,716,397	3,523	7,851,456

As of December 31, 2018, *In SR*	AED	EURO	USD	GBP	TOTAL
Cash and bank balances	43,634	80,806	316,050	1,500	441,990
Trade payables and other payables	680,474	336	2,729,069	-	3,409,878
Total	724,108	81,142	3,045,118	1,500	3,851,868

Interest rate and liquidity risks management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There were no changes in these circumstances from the previous year.

The Company did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows:

31 December 2019

Details	Interest Rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	53,481,557	1,630,933	--	55,112,490
Due to related parties	Interest free	171,225	--	--	171,225
Employee benefits	Interest free	9,967,361	16,718,000	--	26,685,361
Lease liabilities	Interest free	42,121,098	86,109,433	8,980,093	137,210,624
Provision for zakat and income tax	Interest free	5,322,518	--	--	5,322,518
		111,063,759	104,458,366	8,980,093	224,502,218

31 December 2018

Details	Interest rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	31,079,975	1,750,000	--	32,829,975
Due to related parties	Interest free	53,485,063	--	--	53,485,063
Employee benefits	Interest free	12,749,955	15,352,000	--	28,101,955
Lease liabilities	Interest free	4,018,539	7,655,120	--	11,673,659
Provision for zakat and income tax	Interest free	4,357,141	--	--	4,357,141
		105,690,673	24,757,120	--	130,447,793

29. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December 2019, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position. The Company performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. Note 12 details the Company's maximum exposure to credit risk for financial assets that are not cash and cash equivalents.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Company reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company had 2 (31 December 2018: 1) trade receivables at the reporting date which comprised more than 55% (31 December 2018: 50%) of the trade receivables balance. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

30. RETIREMENT BENEFIT INFORMATION

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 2.2 million (31 December 2018: SR 2.5 million).

31. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 14 Jumada Alawwal 1441AH (corresponding to 9 January 2020) the Company has completed the shares transfer of Alamar Foods DMCC, by which Alamar Foods DMCC became 100% owned subsidiary to Alamar Foods CJSC.

The spread of novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020, causing significant macro-economic uncertainty, disruptions to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post balance sheet event. At this early stage, the Company is in the process of assessing any potential financial impact. The management and those charged with governance will continue to monitor the situation and accordingly update all stakeholders as soon as more information is available. Changes in circumstances may require enhanced disclosures or recognition of adjustments in the condensed interim consolidated financial statements of the Company for the subsequent periods in the financial year 2020.

32. DIVIDENDS

On 23 Shawwal 1440H (corresponding to 26 June 2019) the Ordinary General Assembly approved dividends of SR 79,705,086. (2018: SR 37,746,520).

33. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 1 Shaaban 1441 (corresponding to 25 March 2020).

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2020
together with the
INDEPENDENT AUDITOR'S REPORT

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

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KPMG

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Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of **Alamar Foods Company** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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Independent Auditor's Report

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Alamar Foods Company** ("the Company") and its subsidiaries ("the Group").

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No.: 371

Date: 8 Shawwal 1442 H
Corresponding to: 20 May 2021

KPMG Professional Services

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(Amount in Saudi Riyals)

	Note	31 December 2020	31 December 2019
ASSETS			
Property, plant and equipment	7	153,631,720	103,215,711
Right of use assets	8	188,306,035	138,862,453
Goodwill	35	24,993,979	--
Other intangible assets	9	4,434,272	3,827,644
Equity-accounted investees	10	12,746	288,231
Deferred tax assets	11	2,840,143	881,181
Non-current assets		374,218,895	247,075,220
Inventories	12	33,813,668	20,514,487
Trade and other receivables	13	64,853,142	38,730,783
Due from related parties	14	10,611,820	150,107,789
Cash and cash equivalents – net	15	128,105,607	17,024,197
Current assets		237,384,237	226,377,256
TOTAL ASSETS		611,603,132	473,452,476
EQUITY AND LIABILITIES			
Equity			
Share capital	16	5,000,000	5,000,000
Statutory reserve	17	2,500,000	2,500,000
Capital contribution	18	151,268,859	151,268,859
Retained earnings		64,322,839	79,460,833
Foreign currency translation reserve		2,339,886	--
Equity attributable to owners of the Company		225,431,584	238,229,692
Non-controlling interest	37	1,560,826	--
Total equity		226,992,410	238,229,692
Lease liabilities	19	137,486,754	95,089,526
Employee benefits	20	22,087,041	16,718,000
Trade and other payables	21	7,058,239	1,630,933
Loans and borrowings	28	2,864,273	--
Deferred tax liabilities	11	1,444,257	--
Non-current liabilities		170,940,564	113,438,459
Lease liabilities	19	64,470,722	42,121,098
Employee benefits	20	18,020,800	9,967,361
Trade and other payables	21	119,431,509	64,202,123
Due to related parties	14	2,602,743	171,225
Current portion of loan and borrowings	28	1,148,361	—
Provision for zakat and income tax	11	7,996,023	5,322,518
Current liabilities		213,670,158	121,784,325
Total liabilities		384,610,722	235,222,784
TOTAL EQUITY AND LIABILITIES		611,603,132	473,452,476

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

These consolidated financial statements shown on pages 3 to 58 was approved on [xx] Ramadan 1442H (corresponding to [xx] May 2021) and signed on behalf of the Board of directors by:

Ibrahim A. AlJammaz
Chief Executive Officer

alamar الآمار
Alamar Foods Company

Filippo Sgattoni
Chief Financial Officer

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020
(Amount in Saudi Riyals)

	Note	31 December 2020	31 December 2019
Continuing operations:			
Revenue	22	695,448,075	457,271,256
Cost of sales	23	(464,698,618)	(322,795,310)
Gross profit		230,749,457	134,475,946
Selling and distribution expenses	24	(63,948,366)	(49,683,971)
Administrative expenses	25	(93,191,645)	(66,859,333)
Other income	26	12,067,499	9,762,788
Impairment loss on financial assets	15	(3,750,000)	--
Impairment loss on trade and other receivables	13	(35,572)	--
Operating profit		81,891,373	27,695,430
Reversal of impairment loss on property and equipment	7	1,900,000	--
Finance costs and bank charges	27	(14,857,452)	(6,786,260)
Share of losses of equity-accounted investee	10	(7,433,308)	(1,340,141)
Profit before zakat and tax		61,500,613	19,569,029
Zakat and income tax	11	(5,577,621)	(3,296,373)
Profit from continuing operations		55,922,992	16,272,656
Discontinued operation:			
Profit from discontinued operation, net of zakat and tax	29	--	7,849,982
Profit for the year		55,922,992	24,122,638
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement (loss) / gain of employee defined benefit liabilities	20	(1,024,959)	37,000
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		2,528,606	--
Other comprehensive income for the year		1,503,647	37,000
Total comprehensive income for the year		57,426,639	24,159,638
Profit attributable to:			
Owners of the Company		56,279,780	24,122,638
Non-controlling interests	37	(356,788)	-
		55,922,992	24,122,638
Total comprehensive income attributable to:			
Owners of the Company		57,594,367	24,159,638
Non-controlling interests	37	(167,728)	-
		57,426,639	24,159,638

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amount in Saudi Riyals)

	Attributable to owners of the Company							
	Share capital	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total equity	Non-controlling interest	Total
At 1 January 2019	5,000,000	2,500,000	151,268,859	132,209,058	--	290,977,917	--	290,977,917
Total comprehensive loss for the year								
Profit for the year	--	-	-	24,122,638	--	24,122,638	--	24,122,638
Other comprehensive income for the year	--	-	-	37,000	--	37,000	--	37,000
Total comprehensive income for the year	--	-	-	24,159,638	--	24,159,638	--	24,159,638
Transactions with owners of the Company								
Dividends (note 39)	--	-	-	(79,705,086)	--	(79,705,086)	--	(79,705,086)
Zakat and income tax recharged 2018	--	-	-	2,797,223	--	2,797,223	--	2,797,223
Total transactions with owners of the Company	--	-	-	(76,907,863)	--	(76,907,863)	--	(76,907,863)
Balance at 31 December 2019	5,000,000	2,500,000	151,268,859	79,460,833	--	238,229,692	--	238,229,692
At 1 January 2020	**5,000,000**	**2,500,000**	**151,268,859**	**79,460,833**	--	**238,229,692**	--	**238,229,692**
Total comprehensive income for the year					--			
Profit for the year	--	--	--	56,279,780	--	56,279,780	(356,788)	55,922,992
Other comprehensive income for the year	--	--	--	(1,025,299)	2,339,886	1,314,587	189,060	1,503,647
Total comprehensive income for the year	--	--	--	**55,254,480**	**2,339,886**	**57,594,367**	**(167,728)**	**57,426,639**
Transactions with owners of the Company								
Dividends (note 39)	--	--	--	--	--	--	--	--
Zakat and income tax recharged 2019	--	--	--	4,574,727	--	4,574,727	--	4,574,727
Total transactions with owners of the Company								
Acquisition of subsidiary with NCI (note 34.1)	--	--	--	(1,616,615)	--	(1,616,615)	(804,686)	(2,421,301)
Dividends to NCI (note 37)	--	--	--	40,241	--	40,241	(40,241)	--
Waiver of related party balances pre acquisition (note 34.1)	--	--	--	(70,645,705)	--	(70,645,705)	--	(70,645,705)
Waiver of related party balances post acquisition (note 34.1)	--	--	--	(2,745,123)	--	(2,745,123)	2,573,481	(171,642)
Balance at 31 December 2020	**5,000,000**	**2,500,000**	**151,268,859**	**64,322,839**	**2,339,886**	**225,431,584**	**1,560,826**	**226,992,410**

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	31 December 2020	31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat and tax after discontinued operations		61,500,613	27,609,122
Adjustments for:			
Depreciation of property, plant and equipment	7	31,344,624	19,197,059
Depreciation of right of use assets	8	64,362,966	40,244,410
Amortization of intangible assets	9	2,087,907	2,326,383
Impairment of financial assets	15	3,750,000	--
Reversal of impairment loss on property plant and equipment	7	(1,900,000)	--
Share of loss in equity-accounted investee	10	7,433,308	1,340,141
Gain from disposal of net assets held for sale		--	(11,654,462)
Loss on disposal of intangibles	26	702,474	--
Employee benefits	20	5,032,060	4,170,000
Interest expense of lease liabilities	27	12,767,909	5,452,338
Loss / (gain) on disposal of property, plant and equipment	26	2,431,787	(1,961)
		189,513,648	88,683,030
Changes in:			
Inventories		(6,390,973)	(10,339,482)
Trade and other receivables		151,218	(7,335,946)
Due from related parties		64,430,902	(34,115,703)
Employee benefits		5,101,606	(2,348,136)
Trade and other payables		9,759,302	18,594,763
Due to related parties		(63,896,638)	(33,857,850)
Cash generated from operating activities		198,669,065	19,280,676
Zakat and income tax paid	11	(4,582,367)	(2,797,224)
Employee benefits paid	20	(2,906,878)	(2,767,000)
Net cash generated from operating activities		191,179,820	13,716,452
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	7	(28,751,328)	(44,828,314)
Acquisition of intangible assets	9	(1,176,445)	(2,759,168)
Acquisition of subsidiary, net of cash acquired	34	10,486,821	--
Proceeds from sale of property, plant and equipment		--	1,090,330
Proceeds from sale of net assets held for sale		--	99,161,074
Net cash (used in) / generated from investing activities		(19,440,952)	52,663,922
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		2,121,720	--
Lease liabilities – net		(58,511,071)	(12,924,982)
Dividends paid	39	--	(79,705,086)
Net cash used in financing activities		(56,389,351)	(92,630,068)
Net increase / (decrease) in cash and cash equivalents		115,349,517	(26,249,694)
Net foreign currency differences		(518,107)	--
Cash and cash equivalents reclassified to assets held for sale		--	(1,567,663)
Cash and cash equivalents at 1 January – Continued operations		17,024,197	40,051,003
Cash and cash equivalents at 1 January – Discontinued operations		--	4,790,551
Cash and cash equivalents at 1 January		17,024,197	44,841,554
Cash and cash equivalents – gross at 31 December	15	131,855,607	17,024,197
Less: Impairment loss		(3,750,000)	--
Cash and cash equivalents – net at 31 December	15	128,105,607	17,024,197

The accompanying notes (1) through (40) from an integral part of these consolidated financial statements.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Alamar Foods Company (the "Company" (or) the "Parent Company") is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Company and its subsidiaries (collectively referred as "the Group") consist of:

i) Administration and operation of 361 restaurants (31 December 2019: 248) under a Domino's franchise agreement catering service for cooked and non-cooked food and fast food meals; and
ii) Administration and operation of 35 restaurants (31 December 2019: Nil restaurants) under Dunkin Donut's franchisee agreement.

The address of the Company's registered office is as follows:
Alamar Building
Olaya Road, Olaya District
P.O Box 4748, Riyadh 11412
Kingdom of Saudi Arabia

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

Name of the Company	*Place of incorporation*	*Principal activity*	*Date of acquisition*	*Effective holding percentage 31 December 2020*	*2019*
Premier Foods Industries, LLC (c)	*Riyadh, KSA*	*Operating meat distribution*	*2 May 2018 (Disposal)*	*Nil*	*Nil*
Alamar Foods Company LLC	*Amman, Jordan*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*75%*	*Nil*
Alamar Foods Company LLC	*Cairo, Egypt*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*Nil*
Alamar Foods LLC	*Doha, Qatar*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*Nil*
Alamar Foods DMCC (a)	*Dubai, UAE*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*100%*	*Nil*
Alamar Foods LLC	*Dubai, UAE*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*Nil*
Alamar Foods Company W.L.L	*Manama, Bahrain*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*Nil*
Alamar Foods SARL	*Beirut, Lebanon*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*95%*	*Nil*
HEA Trade and Services Company (b)	*Rabat, Morocco*	*Establishing, operating and managing of fast food restaurants*	*23 January 2020*	*49%*	*Nil*

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(a) The Company acquired 100% shareholding of Alamar Foods DMCC and its subsidiaries on 9 January 2020, through a share transfer from the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Alamar Foods DMCC are ultimately controlled by same shareholders (note 34).

(b) HEA Trade and Services Company- Morocco was acquired by Alamar Foods DMCC on 23 January 2020 (date of commercial registration) and the shareholder structure was updated to transfer all the risks and rewards of ownership of 49% of this entity to Alamar Foods DMCC at an agreed sale price of SAR 26.2 million (note 34).

(c) On 22 Ramadan 1440 H (corresponding to 26 May 2019) the ownership of Premier Foods Industries, LLC was transferred to Almarai Company, accordingly comparatives in these consolidated financial statements includes the results of Premier Foods Industries, LLC up to May 2019.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA).

On 9 January 2020, Alamar Foods Company acquired 100% of the shares and voting interest in Alamar Foods DMCC, and all its subsidiaries. In addition, on 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. (Details of the acquisitions are further explained in Note 34) Therefore, the Consolidated Financial Statements for the year ended 31 December 2020, include the consolidated results and statements of financial positions of the acquired subsidiaries.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the consolidated financial statements are prepared using the accrual basis of accounting.

Going Concern

In response to the spread of COVID-19 ("coronavirus") in GCC and other territories, the Group has been closely monitoring the impact of coronavirus on the Group's businesses and has put in place contingency measures. These contingency measures include regular monitoring of cash flows and utilizing undrawn facilities in order to meet working capital requirements. The Group will keep contingency measures under review as the situation evolves. As far as the Group's business is concerned, the outbreak has caused some initial disruption to the business, however the business was operational and operational activities were ongoing in lockdown via aggregators and other online delivery channels.

The continuation of the Group as a going concern is dependent on continued trading in the COVID-19 situation and continued availability of currently undrawn cash facilities to meet the Group's obligations as and when they fall due. There is already an improvement in the financial performance and cash flows of the Group during 2020, through increased customer demand as well as implementing necessary cost saving measures. Based on the information available, the management expects further improvements in trading and resultant cash flows in subsequent periods and is confident that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Company. Refer to note 3 for the translation of foreign operations.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) (together reported for the consolidated financial statements purpose as "the Group").

Control exists when the Group:
a) has the power over the investee;
b) is exposed, or has rights, to variable returns from its investment with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group accounts for business combinations using the acquisition method when 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 goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Non-controlling interest

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

Investment in subsidiaries

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

Investments in an equity - accounted investees

The Group's interest in equity - accounted investees comprise interests in associates and a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Basis of consolidation* (continued)**

Investments in an equity - accounted investees (continued)

An associate is an entity over which the Group has significant influence but not control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates and joint ventures, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of profit or loss.

Where a group entity transacts with an associate of the Group, unrealized gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into SR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into SR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Revenue recognition

The Group recognizes revenue from the sale of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group sells goods as detailed in note 1 to its customers. For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. A receivable is recognized by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenues from restaurant sales under the Domino's Pizza, Dunkin Donuts franchises and other fast food restaurants are recognized, net of discount at a point in time at which the goods are delivered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other operating income
Royalty and advertising revenue from related and third-party sub-franchisee contracts are recorded monthly based on the sales achieved by the respective sub-franchisee. This revenue is presented net of the royalties paid to the franchiser in respect of the sub-franchisee sales.

Employee benefits
Employee defined benefit liabilities
The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service if the Company has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

Retirement benefits
Retirement benefits made to defined contribution plans are expensed when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Zakat
Zakat is provided in accordance with the regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current tax

The tax currently payable is based on taxable profit for the period. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Taxes relating to subsidiaries operating outside the Kingdom of Saudi Arabia are calculated in accordance with tax laws applicable in those countries. Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI."

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Property, plant and equipment

Property, plant and equipment, except land and capital work-in-progress, are stated at cost (including capitalized borrowing cost) less accumulated depreciation and accumulated impairment losses, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method and is generally recognized in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group applies the following annual rates of depreciation to its property, plant and equipment:

Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture	10% - 20%
Machines and equipment	10% - 20%
Computer devices and hardware	25%
Vehicles	25%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress
Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Other intangible assets
Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Other intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization is calculated on the straight-line basis to write-down the cost of other intangible assets over their expected useful lives. Franchise rights are amortized over the term of the agreements (5 – 12 years).

The Group applies an annual rate of amortization of 25% to software.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities including goodwill and fair value adjustments arising on acquisition of the Group's foreign operations are expressed in Saudi Arabian Riyals ("SR") using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are initially recognized at cost and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Despite the above, the Group may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment's revaluation reserve.

The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses (including any interest or dividend income) recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime Expected Credit Loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial instruments (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment and estimating ECLs, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**
Financial instruments (continued)

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group , in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due for financial assets due from private sector customers and more than five years past due from government customers unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider ;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**
Financial instruments (continued)

Write-off policy(continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:
- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve (under OCI) is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (i) it is a derivative, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 1) derivative, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's contractual obligations are discharged, cancelled or they expire. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Equity-accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the statement of financial position at cost (including transaction cost) and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture until the date on which significant influence or joint control ceases. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 28 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Further no borrowing cost is capitalized during the idle period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of work-in-process and finished goods are determined on the weighted average basis which includes, inter alia, an allocation of labor and manufacturing overheads.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance. and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Cost of sales

The group also received fixed and variable amounts from third parties as rebates and marketing support. The cost of sales is recorded net off rebates and marketing support.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

4.1 IFRS issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements.

Effective date	New standards or amendments
1 January 2021	*Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*
1 January 2022	*Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*
	Annual Improvements to IFRS Standards 2018–2020
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
Available for optional adoption/effective date deferred indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

4. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)**

b) Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2020, however the amendments do not have a significant effect of the Company's financial statements.

Effective date	New standards or amendments
1 January 2020	*Amendments to References to Conceptual Framework in IFRS Standards*
	Definition of Material (Amendments to IAS 1 and IAS 8)
	Definition of Business (Amendments to IFRS 3)
	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

5. **CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The Group has adopted the following accounting polices:

Common control transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The extent of NCI in each of the combining entities before and after the business combination is not relevant in determining whether the combination involves entities under common control.

The Group accounts for business combinations under common control using book-value (carry-over basis) accounting (also referred to as 'predecessor accounting method') and recognizes the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred when the control is transferred to the Group. The results and statement of financial position of entity acquired are consolidated prospectively from the date of acquisition.

The difference between purchase consideration and book value of assets acquired, and liabilities assumed is recognized in equity as an adjustment to retained earnings.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity under common control transaction 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 the consolidated financial statements from the date on which control commences until the date on which control ceases.

NCI are measured initially 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 acquired under common control that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary acquired under common control, it recognized as 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.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COVID -19 related rent concessions (Amendment to IFRS 16)

The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

The Group has recorded SR 6.4 million in the statement of profit or loss for the year to reflect changes in the lease payments that arise from the rent concessions to which the lessee has applied the practical expedient

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

6.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables (note 13)
An estimate of the allowance for doubtful debts is calculated in accordance with the accounting policy detailed in note 3. At the reporting date, gross trade receivables were SR 16.9 million (31 December 2019: SR 4.6 million), SR 5.2 million in 31 December 2020 (31 December 2019: Nil) being provided for. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

Useful lives and residual values of property, plant and equipment and intangible assets (notes 7 and 9)
An estimate of the useful lives and residual values of property, plant and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Provision for slow moving inventory items (note 12)
The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

Employee defined benefit liabilities (note 20)
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs.

Leases (notes 8 and 19)
In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Management revises the lease term if there is a change in the non-cancellable period of a lease.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

6.1 Key sources of estimation uncertainty (continued)

Impairment of goodwill (note 35)
The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. This complex valuation process used to determine fair value less costs of disposal and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows;

Impairment of property, plant and equipment, right of use assets and intangible assets (notes 7 and 9)
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and buildings improvements	Leasehold improvements	Furniture	Machines and equipment	Computer devices and hardware	Vehicles	Total
Cost:								
At 1 January 2019	-	529,940	84,835,117	8,437,406	79,621,724	15,425,336	19,194,307	208,043,830
Additions	-	-	10,850,302	466,218	6,839,335	2,284,822	978,967	21,419,644
Disposals	-	-	(485,363)	(17,164)	(1,179,823)	(464,379)	(196,750)	(2,343,479)
Reclassification to right of use assets	-	-	-	-	-	-	(17,327,705)	(17,327,705)
At 31 December 2019	-	**529,940**	**95,200,056**	**8,886,460**	**85,281,236**	**17,245,779**	**2,648,819**	**209,792,290**
Acquisitions through business combinations	70,098	606,654	47,228,206	9,137,276	38,165,943	6,259,550	5,523,349	106,991,076
Additions	2,914,153	21,028	14,008,796	338,418	9,454,425	1,632,895	381,613	28,751,328
Transfer to intangible assets	-	(2,750)	(73,818)	-	-	-	-	(76,568)
Disposals	-	-	(2,691,781)	(41,031)	(1,279,419)	(1,238,726)	(298,798)	(5,549,755)
Exchange rates movements	1,269	15,250	441,275	39,486	507,646	21,151	43,285	1,069,362
At 31 December 2020	**2,985,520**	**1,170,122**	**154,112,734**	**18,360,609**	**132,129,831**	**23,920,649**	**8,298,268**	**340,977,733**
Accumulated depreciation:								
At 1 January 2019	-	143,084	33,075,195	3,968,841	38,888,335	11,142,064	8,001,909	95,219,428
Charge for the year	-	15,898	9,134,930	810,464	7,118,833	1,866,041	250,893	19,197,059
Disposals	-	-	(344,601)	(4,091)	(267,100)	(444,569)	(196,748)	(1,257,109)
Reclassification to right of use assets	-	-	-	-	-	-	(6,582,799)	(6,582,799)
At 31 December 2019	-	**158,982**	**41,865,524**	**4,775,214**	**45,740,068**	**12,563,536**	**1,473,255**	**106,576,579**
Acquisitions through business combinations	-	141,707	22,944,871	5,959,580	17,834,353	3,779,507	3,346,166	54,006,184
Charge for the year	-	47,332	14,379,404	1,618,444	11,378,967	2,956,529	963,948	31,344,624
Reversal of impairment loss	-	-	(1,900,000)	-	-	-	-	(1,900,000)
Transfer to intangible assets	-	(2,750)	(73,818)	-	-	-	-	(76,568)
Disposals	-	-	(1,402,092)	(21,019)	(789,593)	(661,138)	(244,126)	(3,117,968)
Exchange rates movements	-	3,810	230,173	19,429	224,245	4,373	31,132	513,162
At 31 December 2020	-	**349,081**	**76,044,062**	**12,351,648**	**74,388,040**	**18,642,807**	**5,570,375**	**187,346,013**
Net book value								
At 31 December 2020	**2,985,520**	**821,041**	**78,068,672**	**6,008,961**	**57,741,791**	**5,277,842**	**2,727,893**	**153,631,720**
At 31 December 2019	-	370,958	53,334,532	4,111,246	39,541,168	4,682,243	1,175,564	103,215,711

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Note	31 December 2020	31 December 2019
Cost of sales	23	**28,813,666**	17,300,305
Selling and distribution expenses	24	**78,682**	85,606
Administrative expenses	25	**2,452,276**	1,811,148
		31,344,624	19,197,059

- **Impairment testing for CGUs**

Annual impairment testing for CGUs is carried out by management. The impairment test is based on "Value in Use" calculation which is reviewed at restaurants level. These calculations have used cash flow projections based on the actual operating results and future expected performance. The key assumptions used in the estimation of the recoverable amount per restaurant are set out below:

Region	Discount rate	Budgeted EBITDA growth (average of next 5 years)	Terminal growth rate
KSA	12.0%	22.5%	2%
Jordan	12.0%	7.2%	2%
Bahrain	10.6%	18%	2%
Egypt	19.0%	4.7%	2%
Qatar	7.5%	8.2%	2%
UAE	8.3%%	15%	2%
Lebanon	15 5%	7.7%	2%
Morocco	6.71%	22.1%	2%

The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:
- Management future plans and roadmap
- Market conditions and competitors
- Growth in existing business
- Business development

Impairment movement: As at 31 December 2020, there is a reversal of impairment of SR 1.9 million at an overall level. This is as a result of an additional year of depreciation of the fixed assets as well as an improvement in future outlook in certain regions.

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

Region	1 January 2019	Through acquisition	Reclassification	Reversal	31 December 2020
Jordan	--	918,993	--	(387,271)	531,722
Egypt	--	621,852	191,013	--	812,865
Qatar	--	1,825,732	(313,003)	(1,512,729)	--
Lebanon	--	1,065,010	121,990	--	1,187,000
Total	--	4,431,587	--	(1,900,000)	2,531,587

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8. RIGHT OF USE ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16.

The Group leases stores and vehicles. The leases typically run for an average lease term of up to 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	Buildings	Vehicles	Total
Cost:			
At 1 January 2019	--	--	--
Recognition of right-of-use assets on initial application of IFRS 16	152,846,646	--	152,846,646
Adjusted balance at 1 January 2019	152,846,646	--	152,846,646
Transfer from property, plant and equipment	--	17,327,705	17,327,705
Additions	10,349,096	5,452,510	15,801,606
Disposals	--	(612,500)	(612,500)
At 31 December 2019	163,195,742	22,167,715	185,363,457
At 1 January 2020	**163,195,742**	**22,167,715**	**185,363,457**
Acquisitions through business combination	**95,193,266**	**1,455,264**	**96,648,530**
Additions	**33,432,884**	**4,838,113**	**38,270,997**
Disposals	**(3,085,793)**	**(2,745,281)**	**(5,831,074)**
Exchange rates movements	**578,635**	**89,646**	**668,281**
At 31 December 2020	**289,314,734**	**25,805,457**	**315,120,191**
Accumulated depreciation:			
At 1 January 2019	--	--	--
Transfer from property, plant and equipment	--	6,582,799	6,582,799
Charge for the year	35,986,999	4,257,411	40,244,410
Disposal	--	(326,205)	(326,205)
At 31 December 2019	35,986,999	10,514,005	46,501,004
At 1 January 2020	**35,986,999**	**10,514,005**	**46,501,004**
Acquisitions through business combination	**19,027,706**	**512,277**	**19,539,983**
Charge for the year	**58,342,618**	**6,020,348**	**64,362,966**
Disposals	**(1,378,190)**	**(2,344,695)**	**(3,722,885)**
Exchange rates movements	**101,531**	**31,557**	**133,088**
At 31 December 2020	**112,080,664**	**14,733,492**	**126,814,156**
Net book values:			
At 31 December 2020	**177,234,070**	**11,071,965**	**188,306,035**
At 31 December 2019	127,208,743	11,653,710	138,862,453

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

	Note	31 December 2020	31 December 2019
Cost of sales	*23*	**55,404,914**	34,412,158
Selling and distribution expenses	*24*	**4,400,051**	3,177,057
Administrative expenses	*25*	**4,558,001**	2,655,195
		64,362,966	40,244,410

9. OTHER INTANGIBLE ASSETS

	31 December 2020	31 December 2019
Cost		
Balance at beginning of the year	**16,105,413**	13,346,245
Acquisitions through business combination	**5,615,039**	--
Additions	**1,176,445**	2,759,168
Disposals	**(1,525,346)**	--
Exchange rates movements	**273,689**	--
	21,645,240	16,105,413
Accumulated amortization		
Balance at beginning of the year	**12,277,769**	9,951,386
Acquisitions through business combination	**3,550,261**	--
Amortization	**2,087,907**	2,326,383
Disposals	**(822,872)**	--
Exchange rates movements	**117,903**	--
Balance at the end of the year	**17,210,968**	12,277,769
Net carrying value	**4,434,272**	3,827,644

Other intangible assets comprise software and franchise rights.

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

	Note	31 December 2020	31 December 2019
Cost of sales	23	**1,026,550**	1,440,449
Selling and distribution expenses	24	**12,500**	12,653
Administrative expenses	25	**1,048,857**	873,281
		2,087,907	2,326,383

10. EQUITY-ACCOUNTED INVESTEES

	31 December 2020	31 December 2019
Investment in 2 in 1 Restaurant Company Limited (note 10.1)	--	288,231
Alamar Foods for Restaurants management (note 10.2)	**12,746**	--
	12,746	288,231

10.1 On 16 August 2017, the Group acquired a of 50% equity interest in 2 in 1 Restaurants Company Limited ("the Joint Venture"), a Company incorporated in the Kingdom of the Saudi Arabia. The principal activities of the Joint Venture include establishing, managing and operating restaurants and cafes and supply of cooked and uncooked food. The ownership interest did not change in 2020. During the year, the Group's investment in 2 in 1 Restaurant Company Limited was written off due to the losses incurred in the year.

The joint venture accounted for using the equity method in these consolidated financial statements.

Summarized financial information in respect of the joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

10. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

	31 December 2020	31 December 2019
Current assets	**1,565,663**	1,016,194
Non-current assets	**17,199,565**	19,234,3911
Current liabilities	**(4,462,712)**	(2,937,340)
Non-current liabilities	**(19,508,024)**	(20,886,419)
Net liabilities	**(5,205,508)**	(3,573,174)
Proportion of the Group's ownership interest in the joint venture	**50%**	50%

	31 December 2020	31 December 2019
Revenue	**5,716,297**	9,532,295
Loss for the year	**(1,632,335)**	(2,613,785)
Other comprehensive loss for the year	**-**	--
Total comprehensive loss for the year	**(1,632,335)**	(2,613,785)
Share of losses	**(816,167)**	(1,340,141)

10.1.1 Losses from equity accounted investee comprise of the following:

	31 December 2020	31 December 2019
Impairment loss on investment in joint venture (note 10.1.2)	**6,617,141**	--
Share of losses of equity-accounted investee	**816,167**	1,340,141
	7,433,308	1,340,141

10.1.2 During the year, the Group has recognized additional losses by a provision amounting to SR 0.5 million (2019: Nil) in excess of the original carrying amount SR 0.2 million of its investment in joint venture since the Group has a legal and constructive obligation to record additional losses in proportion of its ownership percentage in accordance with terms of the agreement. This amount is included as a provision within other current liabilities.

10.2 The Group acquired 40% share in Alamar Foods for Restaurants Management, Kuwait on 7 February 2019. The entity is one of Group's strategic investment and its principal activities include establishing, managing and operating Domino's Pizza outlets. The entity is not operational as of 31 December 2020.

10.3 The Group has a 30% investment in Alamar Foods Company LLC – Oman. The current carrying value of this investment is nil (2019: nil). The investment has been impaired in full. Although, the associate made a profit in the year, the accumulated loss balance from the investment in associate is higher than the share of profits for the year. No reversal of impairment during the year.

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11. ZAKAT AND TAXATION

	31 December 2020	31 December 2019
Zakat and income tax payable *(refer note 11.1)*	7,996,023	5,322,518
Deferred tax assets *(refer note 11.2)*	2,840,143	881,181
Deferred tax liabilities *(refer note 11.2)*	1,444,257	--

11.1 Zakat and income tax

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

	31 December 2020	31 December 2019
Zakat and income tax charge	7,255,872	3,762,601
Deferred tax credit	(1,678,251)	(466,228)
	5,577,621	3,296,373

	Zakat	Income tax	31 December 2020
Opening balance	5,075,972	246,546	5,322,518
Charge for the year	3,008,005	3,425,495	6,433,500
Charge for the prior year	822,372	--	822,372
Payments during the year	(3,666,690)	(915,677)	(4,582,367)
Closing balance	5,239,659	2,756,364	7,996,023

	Zakat	Income tax	31 December 2019
Opening balance	4,148,829	208,312	4,357,141
Charge for the year	2,844,318	918,283	3,762,601
Charge related to prior years	(1,917,175)	(880,049)	(2,797,224)
Closing balance	5,075,972	246,546	5,322,518

11.2 Deferred tax

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

	31 December 2020	31 December 2019
Opening balance	881,181	414,953
Acquired through business combination	110,155	--
Credited to profit or loss (refer i)	1,848,807	466,228
	2,840,143	881,181

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

	2020	2019
Deferred tax asset		
Origination of temporary differences	1,848,807	466,228

Deferred tax assets comprise of below:

	31 December 2020	31 December 2019
Property, plant and equipment	2,012,268	88,413
Employee benefits	824,754	792,768
Impairment loss allowance	1,687	--
Provision for obsolete inventory	1,434	--
	2,840,143	881,181

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11. ZAKAT AND TAXATION(CONTINUED)
11.2 Deferred tax(continued)

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

	31 December 2020	31 December 2019
Opening balance	--	--
Acquired through business combination	1,273,701	--
Credited to profit or loss (refer ii)	170,556	--
	1,444,257	--

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

	2020	2019
Deferred tax asset		
Reversal of temporary differences	170,556	--

Deferred tax assets comprises of below:

	31 December 2020	31 December 2019
Property, plant and equipment	1,444,257	--
	1,444,257	--

Status of assessments of zakat and income tax

Zakat and income tax declaration up to and including the year ended 31 December 2017 and year ended 31 December 2019 have been submitted to the GAZT, however, no assessments have been finalized for these years. During the year, GAZT has raised an assessment for the year 31 December 2018, amounting to SR 4.4 million initially which is subsequently reduced to SR 2.8 million based on partial acceptance of appeal by the Company. The Company has filed appeal in respect of revised assessment which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company and accordingly no provision is recognized in the financial statements.

All subsidiaries are filing zakat and income tax returns regularly as per their country laws and there is no open assessment differences that requires any additional provisions.

Relationship between tax expense / (income) and accounting profit

The Group is not subject to material permanent disallowances in respect of tax charge for the current and prior year, therefore relationship between income tax expense and accounting profit has not been presented for current and prior year.

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12. INVENTORIES

	31 December 2020	31 December 2019
Raw materials	**28,626,150**	18,259,252
Consumables and packaging material	**4,609,699**	2,255,235
Goods in transit	**616,398**	--
Provision for slow moving items	**(38,579)**	--
	33,813,668	20,514,487

Movement in the provision for slow moving items for the year is as follows:

	31 December 2020	31 December 2019
Balance at beginning of the year	–	--
Charge during the year	**893,368**	--
Write off during the year	**(854,789)**	--
Balance at end of the period	**38,579**	--

13. TRADE AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
Trade receivables	**16,930,586**	4,623,088
Less: allowance for doubtful other receivables	**(5,179,861)**	--
Net receivables	**11,750,725**	4,623,088
Prepaid expenses	**23,022,237**	19,019,537
Advances to suppliers	**14,250,279**	7,372,139
Advances to employees	**3,856,654**	3,472,070
Other receivables	**11,973,247**	4,243,949
	64,853,142	38,730,783

Movement in the provision for slow moving items for the year is as follows:

	31 December 2020	31 December 2019
Balance at beginning of the year	–	–
Acquisitions through business combination	**5,143,799**	–
Charge during the year	**35,572**	–
Exchange rates movements	**490**	--
Balance at end of the period	**5,179,861**	–

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Group's different customer types.

Trade receivables – Days past due

31 December 2020	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %	--	--	--	--	83%	31%
Gross carrying amount	10,203,220	396,194	31,697	83,033	6,216,442	16,930,586
Lifetime ECL	-	-	-	-	5,179,861	5,179,861

Trade receivables – Days past due

31 December 2019	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %	--	--	--	--	--	--
Gross carrying amount	3,826,612	772,047	10,508	13,921	--	4,623,088
Lifetime ECL	--	--	--	--	--	--

14. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is Abdul Aziz Ibrahim Al Jammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia. The related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the period, the Group entered into the following transactions with related parties:

	31 December 2020 SR	31 December 2019 SR
Transactions with holding companies	**2,778,134**	47,453,730
Dividends	**--**	44,484,148
Zakat and income tax recharged	**2,778,134**	2,885,582
Expenses	**--**	84,000
Transactions with joint venture investment	**(5,364,558)**	500,000
Fund transfer	**(84,549)**	500,000
Expenses	**19,675**	--
Other charges	**72,289**	--
Waiver of receivable	**(5,371,973)**	--

14. RELATED PARTIES INFORMATION (CONTINUED)

Transactions with other related parties	**839,088**	36,898,792
Expenses	**774,490**	2,538,334
Other charges	**(27,119)**	--
Collections	**(1,533,939)**	--
Zakat and income tax recharged	**1,796,593**	1,803,052
Dividends	**--**	31,296,406
Sale of goods	**--**	945,338
Purchases	**(170,937)**	--
Sale of property and equipment	**--**	315,662

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

	Nature of relationship	31 December 2020	31 December 2019
Due from related parties			
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	Holding company	**4,243,136**	1,465,002
Alamar Foods DMCC, UAE	Affiliate company	**--**	134,093,704
Alamar Foods L.L.C., UAE	Affiliate company	**--**	1,917,228
Alamar Foods S.A.R.L, Lebanon	Affiliate company	**--**	2,555,941
Alamar Foods Company, Jordan	Affiliate company	**--**	608,847
Alamar Foods Company L.L.C., Egypt	Affiliate company	**--**	201,271
Alamar Foods Company W.L.L., Bahrain	Affiliate company	**--**	2,164,831
Alamar Foods Company, Oman	Associate company	**2,755,943**	111
Yasmine Flower	Affiliate company	**1,200,068**	--
Al Jammaz Establishment	Affiliate company	**52,760**	--
2 in 1 restaurants Company	Joint venture	**7,414**	6,551,187
Alamar Foods For Restaurants Management WLL	Affiliate company	**6,239**	--
Meadow Holding (Cayman) Limited	Shareholder	**989,138**	81,102
Meadow Saudi Arabia Company	Shareholder	**1,357,122**	468,565
		10,611,820	150,107,789

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

	Nature of relationship	31 December 2020	31 December 2019
Due to related parties			
Abdulaziz & Abdullah Al Jammaz for Travel & Tourism Company	Affiliate	**--**	4,016
Al Jammaz Establishment	Affiliate	**--**	167,209
Al Jammaz Agriculture	Affiliate	**53,706**	--
Hakam El Abbes	Shareholder of subsidiary	**2,456,818**	--
Sovana Inc. USA	Others	**92,219**	--
		2,602,743	171,225

The amounts outstanding with related parties are unsecured and will be settled in cash.

Compensation paid to key management personnel as short-term benefits during the year amounted to SR 13,996,798 (31 December 2019: SR 9,045,229).

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15. CASH AND CASH EQUIVALENTS

	31 December **2020**	31 December 2019
Cash on hand	**10,851,216**	1,437,728
Cash at bank	**121,004,391**	15,586,469
Cash and cash equivalents - gross	**131,855,607**	17,024,197
Impairment loss (note 15.1)	**(3,750,000)**	-
Cash and cash equivalents – net	**128,105,607**	17,024,197

15.1 During 2020, the Group has recorded an impairment loss against cash at banks balance amounting to SAR 3.75 million.

16. SHARE CAPITAL

	31 December **2020**	31 December 2019
500,000 shares of SR10 each	**5,000,000**	5,000,000

17. STATUTORY RESERVE

In accordance with the Company's and Subsidiaries By-laws and the previous Saudi Arabian Regulations for Companies, the Company set aside 10% of its net income each year as statutory reserve until such reserve equals to 50% of the share capital. The Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to 2 May 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. This reserve is not available for dividend distribution.

18. CAPITAL CONTRIBUTION

These funds were provided by the shareholders to be used for any capital increase in the future. These accounts are non-interest bearing. The details of shareholders' contribution accounts are as follows:

	31 December **2020**	31 December 2019
Abdul Aziz Ibrahim Al Jammaz and Brothers Company	**87,439,451**	87,439,451
Meadow Saudi Arabia Company	**27,966,587**	27,966,587
Meadow Holding (Cayman) Limited	**35,862,821**	35,862,821
	151,268,859	151,268,859

19. LEASE LIABILITIES

	31 December **2020**	31 December 2019
Non-Current liabilities		
Lease liabilities	**137,486,754**	95,089,526
Current liabilities		
Current portion of lease liabilities	**64,470,722**	42,121,098

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19. LEASE LIABILITIES (CONTINUED)

The Group leased certain of its vehicles and its stores. The average lease term is 5 years (2019: 5 years).

	31 December 2020	31 December 2019
Minimum lease payments		
Not later than one year	73,147,712	46,816,180
Later than one year and not later than five years	151,940,378	93,236,299
More than five years	4,518,162	9,357,505
	229,606,252	149,409,984
Less: future finance charges	(27,648,776)	(12,199,360)
Present value of minimum lease payments	201,957,476	137,210,624
Present value of minimum lease payments		
Not later than one year	64,470,722	42,121,098
Later than one year but not later than five years	136,403,264	86,109,433
More than five years	1,083,490	8,989,093
	201,957,476	137,210,624

Extension options

Some of the leases held by the Group contain extension options exercisable by the Group before the end of non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the commencement date whether it is reasonably certain to exercise extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

20. EMPLOYEE BENEFITS

	31 December 2020	31 December 2019
Non-current liability		
Defined benefit liability *(note 20.1)*	22,087,041	16,718,000
Current liabilities:		
Payroll and bonus	8,099,620	4,330,425
Accrued vacation	7,180,212	2,849,303
Accrued air ticket and iqama fee	2,140,944	2,072,573
Others	600,024	715,060
	18,020,800	9,967,361
	40,107,841	26,685,361

20.1 Defined benefit liability

The Group is committed to the following un-funded post-employment defined benefit plans:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their last month half salary for each completed year of service. Similarly, an employee who completed upto five years to receive a payment equal to 50% of their last monthly salary for each completed year of service and over five but less than ten years of service, to receive a payment equal to two-thirds of their last monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their last monthly salary for each completed year of service.

20. EMPLOYEE BENEFITS (CONTINUED)

In Qatar, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to three weeks of salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to three weeks of salary for first five years of service and four weeks of salary for each completed after five years. Similarly, an employee who completed over ten but less than twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years and five weeks of salary for each completed after ten years. Further, an employee who completed over twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years, five weeks of salary for next ten years and five weeks of salary for each completed after twenty years.

In United Arab Emirates, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to twenty-one days of basic salary for each completed year of service. Similarly, an employee who completed over five years of service, to receive a payment equal to twenty-one days of basic salary for first five years of service and thirty days of basic salary for each year of service thereafter subject to a maximum of two year's salary.

In the Kingdom of Bahrain, the plan entitles an employee whose service is less than three years of service, to receive a payment equal to one-half of their final monthly salary for each completed year of service. Similarly, an employee who completed over three years of service, to receive a payment equal to one-half of their final monthly salary for first three years of service and full month salary for each year of service thereafter.

Defined benefit liability	**31 December 2020**	31 December 2019
Balance at the beginning of the year	**16,718,000**	15,352,000
Acquisitions through business combination	**2,218,900**	-
Current service cost	**4,616,221**	3,576,000
Interest cost	**415,839**	594,000
	5,032,060	4,170,000
Paid during the year	**(2,906,878)**	(2,767,000)
Actuarial loss / (gain)	**1,024,959**	(37,000)
Balance at the end of the year	**22,087,041**	16,718,000

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

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

	31 December 2020	31 December 2019
Average discount rate	**2.05%**	2.40%
Average rate of salary increases	**2.24%**	3.15%

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analysis
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

20. EMPLOYEE BENEFITS (CONTINUED)

	31 December 2020	31 December 2019
Increase in discount rate of 1%	**(1,243,387)**	(1,017,632)
Decrease in discount rate of 1%	**1,454,541**	1,163,466
Increase in rate of salary increase of 1%	**1,542,737**	1,228,919
Decrease in rate of salary increase of 1%	**(1,347,677)**	(1,096,241)

21. TRADE AND OTHER PAYABLES

	31 December 2020	31 December 2019
Non-Current liabilities		
Other long-term liabilities (note 21.1)	**7,058,239**	1,630,933
Current liabilities		
Trade payables	**65,418,615**	45,159,894
Accrued expenses	**25,785,950**	10,720,567
Deferred revenue (note 21.2)	**17,505,796**	--
Other payables	**10,721,148**	8,321,662
	119,431,509	64,202,123

21.1 No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

21.2 It includes the amount received from a supplier as a signing bonus amounting to USD 7 million during 2018.

22. REVENUE

Revenue streams

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

	31 December 2020	31 December 2019
Sale of products from Domino's Pizza outlets	**644,157,525**	439,268,886
Sale of products from Dunkin Donuts outlets	**35,819,464**	–
Others	**15,471,086**	18,002,370
	695,448,075	457,271,256

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	31 December 2020	31 December 2019
Primary geographical markets		
Kingdom of Saudi Arabia	**484,351,358**	455,788,723
United Arab Emirates	**69,028,746**	-
Egypt	**46,038,905**	-
Lebanon	**26,214,071**	-
Qatar	**20,869,674**	-
Morocco	**20,289,446**	-
Bahrain	**20,210,762**	1,482,533
Jordan	**8,445,113**	-
	695,448,075	457,271,256
Timing of revenue recognition		
Products transferred at a point in time	**695,448,075**	457,271,256

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23. COST OF SALES

	31 December 2020	31 December 2019
Direct materials	**176,508,505**	126,224,337
Employee benefits	**115,074,933**	83,265,024
Depreciation:		
- Right of use assets (note 8)	**55,404,914**	34,412,158
- Property plant and equipment (note 7)	**28,813,666**	17,300,305
Royalties	**26,970,723**	21,680,043
Utilities	**26,566,066**	19,014,411
Rent expense	**11,930,706**	8,888,162
Cleaning material	**9,131,094**	3,698,116
Amortization of intangibles (note 9)	**1,026,550**	1,440,449
Other expenses	**13,271,461**	6,872,305
	464,698,618	322,795,310

24. SELLING AND DISTRIBUTION EXPENSES

	31 December 2020	31 December 2019
Advertising	**31,902,049**	29,288,562
Commission expenses	**12,012,451**	3,162,358
Salaries and other benefits	**7,577,698**	6,814,975
Delivery	**4,658,954**	4,227,730
Storage expenses	**1,641,036**	1,133,289
Depreciation:		
- Right of use assets (note 8)	**4,400,051**	3,177,057
- Property plant and equipment (note 7)	**78,682**	85,606
Amortization of intangibles (note 9)	**12,500**	12,653
Rent expense	**598,411**	1,348,008
Other expenses	**1,066,534**	433,733
	63,948,366	49,683,971

25. ADMINISTRATIVE EXPENSES

	31 December 2020	31 December 2019
Salaries and other benefits	**59,990,371**	44,030,616
Legal and professional fees	**9,047,343**	5,218,728
Depreciation:		
- Right of use assets (note 8)	**4,558,001**	2,655,195
- Property plant and equipment (note 7)	**2,452,276**	1,811,148
Amortization of intangibles (note 9)	**1,048,857**	873,281
Rent expense	**392,638**	292,717
Travelling expenses	**1,678,402**	3,840,634
Utilities	**2,727,134**	1,334,568
Maintenance	**1,015,568**	1,190,771
Other expenses	**10,281,055**	5,611,675
	93,191,645	66,859,333

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26. OTHER INCOME

	31 December 2020	31 December 2019
Royalty and advertising	10,077,185	6,135,271
Rent concession	6,415,313	--
Development and store opening	534,589	562,725
(Loss) / gain on disposal of property, plant and equipment	(2,431,787)	1,961
(Loss) / gain on disposal of intangibles	(702,474)	--
Others	(1,825,327)	3,062,831
	12,067,499	9,762,788

27. FINANCE COSTS AND BANK CHARGES

	31 December 2020	31 December 2019
Finance and bank charges	2,089,543	1,333,922
Finance charges on lease liabilities	12,767,909	5,452,338
	14,857,452	6,786,260

No finance charges were capitalized during the period.

28. LOAN AND BORROWINGS

The Group has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges at ranging between 3% - 6%. These facilities and loans are secured against promissory notes, personal and corporate guarantees.

	31 December 2020	31 December 2019
Non-Current liabilities		
Loan and borrowings	2,864,273	--
Current liabilities		
Current portion of loan and borrowings	1,148,361	--

29. DISCONTINUED OPERATION

On 22 Ramadan 1440AH (corresponding to 26 May 2019) the ownership of 100% of Premier Foods Industries, Single Shareholder LLC have been transferred to Almarai Company, Saudi Joint Stock Company.

Results of discontinued operation:

	31 December 2019
Revenue	51,840,767
Cost of sales	(46,586,260)
Gross profit	5,254,507
Selling and distribution expenses	(3,462,009)
General and administrative expenses	(5,504,545)
Impairment loss on trade receivables	-
Other income	461,879
Operating loss	(3,250,168)
Finance costs and bank charges	(364,201)
Loss before zakat	(3,614,369)
Zakat	(190,111)
Loss from discontinued operation, net of zakat	(3,804,480)

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29. DISCONTINUED OPERATION (CONTINUED)

Details of loss from discontinued operation is as follows:

	31 December 2019
Loss from operation held for sale	(3,804,480)
Gain on disposal of subsidiary	11,654,462
Profit from discontinued operation, net of zakat	7,849,982

Cash flows from / (used in) discontinued operation:

	31 December 2019
Net cash used in operating activities	(2,739,635)
Net cash used in investing activities	(483,253)

30. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments:
The Group had capital commitments of SR 5.9 million at the reporting date (31 December 2019: SR 3.6 million).

As at 31 December 2020, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.8 million (31 December 2019: SR 5.8 million).

Contingencies:
There were no contingencies as at 31 December 2020 except as disclosed in note 11 to these financial statements.

31. FINANCIAL INSTRUMENTS

Capital management
The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity comprising share capital, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments

	31 December 2020	31 December 2019
Financial assets		
Amortized cost		
Cash and cash equivalents	**128,105,607**	17,024,197
Trade receivables	**11,750,725**	4,623,088
Due from related parties	**10,611,820**	150,107,790
Financial liabilities		
Amortized cost		
Trade and other payables	**83,031,479**	55,112,489
Loan and borrowings	**4,012,634**	--
Lease liabilities	**201,957,476**	137,210,624
Employees payable	**18,020,800**	9,967,361
Due to related parties	**2,602,743**	171,225

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31. FINANCIAL INSTRUMENTS (CONTINUED)

Capital management (continued)

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Group was exposed to market risk, in the form of interest rate risk as described below, during the year under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks through its operations of selling, purchasing and lending which are done in currencies other than the functional currency which is SAR. Main currencies that the Group may face risks because of dealing with are the AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD.

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31. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)

The Group didn't engage in any hedging activities to mitigate the currency fluctuation risk, which are as per the following according to par value:

As of 31 December 2020, *In SR*	**AED**	**EURO**	**USD**	**GBP**	**MAD**	**QAR**	**LBP**	**EGY**	**JOR**	**BHD**	**TOTAL**
Cash and bank balances	2,745,772	31,126	11,807,202	4,326	2,021,586	1,709,782	13,704,599	4,178,772	648,566	4,142,100	40,993,831
Trade and other receivables	9,069,545	831,580	5,280,697	--	2,454,730	801,398	654,225	6,491,679	624,594	783,288	26,991,736
Due from related parties	1,200,068	--	2,769,596	--	--	--	--	--	--	--	3,969,664
Trade payables and other payables	(31,151,759)	(113,272)	(21,730,755)	--	(4,194,511)	(2,188,122)	(1,702,576)	(12,481,989)	(466,071)	(1,681,280)	(75,710,335)
Loan and Borrowings	--	--	(92,219)		(2,456,818)						(2,549,037)
Total	(18,136,374)	749,434	(1,965,479)	4,326	(2,175,013)	323,058	12,656,248	(1,811,538)	807,089	3,244,108	(6,304,141)

As of 31 December 2019, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	61,558	27,824	763,594	3,523	--	--	--	--	--	--	856,499
Trade and other receivables	--	--	1,947,860	--	--	--	--	--	--	--	1,947,860
Due from related parties	--	--	2,757,212	--	--	--	--	--	--	--	2,757,212
Trade payables and other payables	(41,817)	(336)	(6,952,803)	-	--	--	--	--	--	--	(6,994,956)
Total	19,741	27,488	(1,484,137)	3,523	--	--	--	--	--	--	(1,433,385)

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31. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)
The increase in the exchange rate of SAR by 10% against AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD will lead to (decrease)/increase in the profit or loss as follows:

	31 December 2020	31 December 2019
AED	**(1,813,637)**	1,974
EUR	**74,943**	2,749
USD	**(196,548)**	(148,414)
GBP	**433**	352
QAT	**32,306**	--
LBP	**1,265,625**	--
EGY	**(181,154)**	--
JOD	**80,709**	--
BHD	**324,411**	--
	(412,912)	(143,339)

The decrease in the exchange rate of SAR by 10% against AED, EUR, USD and GBP will lead to (decrease)/increase in the profit or in the same amount mentioned above.

The following significant exchange rates have been applied

	2020	2019
AED	**1.0211**	1.0225
EUR	**4.2875**	4.5250
USD	**3.7525**	3.7515
GBP	**5.0327**	5.000
QAT	**1.0302**	--
LBP	**0.0025**	--
EGY	**0.2332**	--
JOD	**5.2891**	--
BHD	**9.9734**	--

Interest rate and liquidity risks management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There were no changes in these circumstances from the previous year.

The Group did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

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31. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and liquidity risks management (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 December 2020

Details	**Interest Rate %**	**Within one year SR**	**One year to five years SR**	**Over five years SR**	**Total SR**
Trade and other payables	Interest free	119,431,509	7,058,239	–	126,489,748
Due to related parties	Interest free	2,602,743	–	–	2,602,743
Employee benefits	Interest free	18,020,800	22,087,041	–	40,107,841
Lease liabilities	Interest free	64,470,722	136,403,265	1,083,490	201,957,477
Provision for zakat and income tax	Interest free	7,996,023	–	–	7,996,023
		212,521,797	165,548,545	1,083,490	379,153,832

31 December 2019

Details	Interest rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	53,481,557	1,630,933	--	55,112,490
Due to related parties	Interest free	171,225	--	--	171,225
Employee benefits	Interest free	9,967,361	16,718,000	--	26,685,361
Lease liabilities	Interest free	42,121,098	86,109,433	8,980,093	137,210,624
Provision for zakat and income tax	Interest free	5,322,518	--	--	5,322,518
		111,063,759	104,458,366	8,980,093	224,502,218

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December 2019, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position. The Company performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. Note 12 details the Company's maximum exposure to credit risk for financial assets that are not cash and cash equivalents.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Company reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

32. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically reprised.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2020	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	128,105,607	–	–	–	128,105,607
Trade receivables	11,750,725				11,750,725
Due from related parties	10,611,820	–	–	–	10,611,820
Total	150,468,152	–	–	–	150,468,152
Financial liabilities not measure at fair value					
Trade and other payables	83,031,479	–	–	–	83,031,479
Loan and borrowings	4,012,634	–	–	–	4,012,634
Lease liabilities	201,957,476	–	–	–	201,957,476
Employees payable	18,020,800	–	–	–	18,020,800
Due to related parties	2,602,743	–	–	–	2,602,743
Total	309,625,133	–	–	–	309,625,133

32. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2019	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	17,024,197	--	--	--	17,024,197
Trade receivables	4,623,088				4,623,088
Due from related parties	150,107,790	--	--	--	150,107,790
Total	171,755,075	--	--	--	171,755,075
Financial liabilities not measure at fair value					
Trade and other payables	55,112,489	--	--	--	55,112,489
Lease liabilities	137,210,624	--	--	--	137,210,624
Employees payable	9,967,361	--	--	--	9,967,361
Due to related parties	171,225	--	--	--	171,225
Total	202,461,699	--	--	--	202,461,699

33. RETIREMENT BENEFIT INFORMATION

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 2.02 million (31 December 2019: SR 2.2 million).

34. ACQUISITION OF SUBSIDIARIES

34.1 Alamar Foods DMCC-UAE

On 09 January 2020, Alamar Foods Company acquired 100% of the shares and voting interest in Alamar Foods DMCC ("the acquiree") against a purchase consideration of SR 0.5 Million equal to share capital of acquiree. Prior to acquisition, Alamar Foods DMCC was ultimately owned by following shareholders who also have a controlling interest in Alamar Foods Company:

1. Abdulaziz Ibrahim AlJammaz
2. Abdullah Ibrahim AlJammaz
3. Mohammad Abdul Rahman AlJammaz
4. Saud Ibrahim AlJammaz
5. Carlyle MENA (GCC) Partners LLC - UAE

Accordingly, the acquisition of the controlling interest by Alamar Foods Company is considered as a business combination between entities under common control as both the companies are ultimately controlled by similar shareholders as mentioned above.

The management has opted to apply predecessor method accounting to account for this transaction in these consolidated financial statements. Under this method, consolidated net assets of Alamar Food DMCC are included in the consolidated financial statements at the same carrying values at which they were recorded in Alamar Foods DMCC own financial statements at date of acquisition on 9 January 2020. The acquisition has resulted in a group restructuring with an aim to bring cost efficiencies. The consolidated results and consolidated statement of financial position of Alamar Foods DMCC and its subsidiaries are consolidated prospectively from the date of acquisition. All subsidiaries of Alamar Foods DMCC are now effectively owned by Alamar Foods Company post acquisition. The difference between the purchase consideration and the net assets acquired is recognized in equity as an adjustment to retained earnings.

34. ACQUISITION OF SUBSIDIARIES (CONTINUED)
34.1 Alamar Foods DMCC-UAE (continued)

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	SR
Property, plant and equipment	48,095,335
Intangible assets	1,873,124
Right of use assets	60,619,868
Trade and other receivables	22,932,760
Due from related parties	5,162,275
Inventories	5,898,193
Advance for investment in subsidiary	26,250,000
Cash and cash equivalents	9,873,312
Lease liabilities	(60,566,113)
Employee liabilities	(5,621,607)
Trade and other payables	(47,474,149)
Deferred tax liabilities	(1,273,701)
Due to related parties*	(70,869,918)
Net liabilities assumed	(5,100,621)

* The Parent Company has waived off its right to SR 78 million receivable from Alamar Foods DMCC at date of acquisition prior to recognizing consolidated net assets of the subsidiary. The waiver is in the capacity of shareholder i.e., Alamar Food Company and approved by Board of Directors. Accordingly treated as an equity transaction in the statement of financial position of Alamar Foods DMCC.

In current period post acquisition on 14 January 2020, the ultimate shareholders of the acquiree confirmed that there are no outstanding balances and/or amounts due and payable from Alamar Foods to them. Opening intercompany payable balance in Alamar Foods DMCC at 31 Dec 2019 of SR 7.4 million was adjusted in the equity. Since the acquiree is under common control with same ultimate shareholders pre and post-acquisition, the transaction is treated as between entities under common control and consequently recorded as an equity transaction in books of the acquiree.

In addition to above, the group has waived the certain balances of related parties. The details of amount waived and its impact on NCI and retained earnings is as follows:

	Amount waived	NCI impact	Foreign currency Translation impact	Impact on retained earnings
Alamar Foods DMCC, UAE	(57,312,807)	--	--	--
Alamar Food Company, Jordan	5,600,255	70,963	97,688	(168,651)
Alamar Food Company L.L.C, Egypt	12,902,312	218,019	83,580	(301,599)
Alamar Food S.A.R.L., Lebanon	17,008,377	1,400,064	--	(1,400,064)
Alamar Food Company, Qatar	21,801,863	884,435	(9,627)	(874,809)
Total	--	2,573,481	171,642	(2,745,123)

Adjustment to retained earnings
Adjustment to retained earnings arising from the acquisition has been recognized as follows:

	SR
Consideration transferred	510,551
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	(3,994,557)
Identifiable net liabilities assumed	5,100,621
Adjustment to retained earnings	1,616,615

34. ACQUISITION OF SUBSIDIARIES (CONTINUED)

34.2 HEA Trade and Services Company

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco against a purchase consideration of SR 26.2 Million. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. The acquisition is expected to provide the Group with diversification of its investments and its presence in North Africa Region.

The assets and liabilities of HEA Trade and Services Company as at acquisition date are consolidated by the Group. The net assets recognized in the 30 September 2020 financial statements were based on the provisional assessment. Following the final purchase price allocation carried out by management during January 2021 as required by accounting standards and completed GAP assessment between Moroccan GAAP and IFRS as endorsed in the Kingdom of Saudi Arabia. This has resulted in a decrease in the net assets valuation by SR 28,834. The final purchase price allocation was based on the independent valuation of certain assets. The Group has accounted for the transaction based on the carrying values of the assets as of the acquisition date which is summarized below:

During 2020, HEA Trade and Services Company contributed revenue of SR 20,289,447 and loss of SR 657,987 to the Group's results.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition January 2020 (Final)	Initial fair value recognized on acquisition January 2020 (Provisional)
Assets:		
Property, plant and equipment	**4,889,557**	4,889,557
Right of use assets	**18,488,679**	16,963,678
Intangible assets	**191,654**	3,949,653
Deferred tax assets	**110,155**	--
Inventories	**1,010,015**	1,010,015
Trade and other receivables	**3,349,703**	3,544,012
Cash and cash equivalents	**613,509**	613,509
	28,653,272	30,970,424
Lease liabilities	**(14,620,363)**	(16,963,678)
Deferred tax liabilities	**(97,201)**	
Employee liabilities	**(574,081)**	(574,081)
Trade and other payables	**(2,385,292)**	(2,991,908)
Due to related parties	**(2,830,771)**	(2,266,359)
Loans and borrowings	**(1,890,914)**	(1,890,914)
	(22,398,622)	(24,686,940)
Total identifiable net assets acquired	**6,254,650**	6,283,484

34.2 Purchase consideration- Cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	**SR**
Cash consideration paid during the period*	**-**
Less: Balances acquired (notes 34.1 and 34.2)	**10,486,821**
Net outflow of cash – investing activities	**10,486,821**

*Cash advances amounting to SR 26.2 Million for acquisition of HEA Trade and Services Company, Morocco was paid in the year 2019 and the amount was classified as an advance against investment in subsidiary till the date of acquisition.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

35. GOODWILL

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

	Fair value recognized on acquisition January 2020 (Provisional)	Initial fair value recognized on acquisition January 2020 (Provisional)
Consideration transferred	26,258,883	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	3,189,871	3,204,577
Identifiable net assets acquired	(6,254,650)	(6,283,484)
Initial goodwill	23,194,104	23,179,976
Foreign currency translation	1,799,875	821,943
Net goodwill reported in the statement of financial position	24,993,979	24,001,919

The goodwill is attributable mainly to the skills and talent of employees of the subsidiary and the synergies expected to be achieved from integrating the Company into Group's existing operations.

The initial goodwill recognized on acquisition is based on the net assets values at their pre-acquisition carrying amounts. Following the completed gap assessment between Moroccan GAAP and IFRS as endorsed in the Kingdom of Saudi Arabia. This has resulted in an increase in the goodwill by SR 14,129. In addition, the goodwill is subject to annual impairment assessment.

Consideration transferred include an amount of SR 2.6 Million which is transferred to the escrow account as indemnity against the claims in accordance with share purchase agreement.

Initial goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 1.8 Million for the period is recognized in foreign currency translation reserve.

36. REPORTING SEGMENTS

Basis of segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer products and services in different geographical regions and are managed separately.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Alamar Foods Company – KSA	Establishing, operating and managing of fast food restaurants
Alamar Foods DMCC – UAE	Establishing, operating and managing of fast food restaurants
Alamar Food LLC – UAE	Establishing, operating and managing of fast food restaurants

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ALAMAR FOODS COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

36. REPORTING SEGMENTS (CONTINUED)

The Group's chief executive officer reviews the internal management reports of each segment at least quarterly.

Other operations are in Egypt, Qatar, Lebanon, Bahrain, Jordan and Morocco. None of these segments met the quantitative thresholds for reportable segments in 2020.

Information about reportable segments:

2020

	Reporting Segments					
	Kingdom of Saudi Arabia	**Alamar foods DMCC**	**Alamar Food LLC**	**Total reportable segments**	**All other segments**	**Total**
External revenue	483,903,255	–	69,028,745	552,932,000	145,355,128	698,287,128
Internal revenue	2,070,210	12,713,370	–	14,783,580	–	14,783,580
Segment revenue	485,973,465	12,713,370	69,028,745	567,715,580	145,355,128	713,070,708
Segment profit (loss) before tax	72,311,128	1,932,312	5,486,259	79,729,699	(1,754,052)	77,975,647
Interest expense	(6,108,779)	(29,881)	(1,906,929)	(8,045,589)	(6,811,863)	(14,857,452)
Depreciation:						
- Property, plant and equipment	(20,466,102)	(178,287)	(3,293,467)	(23,937,856)	(7,406,768)	(31,344,624)
- Right of use assets	(39,080,821)	–	(6,447,369)	(45,528,190)	(18,834,776)	(64,362,966)
Share of losses of equity-accounted investee	(7,433,308)	–	–	(7,433,308)	–	(7,433,308)
Segment assets	447,123,489	118,190,504	57,279,646	622,593,639	161,948,401	784,542,040
Segment liabilities	216,935,729	101,542,919	41,049,804	359,528,453	124,312,263	483,840,716

2019

	Reporting Segments					
	Kingdom of Saudi Arabia	**Alamar foods DMCC**	**Alamar Food LLC**	**Total reportable segments**	**All other segments**	**Total**
External revenue	457,271,256	--	--	457,271,256	--	457,271,256
Internal revenue	--	–	--	–	–	--
Segment revenue	457,271,256	--	--	457,271,256	–	457,271,256
Segment profit (loss) before tax	19,382,151	--	--	19,382,151	--	19,382,151
Interest expense	(6,786,260)	–	–	(6,786,260)	--	(6,786,260)
Depreciation:						
- Property, plant and equipment	20,466,102	178,287	3,293,467	23,937,856	7,406,768	31,344,624
- Right of use assets	39,080,821	–	6,447,369	45,528,190	17,909,433	63,437,623
Segment assets	473,385,711	--	--	473,385,711	--	473,385,711
Segment liabilities	235,222,784	–	–	235,222,784	--	235,222,784

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36. REPORTING SEGMENTS(CONTINUED)

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

i. Revenue:

	2020	2019
Total revenue for reportable segments	**567,715,580**	457,271,256
Revenue for other segments	**145,355,128**	--
Elimination of inter-segment revenue	**(17,622,633)**	--
Consolidated revenue	**695,448,075**	457,271,256

ii. Profit /(loss) before tax:

	2020	2019
Total profit before tax for reportable segments	**79,729,699**	19,382,151
Loss before tax for other segments	**(1,754,052)**	--
Elimination of inter-segment profit	**(16,475,034)**	--
Consolidated profit before tax	**61,500,613**	19,382,151

iii. Assets:

	2020	2019
Total assets for reportable segments	**622,593,639**	473,385,711
Assets for other segments	**161,948,401**	--
Elimination of inter-segment balances	**(172,938,908)**	--
Consolidated total assets	**611,603,132**	473,385,711

iv. Liabilities:

	2020	2019
Total liabilities for reportable segments	**359,528,453**	235,222,784
Liabilities for other segments	**124,312,263**	--
Elimination of inter-segment balances	**(99,229,994)**	--
Consolidated total liabilities	**384,610,722**	235,222,784

v. Other material items:

2020	**Reportable segments total**	**Other segments total**	**Consolidated**
Interest expense	**(8,045,589)**	**(6,811,863)**	**(14,857,452)**
Depreciation:			
- Property, plant and equipment	**(23,937,856)**	**(7,406,768)**	**(31,344,624)**
- Right of use assets	**(45,528,190)**	**(18,834,776)**	**(64,362,966)**
Share of losses of equity-accounted investee	**(7,433,308)**	--	**(7,433,308)**

2019	**Reportable segments total**	**Other segments total**	**Consolidated**
Interest expense	(6,786,260)	--	(6,786,260)
Depreciation:			
- Property, plant and equipment	(19,197,059)	--	(19,197,059)
- Right of use assets	(40,244,410)	--	(40,244,410)
Share of losses of equity-accounted investee	(1,340,141)	--	(1,340,141)

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

37. NON-CONTROLLING INTEREST

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2020	**Alamar UAE**	**Alamar Bahrain**	**Alamar Jordan**	**Alamar Egypt**	**Alamar Lebanon**	**Alamar Qatar**	**Alamar Morocco**	**Intra-group eliminations**	**Total**
NCI percentage	1%	1%	25%	1%	5%	1%	51%		
Non-current assets	46,147,816	9,526,130	8,970,371	46,002,004	4,776,676	12,428,084	22,550,615		
Current assets	11,131,830	6,567,357	2,145,340	15,715,560	17,515,111	3,252,144	8,999,010		
Non-current liabilities	(16,010,226)	(2,741,215)	(3,996,995)	(28,972,165)	(1,592,501)	(5,643,537)	(16,640,530)		
Current liabilities	(25,039,578)	(12,011,556)	(3,983,671)	(14,818,918)	(11,543,266)	(9,921,167)	(8,946,743)		
Net assets	16,229,842	1,340,715	3,135,045	17,926,481	9,156,020	115,525	5,962,352		
Net assets attributable to NCI	162,298	13,407	783,761	98,596	457,801	1,155	3,040,799	(2,996,992)	1,560,826
Net assets at acquisition	10,686,012	3,414,383	(3,215,574)	9,558,225	(9,729,001)	(22,654,106)	6,254,702		
Net assets attributable to NCI at acquisition	106,860	34,144	(803,893)	52,570	(505,827)	(226,541)	3,189,898	(2,651,897)	(804,686)
Revenue	69,028,746	20,210,762	9,916,685	47,847,035	26,221,526	20,869,674	20,289,447		
Profit	5,486,259	1,901,214	(703,642)	(4,805,124)	1,860,420	951,790	(657,987)		
OCI	57,571	49,259	51	271,068	(2,813)	15,979	365,636		
Total comprehensive income	5,543,830	1,950,472	(703,591)	(4,534,056)	1,857,607	967,769	(292,350)		
Profit allocated to NCI	54,863	19,012	(175,910)	(26,428)	97,732	9,518	(335,573)		(356,788)
OCI allocated to NCI	576	493	13	1,491	(141)	160	186,470		189,060
									(167,728)
NCI share in dividends	–	(40,241)	--	--	--	--	--		(40,241)
Intercompany waiver	–	--	5,600,255	12,902,312	17,008,377	21,801,863	--		
Intercompany waiver attributable to NCI	--	--	1,400,064	70,963	884,435	218,019	--		2,573,481
Cash flows from operating Activities	4,854,177	92,281	381,826	8,177,781	(295,167)	1,079,065	5,439,603		
Cash flows from investment activities	(4,045,070)	(260,454)	50,369	(6,688,820)	132,882	(663,192)	(2,139,678)		
Cash flows from financing activities (dividends to NCI: nil)	--	--	(637,653)	–	(96,155)	--	--		
Net increase (decrease) in cash and cash equivalents	809,107	(168,173)	(205,458)	1,488,961	(258,439)	415,873	3,299,925		

31 December 2019:
Nil

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

38. SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure thereto. See note 2 with regards to ongoing impact of COVID 19.

39. DIVIDENDS

During the 2020, no dividends were declared or approved. The Ordinary General Assembly approved dividends of SR 79,705,086 for 2019.

40. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 8 Shawwal 1442H (corresponding to 20 May 2021).

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
together with the
INDEPENDENT AUDITOR'S REPORT

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

KPMG

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
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صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of **Alamar Foods Company ("the Company") and its subsidiaries ("the Group")**, which comprise of the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

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Independent Auditor's Report

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

Impairment of property and equipment and right of use assets

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

Key audit matter

As at 31 December 2021, the carrying value of property and equipment amounted to SR 162,987,240 (2020: SR 153,631,720) and carrying value of right of use assets amounted to SR 211,747,378 (2020: 188,306,035).

As at each reporting date, the Group's management assesses whether there is any indication that property and equipment and right of use assets may be impaired.

Where conditions of impairment exist, an assessment of recoverable amount of these assets or relevant cash generating units ('CGU') is carried out to identify any impairment.

The impairment testing is considered to be a key audit matter due to the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs is based on value in use that has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes and discount rates.

How the matter was addressed in our audit

Our procedures to assess the impairment of property and equipment and right of use assets included the following:

- Assessed the Group's impairment policies for property and equipment and right of use assets, for compliance with IFRS that are endorsed in KSA and other standards and pronouncements issued by SOCPA.

- Evaluated the assessment performed by management to determine whether there is any indication of impairment.

- Evaluated design and implementation of controls established by management in determining the recoverable amounts.

In addition to the above, we also performed the following procedures when impairment indication exists for property and equipment, or for right of use assets:

- Assessed the appropriateness of management's assumptions applied to key inputs used to determine the recoverable amount of the assets based on our knowledge of the Group and the industry it operates in.

- Assessed management's methods of identifying individual CGUs.

- Tested the mathematical accuracy of cash flow models

- Performed sensitivity analysis which included assessing the effect of reasonably possible fluctuations in growth rates, discount rates and forecast cash flows to evaluate the impact on the currently estimated recoverable amounts.

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Independent Auditor's Report

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

Right of use assets and lease liabilities

Refer Note 3 to the consolidated financial statements for the accounting policy for Right of use assets and lease liabilities and Notes 7 and 18 to the consolidated financial statements for the related disclosures.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the carrying value of right of use assets amounted to SR 211,747,378 (2020: 188,306,035) and lease liabilities amounted to SR 227,035,252 (2020: 201,957,476). The group leases mainly comprise stores and vehicles. Significant judgement is required in the assumptions and estimates made in order to determine the right of use assets and lease liability. We considered accounting for leases as a key audit matter due to complexity of measurement calculations, significant judgements involved including assessment of lease term and discount rates, as well as the high volume of lease agreements.	Our procedures to address accuracy and reasonableness of lease liability and right of use assets included the following: - Evaluated the design and implementation of management controls in place for appropriate identification and accurate accounting of leases. - Evaluated whether management's determination of the lease term is appropriate on sample basis. - Inspected the terms and conditions of the underlying contracts and evaluated management's identification of relevant lease terms on a sample of lease contracts. - Examined on sample basis whether the appropriate discount rate is used to calculate the present value of the unpaid lease liability (i.e., the interest rate implicit in the lease or, when not readily determinable, the incremental borrowing rate). - Re-performed management's calculation on outstanding lease liabilities and right of use assets for a sample of arrangements. - Agreed payments made for outstanding leases for a sample of contracts - For a sample of leases entered into during the year, tested lease schedules, by recalculating the amounts of underlying the right of use assets and lease liabilities, based on the terms of the lease contracts and checked the arithmetical accuracy of those individual lease schedules.

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Independent Auditor's Report

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

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's by-laws or both 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, Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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Independent Auditor's Report

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Alamar Foods Company ("the Company") and its subsidiaries ("the Group")**.

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

KPMG Professional Services

Lic No. 46
C.R. 1010425494
R : 1.
KPMG
ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Al Riyadh: 18 Ramadan 1443H
Corresponding to: 19 April 2022

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
ASSETS			
Property and equipment	*6*	**162,987,240**	153,631,720
Right of use assets	*7*	**211,747,378**	188,306,035
Goodwill	*33*	**24,762,215**	24,993,979
Other intangible assets	*8*	**7,024,984**	4,434,272
Equity-accounted investees	*9*	**2,015,851**	12,746
Deferred tax assets	*10*	**3,652,008**	2,840,143
Non-current assets		**412,189,676**	374,218,895
Inventories	*11*	**50,807,427**	33,813,668
Trade and other receivables	*12*	**71,163,359**	64,853,142
Due from related parties	*13*	**25,178,420**	10,611,820
Cash and cash equivalents	*14*	**190,567,259**	128,105,607
Current assets		**337,716,465**	237,384,237
TOTAL ASSETS		**749,906,141**	611,603,132
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**255,000,000**	5,000,000
Treasury shares	*15*	**(3,000,000)**	--
Statutory reserve	*16*	**14,240,824**	2,500,000
Capital contribution	*17*	**-**	151,268,859
Retained earnings		**80,063,484**	64,322,839
Foreign currency translation reserve	*3*	**(5,643,362)**	2,339,886
Equity attributable to owners of the Company		**340,660,946**	225,431,584
Non-controlling interest	*35*	**(296,055)**	1,560,826
Total equity		**340,364,891**	226,992,410
Lease liabilities	*18*	**149,110,367**	137,486,754
Employee benefits	*19*	**28,605,824**	22,087,041
Trade and other payables	*20*	**5,693,181**	7,058,239
Loans and borrowings	*27*	**3,183,167**	2,864,273
Deferred tax liabilities	*10*	**1,622,220**	1,444,257
Non-current liabilities		**188,214,759**	170,940,564
Lease liabilities	*18*	**77,924,885**	64,470,722
Employee benefits	*19*	**19,550,194**	18,020,800
Trade and other payables	*20*	**110,829,332**	119,431,509
Due to related parties	*13*	**2,489,403**	2,602,743
Current portion of loan and borrowings	*27*	**1,646,857**	1,148,361
Provision for zakat and income tax	*10*	**8,885,820**	7,996,023
Current liabilities		**221,326,491**	213,670,158
Total liabilities		**409,541,250**	384,610,722
TOTAL EQUITY AND LIABILITIES		**749,906,141**	611,603,132

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

These consolidated financial statements shown on pages 3 to 62 was approved on 18 Ramadan 1443H (corresponding to 19 April 2022) and signed on behalf of the Board of Directors by Chairman of Board, Chief Executive Officer and Chief Financial Officer.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
Revenue	*21*	**868,136,005**	695,448,075
Cost of sales	*22*	**(561,036,306)**	(464,698,618)
Gross profit		**307,099,699**	230,749,457
Selling and distribution expenses	*23*	**(84,583,321)**	(63,948,366)
Administrative expenses	*24*	**(95,935,054)**	(93,191,645)
Other income	*25*	**19,187,703**	12,067,499
Impairment loss on cash and cash equivalents	*14*	**--**	(3,750,000)
Impairment loss on trade and other receivables	*12*	**(2,712,050)**	(35,572)
Operating profit		**143,056,977**	81,891,373
Reversal of impairment loss on property and equipment	*6*	**1,121,482**	1,900,000
Reversal / (charge) of impairment losses on equity accounted investee	*9*	**1,532,944**	(6,617,141)
Share of profit / (loss) of equity-accounted investee	*9*	**796,291**	(816,167)
Finance costs and bank charges	*26*	**(16,038,070)**	(14,857,452)
Profit before zakat and tax		**130,469,624**	61,500,613
Zakat and income tax	*10*	**(13,061,387)**	(5,577,621)
Profit for the year		**117,408,237**	55,922,992
Other comprehensive (loss) / income			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement loss of employee defined benefit liabilities		**(2,813,506)**	(1,024,959)
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(8,658,460)**	2,528,606
Other comprehensive (loss) / income for the year		**(11,471,966)**	1,503,647
Total comprehensive income for the year		**105,936,271**	57,426,639
Profit attributable to:			
Owners of the Company		**118,587,389**	56,279,780
Non-controlling interests	*35*	**(1,179,152)**	(356,788)
		117,408,237	55,922,992
Total comprehensive income attributable to:			
Owners of the Company		**107,793,152**	57,594,367
Non-controlling interests	*35*	**(1,856,881)**	(167,728)
		105,936,271	57,426,639
Earnings per share			
Basic and diluted earnings per share	*36*	***4.65***	*2.21*

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amount in Saudi Riyals)

	Attributable to owners of the Company								
	Share capital	Treasury shares	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total equity	Non-controlling interest	Total
At 1 January 2020	**5,000,000**	**--**	**2,500,000**	**151,268,859**	**79,460,833**	**--**	**238,229,692**	**--**	**238,229,692**
Total comprehensive income for the year									
Profit for the year	--	--	--	--	56,279,780	--	56,279,780	(356,788)	55,922,992
Other comprehensive income for the year	--	--	--	--	(1,025,299)	2,339,886	1,314,587	189,060	1,503,647
Total comprehensive income for the year	**--**	**--**	**--**	**--**	**55,254,481**	**2,339,886**	**57,594,367**	**(167,728)**	**57,426,639**
Transactions with owners of the Company									
Dividends	--	--	--	--	--	--	--	--	--
Contribution from shareholders	--	--	--	--	4,574,727	--	4,574,727	--	4,574,727
Waiver of related party balances pre acquisition	--	--	--	--	(70,645,705)	--	(70,645,705)	--	(70,645,705)
Total transactions with owners of the Company	--	--	--	--	**(66,070,978)**	--	**(66,070,978)**	--	**(66,070,978)**
Acquisition of subsidiary with NCI	--	--	--	--	(1,616,615)	--	(1,616,615)	(804,686)	(2,421,301)
Dividends to NCI	--	--	--	--	40,241	--	40,241	(40,241)	--
Waiver of related party balances post acquisition	--	--	--	--	(2,745,123)	--	(2,745,123)	2,573,481	(171,642)
Balance at 31 December 2020	**5,000,000**	**--**	**2,500,000**	**151,268,859**	**64,322,839**	**2,339,886**	**225,431,584**	**1,560,826**	**226,992,410**
At 1 January 2021	**5,000,000**	**--**	**2,500,000**	**151,268,859**	**64,322,839**	**2,339,886**	**225,431,584**	**1,560,826**	**226,992,410**
Total comprehensive income for the year									
Profit for the year	--	--	--	--	118,587,389	--	118,587,389	(1,179,152)	117,408,237
Other comprehensive loss for the year	--	--	--	--	(2,810,989)	(7,983,248)	(10,794,237)	(677,729)	(11,471,966)
Total comprehensive income for the year	**--**	**--**	**--**	**--**	**115,776,400**	**(7,983,248)**	**107,793,152**	**(1,856,881)**	**105,936,271**
Transactions with owners of the Company									
Contribution from shareholders	--	--	--	--	10,436,210	--	10,436,210	--	10,436,210
Increase in share capital (note 15.1)	250,000,000	--	--	(151,268,859)	(98,731,141)	--	--	--	--
Treasury shares acquired (note 15.2)	--	(3,000,000)	--	--	--	--	(3,000,000)	--	(3,000,000)
Total transactions with owners of the Company	**250,000,000**	**(3,000,000)**	**--**	**(151,268,859)**	**(88,294,931)**	**--**	**7,436,210**	**--**	**7,436,210**
Transfer to statutory reserve (note 16)	--	--	11,740,824	--	(11,740,824)	--	--	--	--
Balance at 31 December 2021	**255,000,000**	**(3,000,000)**	**14,240,824**	--	**80,063,484**	**(5,643,362)**	**340,660,946**	**(296,055)**	**340,364,891**

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Alamar Foods Company [illegible] Commercial Registration 1010[illegible] Partnership N° [illegible]

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**117,408,237**	55,922,992
Adjustments for:			
Zakat and income tax	*10*	**13,061,387**	5,577,621
Depreciation of property and equipment	*6*	**31,995,893**	31,344,624
Depreciation of right of use assets	*7*	**65,229,773**	64,362,966
Amortization of intangible assets	*8*	**1,489,679**	2,087,907
Impairment of cash and cash equivalents	*14*	**--**	3,750,000
Impairment loss on trade and other receivables		**2,712,050**	35,572
Reversal of impairment loss on property plant and equipment	*6*	**(1,121,482)**	(1,900,000)
Share of (profit) / loss in equity-accounted investee	*9*	**(796,291)**	816,167
(Reversal) / impairment loss on equity accounted investee	*9*	**(1,532,944)**	6,617,141
Loss on disposal of intangibles		**--**	702,474
Employee benefits expense		**8,286,895**	5,032,060
Interest expense of lease liabilities	*26*	**11,500,339**	12,767,909
Provision for slow moving inventories		**236,892**	893,368
(Gain) / loss on disposal of property and equipment	*25*	**(167,957)**	2,431,787
		248,302,471	190,442,588
Changes in:			
Inventories		**(17,230,651)**	(7,284,341)
Trade and other receivables		**(9,022,267)**	115,646
Due from related parties		**(3,516,241)**	66,875,539
Other employee benefits		**1,566,568**	5,101,606
Trade and other payables		**(9,967,235)**	9,759,302
Due to related parties		**(113,340)**	(63,896,638)
Cash generated from operating activities		**210,019,305**	201,113,702
Zakat and income tax paid	*10*	**(12,805,492)**	(4,582,367)
Employee benefits paid	*19*	**(4,174,009)**	(2,906,878)
Net cash generated from operating activities		**193,039,804**	193,624,457
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	*6*	**(43,652,709)**	(28,751,328)
Acquisition of intangible assets	*8*	**(4,107,167)**	(1,176,445)
Expenses incurred on behalf of related parties	*13*	**(3,614,148)**	(2,444,637)
Acquisition of subsidiary, net of cash acquired		**--**	10,486,821
Proceeds from sale of property and equipment		**2,641,757**	--
Net cash used in investing activities		**(48,732,267)**	(21,885,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**817,420**	2,121,720
Lease liabilities		**(65,519,380)**	(45,743,162)
Interest expense of lease liabilities		**(11,500,339)**	(12,767,909)
Net cash used in financing activities		**(76,202,299)**	(56,389,351)
Net increase in cash and cash equivalents		**68,105,238**	115,349,517
Net foreign currency differences		**(5,643,586)**	(518,107)
Cash and cash equivalents at 1 January		**128,105,607**	17,024,197
Cash and cash equivalents – gross at 31 December	*14*	**190,567,259**	131,855,607
Less: Impairment loss		**--**	(3,750,000)
Cash and cash equivalents – net at 31 December	*14*	**190,567,259**	128,105,607
Significant non-cash items:			
Contribution from shareholders	*13*	**10,436,210**	4,574,727

The accompanying notes (1) through (40) from an integral part of these consolidated financial statements.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Amount in Saudi Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Alamar Foods Company (the "Company" (or) the "Parent Company") is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Company and its subsidiaries (collectively referred as "the Group") consist of:
i) Administration and operation of 383 restaurants (31 December 2020: 359) under a Domino's franchise agreement catering service for cooked and non-cooked food and fast food meals; and
ii) Administration and operation of 44 restaurants (31 December 2020: 33) under Dunkin Donut's franchisee agreement.

The address of the Company's registered office is as follows:
Alamar Building
Olaya Road, Olaya District
P.O Box 4748, Riyadh 11412
Kingdom of Saudi Arabia

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

Name of the Company	*Place of incorporation*	*Principal activity*	*Date of acquisition*	*Effective holding percentage 31 December 2021*	*2020*
Alamar Foods Company LLC	*Amman, Jordan*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*75%*	*75%*
Alamar Foods Company LLC	*Cairo, Egypt*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods LLC	*Doha, Qatar*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods DMCC (a)	*Dubai, UAE*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*100%*	*100%*
Alamar Foods LLC	*Dubai, UAE*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods Company W.L.L	*Manama, Bahrain*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods SARL	*Beirut, Lebanon*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*95%*	*95%*
HEA Trade and Services Company (b)	*Rabat, Morocco*	*Establishing, operating and managing of fast food restaurants*	*23 January 2020*	*49%*	*49%*

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(a) The Company acquired 100% shareholding of Alamar Foods DMCC and its subsidiaries on 9 January 2020, through a share transfer from the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Alamar Foods DMCC are ultimately controlled by same shareholder.

(b) HEA Trade and Services Company- Morocco was acquired by Alamar Foods DMCC on 23 January 2020 (date of commercial registration) and the shareholder structure was updated to transfer all the risks and rewards of ownership of 49% of this entity to Alamar Foods DMCC at an agreed sale price of SAR 26.2 million (note 32).

2. BASIS OF PREPARATION

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

Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method and equity accounted investees which are accounted for using the equity method of accounting. Further, the consolidated financial statements are prepared on a going concern basis using the accrual basis of accounting.

The Board of Directors of the Company have approved the plan for initial public offering (IPO) of the Company by submitting an application and registering the securities to the Capital Market Authority ("the Authority") and listing it through Saudi Stock Exchange ("Tadawul"). The listing of securities on Tadawul is still in process as of the date of approval of these consolidated financial statements.

Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional and presentation currency of the Group. All amounts have been rounded to nearest SR, unless otherwise indicated Refer to note 3 for the translation of foreign operations.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Amount in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial information.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) (together reported for the consolidated financial statements purpose as "the Group").

Control exists when the Group:
a) has the power over the investee;
b) is exposed, or has rights, to variable returns from its investment with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

Transactions eliminated on consolidation
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

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

Investment in subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Investments in an equity accounted investees
The Group's interest in equity - accounted investees comprise interests in associates and a joint venture.

An associate is an entity over which the Group has significant influence but not control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of profit or loss.

Where a group entity transacts with an associate of the Group, unrealized gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The requirements of IAS 28 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Investments in an equity accounted investees (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Common control transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The extent of NCI in each of the combining entities before and after the business combination is not relevant in determining whether the combination involves entities under common control.

The Group accounts for business combinations under common control using book-value (carry-over basis) accounting (also referred to as 'predecessor accounting method') and recognizes the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred when the control is transferred to the Group. The results and statement of financial position of entity acquired are consolidated prospectively from the date of acquisition.

The difference between purchase consideration and book value of assets acquired, and liabilities assumed is recognized in equity as an adjustment to retained earnings.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity under common control transaction 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 the consolidated financial statements from the date on which control commences until the date on which control ceases.

NCI are measured initially 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 acquired under common control that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary acquired under common control, it recognized as 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.

Foreign operations
The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into SR at the exchange rates as of reporting date. The income and expenses of foreign operations are translated into SR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in in the translation reserve, except to the extent that the translation difference is allocated to NCI. The translation reserve as at 31 December 2021 comprise all foreign currency differences arising from the translation of financial statements of foreign operations.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Amount in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Group recognizes revenue from the sale of goods and services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group sells goods as detailed in note 1 to its customers. For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. A receivable is recognized by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenues from restaurant sales under the Domino's Pizza, Dunkin Donuts franchises and other restaurants including sales from supply center are recognized, net of discount at a point in time at which the goods are delivered.

Other operating income

Royalty and advertising revenue from related and third-party sub-franchisee contracts are recorded monthly based on the sales achieved by the respective sub-franchisee. This revenue is presented net of the royalties paid to the franchiser in respect of the sub-franchisee sales.

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the year in which they occur.

Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service if the Group has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Zakat

Zakat is provided in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Current tax
The tax currently payable is based on taxable profit for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Taxes relating to subsidiaries operating outside the Kingdom of Saudi Arabia are calculated in accordance with tax laws applicable in those countries. Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI."

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Property and equipment
Property and equipment, except land and capital work-in-progress, are stated at cost (including capitalized borrowing cost) less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the straight-line method and is generally recognized in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis. The Group applies the following annual rates of depreciation to its property and equipment:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture and fixtures	10% - 20%
Machines and equipment	10% - 20%
Computer devices and hardware	25%
Vehicles	25%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress:
Capital work in progress is stated at cost less accumulated impairment loss, if any and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property and equipment.

Other intangible assets
Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Other intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization is calculated on the straight-line basis to write-down the cost of other intangible assets over their expected useful lives. Franchise rights are amortized over the term of the agreements (5 – 12 years).

The Group applies an annual rate of amortization of 25% to software.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Foreign currencies

The individual financial information of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the consolidated financial information of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities including goodwill and fair value adjustments arising on acquisition of the Group's foreign operations are expressed in Saudi Arabian Riyals ("SR") using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are initially recognized at fair value and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

Despite the above, the Group may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met. The election is made on an investment-by investment basis; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification of financial assets (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime Expected Credit Loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment and estimating ECLs, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group , in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due for financial assets due from customers unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement of ECLs
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve (under OCI) is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities
Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortized cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination,1) derivative, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities
The Group derecognizes financial liabilities when, and only when, the Group's contractual obligations are discharged, cancelled or they expire. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Further no borrowing cost is capitalized during the idle period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

alamar الآمار

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of work-in-process and finished goods are determined on the weighted average basis which includes, inter alia, an allocation of labor and manufacturing overheads.

Reporting Segment
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance. and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Provisions
Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Leases

Group as a lessee
The Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future.

The Group recognizes a right-of-use asset (RoU asset) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate for property leases and interest rate implicit in the lease for vehicle leases.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Generally, RoU asset would be equal to the lease liability. However, if there are any additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

COVID -19 related rent concessions (Amendment to IFRS 16):
The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020. The Group has recorded SR 0.835 million in the statement of profit or loss for the year to reflect changes in the lease payments that arise from the rent concessions to which the lessee has applied the practical expedient

Share Capital
Ordinary shares are classified as equity which is residual interest in the assets of an entity after deducting all its liabilities.

Treasury shares:
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

Expenses
Expenses are recognized when incurred on accrual basis of accounting. Expenses are classified as follows:
- **Cost of sales**: These include the cost directly attributable to provision of services and sales of goods, i.e. directly related to revenue recognized. The group also received fixed and variable amounts from third parties as rebates and marketing support. The cost of sales is recorded net off rebates and marketing support.
- **Selling and marketing expenses**: These are arising from the Company's efforts underlying the selling and marketing functions.
- **General and administrative expenses**: all other expenses are classified as general and administrative expenses.

Allocations between cost of revenue, general and administrative expenses and selling and distribution expenses, when required, are made on consistent basis.

Finance costs
Finance costs comprise bank charges, finance cost on short term borrowing and finance costs on lease liabilities. Finance costs are recognized when incurred on accrual basis of accounting. Finance costs are recognised using effective interest method.

Borrowings
Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank or other counter party, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting policies applied by the Group in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Group for the year ended 31 December 2020 except for the adoption of the new standards which were effective on 1 January 2021

Effective from	New standards and amendments
1 January 2021	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements. These are not expected to have a significant impact on the financial statements of the Company.

1 January 2022	Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to International Financial Reporting Standards 2018- 2020
	Property, Plant and Equipment: Proceeds before intended use (Amendments lo IAS 16)
	Refer to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies (Amendments to International Accounting Standards No. 1 and Practice Statement IFRS No. 2
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

5.1 Significant judgments

Consolidation – significant judgement on control over subsidiary (note 32)
Although the Group owns less than half of HEA Trade and Services Company and has less than half of its voting power, management has determined that the Group controls this entity. This is because an agreement signed between the shareholders grants the Alamar Foods Company the right to appoint, remove and set the remuneration of management responsible for directing the relevant activities. Further the agreement also grants right to control the operating and financial policies of the subsidiary

Leases (notes 7 and 18)
In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Management revises the lease term if there is a change in the non-cancellable period of a lease.

5.2 Significant estimates and assumptions

Impairment of goodwill (note 6 and note 33)
The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. This complex valuation process used to determine fair value less costs of disposal and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows;
.

Useful lives and residual values of property, plant and equipment and right of use assets (notes 6 and 7)
An estimate of the useful lives and residual values of property, plant and equipment, right of use assets and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Impairment of property, plant and equipment, right of use assets and intangible assets (notes 6,7 and 8)
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is the arm's length sales price between knowledgeable willing parties less costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Employee defined benefit liabilities (note 19)
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs.

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6. PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Furniture	Machines and equipment	Computer devices and hardware	Vehicles	Total
Cost:								
At 1 January 2020	--	529,940	95,200,056	8,886,460	85,281,236	17,245,779	2,648,819	209,792,290
Acquisitions through business combinations	70,098	606,654	47,228,206	9,137,276	38,165,943	6,259,550	5,523,349	106,991,076
Additions	2,914,153	21,028	14,008,796	338,418	9,454,425	1,632,895	381,613	28,751,328
Transfer to intangible assets	--	(2,750)	(73,818)	--	--	--	--	(76,568)
Disposals	--	--	(2,691,781)	(41,031)	(1,279,419)	(1,238,726)	(298,798)	(5,549,755)
Effects of movement in exchange rates	1,269	15,250	441,275	39,486	507,646	21,151	43,285	1,069,362
At 31 December 2020	**2,985,520**	**1,170,122**	**154,112,734**	**18,360,609**	**132,129,831**	**23,920,649**	**8,298,268**	**340,977,733**
Additions	--	**56,549**	**26,534,387**	**1,415,069**	**12,659,881**	**2,272,722**	**714,101**	**43,652,709**
Disposals	--	**(104,688)**	**(3,011,240)**	**(156,266)**	**(1,630,314)**	**(164,305)**	**(553,601)**	**(5,620,414)**
Effects of movement in exchange rates	**13,403**	**1,441**	**(3,390,852)**	**(1,822,928)**	**(4,187,181)**	**(1,279,799)**	**(325,839)**	**(10,991,755)**
At 31 December 2021	**2,998,923**	**1,123,424**	**174,245,029**	**17,796,484**	**138,972,217**	**24,749,267**	**8,132,929**	**368,018,273**
***Accumulated depreciation*:**								
At 1 January 2020	--	158,982	41,865,524	4,775,214	45,740,068	12,563,536	1,473,255	106,576,579
Acquisitions through business combinations	--	141,707	22,944,871	5,959,580	17,834,353	3,779,507	3,346,166	54,006,184
Charge for the year	--	47,332	14,379,404	1,618,444	11,378,967	2,956,529	963,948	31,344,624
Reversal of impairment loss	--	--	(1,900,000)	--	--	--	--	(1,900,000)
Transfer to intangible assets	--	(2,750)	(73,818)	--	--	--	--	(76,568)
Disposals	--	--	(1,402,092)	(21,019)	(789,593)	(661,138)	(244,126)	(3,117,968)
Exchange rates movements	--	3,810	230,173	19,429	224,245	4,373	31,132	513,162
At 31 December 2020	--	**349,081**	**76,044,062**	**12,351,648**	**74,388,040**	**18,642,807**	**5,570,375**	**187,346,013**
Charge for the year	--	**11,053**	**15,758,723**	**1,510,813**	**11,288,866**	**2,322,534**	**1,103,904**	**31,995,893**
Reversal of impairment loss	--	--	**(1,121,482)**	--	--	--	--	**(1,121,482)**
Disposals	--	**(1,245)**	**(1,448,955)**	**(104,440)**	**(914,084)**	**(126,091)**	**(551,797)**	**(3,146,612)**
Exchange rates movements	--	**3,073**	**(4,240,521)**	**(1,135,398)**	**(3,144,708)**	**(1,263,227)**	**(261,998)**	**(10,042,779)**
At 31 December 2021	--	**361,962**	**84,991,827**	**12,622,623**	**81,618,114**	**19,576,023**	**5,860,484**	**205,031,033**
Net book value:								
At 31 December 2021	**2,998,923**	**761,462**	**89,253,202**	**5,173,861**	**57,354,103**	**5,173,244**	**2,272,445**	**162,987,240**
At 31 December 2020	2,985,520	821,041	78,068,672	6,008,961	57,741,791	5,277,842	2,727,893	153,631,720

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Note	**31 December 2021**	31 December 2020
Cost of sales	*22*	**29,929,143**	28,813,666
Selling and distribution expenses	*23*	**78,187**	78,682
Administrative expenses	*24*	**1,988,563**	2,452,276
		31,995,893	31,344,624

- **Impairment testing for Cash Generating Units (CGUs)**

Annual impairment testing for CGUs across all regions is carried out by management. The impairment test is based on "Value in Use" calculation which is reviewed at restaurants level. These calculations have used cash flow projections based on the actual operating results and future expected performance.

The key assumptions used in the estimation of the recoverable amount of CGU are: discount rate (range of 12% - 30% has been used) (2020: 12% - 19%) and sales growth rate of 2% has been used (2020: 2%) for all years and regions presented.

The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate ranging from 4.5%-22.5%.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:
- Management future plans and roadmap
- Market conditions and competitors
- Growth in existing business
- Business development

Impairment movement: As at 31 December 2021, there is a reversal of impairment of SR 1.1 million (2020: SR 1.9 million) at an overall level. This is as a result of improved future outlook in Egypt and Jordan as a result of significant growth in sales and improved business performance following positive change in market conditions.

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

Region	**1 January 2021**	**Reversal**	**31 December 2021**	**Recoverable amount of CGUs at 31 December 2021**
Jordan	531,722	(308,617)	223,105	19,646,957
Egypt	812,865	(812,865)	--	128,848,508
Lebanon	1,187,000	--	1,187,000	4,819,688
Total	2,531,587	(1,121,482)	1,410,105	153,315,153

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- **Impairment testing for Cash Generating Units CGUs (continued)**

The key assumptions used in the estimation of the recoverable amount of CGU where there is movement in impairment during the year are set out below:

Region	Discount rate		Budgeted sales growth (average of next 5 years)	
	2021	2020	2021	2020
Jordan	12%	12%	2%	2%
Egypt	19%	19%	2%	2%
Lebanon	30%	16%	2%	2%

- **Impairment testing for Goodwill**

This relates to goodwill arisen on acquisition of HEA Trade & Services Company as disclosed in note 33.

For the purpose of annual mandatory impairment testing, group of CGUs i.e., stores to which goodwill relates are tested for impairment. The recoverable amount of goodwill including group of CGUs was determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying amount of group of CGUs including goodwill was determined to be lower than its recoverable amount of SR 119 million.

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

Description	2021
Discount rate	**9.6%**
Terminal value growth rate	**1%**
Budgeted EBITDA growth rate (annual average of next five years)	**58%**

The discount rate represents weighted average cost of capital of the Company from all sources including all forms of debt adjusted for market risk premium and beta factor of food processing sector. The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium and beta to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management. A reasonable decline in growth rate by 20% will still result in recoverable amount to be higher than carrying amount by SR 80.2 million.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

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7. RIGHT OF USE ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16.

The Group leases stores and vehicles. The leases typically run for an average lease term of up to 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	Buildings and land	Vehicles	Total
Cost:			
At 1 January 2020	163,195,742	22,167,715	185,363,457
Acquisitions through business combination	95,193,266	1,455,264	96,648,530
Additions	33,432,884	4,838,113	38,270,997
Disposals	(3,085,793)	(2,745,281)	(5,831,074)
Exchange rates movements	578,635	89,646	668,281
At 31 December 2020	289,314,734	25,805,457	315,120,191
At 1 January 2021	**289,314,734**	**25,805,457**	**315,120,191**
Additions	**78,486,535**	**18,296,082**	**96,782,617**
Disposals	**(10,854,206)**	**(8,352,436)**	**(19,206,642)**
Exchange rates movements	**(4,205,368)**	**(17,330)**	**(4,222,698)**
At 31 December 2021	**352,741,695**	**35,731,773**	**388,473,468**
Accumulated depreciation:			
At 1 January 2020	35,986,999	10,514,005	46,501,004
Acquisitions through business combination	19,027,706	512,277	19,539,983
Charge for the year	58,342,618	6,020,348	64,362,966
Disposals	(1,378,190)	(2,344,695)	(3,722,885)
Exchange rates movements	101,531	31,557	133,088
At 31 December 2020	112,080,664	14,733,492	126,814,156
At 1 January 2021	**112,080,664**	**14,733,492**	**126,814,156**
Charge for the year	**58,469,783**	**6,759,990**	**65,229,773**
Disposals	**(4,899,424)**	**(8,121,757)**	**(13,021,181)**
Exchange rates movements	**(2,286,746)**	**(9,912)**	**(2,296,658)**
At 31 December 2021	**163,364,277**	**13,361,813**	**176,726,090**
Net book values:			
At 31 December 2021	**189,377,418**	**22,369,960**	**211,747,378**
At 31 December 2020	177,234,070	11,071,965	188,306,035

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

	Note	**31 December 2021**	31 December 2020
Cost of sales	*22*	**56,940,124**	55,404,914
Selling and distribution expenses	*23*	**4,933,297**	4,400,051
Administrative expenses	*24*	**3,356,352**	4,558,001
		65,229,773	64,362,966

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8. OTHER INTANGIBLE ASSETS

	Software	Franchise rights	Total
Cost			
At 1 January 2020	13,621,875	2,483,538	16,105,413
Acquisitions through business combination	5,615,039	--	5,615,039
Additions	644,267	532,178	1,176,445
Disposals	(1,525,346)	--	(1,525,346)
Exchange rates movements	239,819	33,869	273,688
At 31 December 2020	18,595,654	3,049,585	21,645,239
Additions	**3,104,305**	**1,002,862**	**4,107,167**
Exchange rates movements	**(124,701)**	**11,237**	**(113,464)**
At 31 December 2021	**21,575,258**	**4,063,684**	**25,638,942**
Accumulated amortization			
At 1 January 2020	11,396,093	881,675	12,277,769
Acquisitions through business combination	3,550,261	--	3,550,261
Amortization	1,827,107	260,800	2,087,907
Disposals	(822,872)	--	(822,872)
Exchange rates movements	107,363	10,540	117,903
At 31 December 2020	16,057,952	1,153,015	17,210,967
Amortization	**1,268,562**	**221,117**	**1,489,679**
Exchange rates movements	**(91,317)**	**4,629**	**(86,688)**
At 31 December 2021	**17,235,197**	**1,378,761**	**18,613,958**
Net book values:			
At 31 December 2021	**4,340,061**	**2,684,923**	**7,024,984**
At 31 December 2020	2,537,702	1,896,570	4,434,272

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

	Note	**31 December 2021**	31 December 2020
Cost of sales	*22*	**587,844**	1,026,550
Selling and distribution expenses	*23*	**12,500**	12,500
Administrative expenses	*24*	**889,335**	1,048,857
		1,489,679	2,087,907

9. EQUITY-ACCOUNTED INVESTEES

	31 December 2021	31 December 2020
Investment in Kasual + limited liability company ('formerly 2 in 1 Restaurants Company Limited') (note 9.1)	**--**	--
Alamar Foods for Restaurants management (note 9.2)	**12,746**	12,746
Alamar Foods Company LLC – Oman (note 9.3)	**2,003,105**	--
	2,015,851	12,746

9.1 On 16 August 2017, the Group acquired 50% equity interest in Kasual+ Limited Liability Company (formerly "2 in 1 Restaurants Company Limited") a Company incorporated in the Kingdom of the Saudi Arabia. On 8 November 2021 both the existing shareholders of investee have agreed to dilute equity interest of 5% each from their existing ownership in favor of a new shareholder. Change in ownership interest has not resulted in material gain/losses in these consolidated financial statements. The investee continued to be considered as joint venture since existing shareholders will be directing its activities unanimously subsequent to changes in shareholding structure. The principal activities of the equity accounted investee include establishing, managing, and operating restaurants and cafes and supply of cooked and uncooked food. The Group's investment in Kasual+ Limited Liability Company was written off due to the losses incurred and consequently the investment is considered impaired. The investment is accounted for using the equity method in these consolidated financial statements.

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9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

9.1.2 During the year, the Group has recognized additional losses by a provision amounting to SR 0.4 million (2020: SAR 0.5 million) in excess of the original carrying amount of its investment in joint venture since the Group has a legal and constructive obligation to record additional losses in proportion of its ownership percentage in accordance with terms of the agreement. This amount is included as a provision within other current liabilities.

9.2 The Group acquired 40% share in Alamar Foods for Restaurants Management ('associate'), Kuwait on 7 February 2019. The entity is one of Group's strategic investment and its principal activities include establishing, managing and operating Domino's Pizza outlets. The entity is not operational as of 31 December 2021.

9.3 The Group has a 30% investment in Alamar Foods Company LLC – Oman ('associate'). The current carrying value of investment is SR 2.1 million (2020: nil). The Group has recognized reversal of SR 1.5 million of impairment which was recognized in prior years considering the losses of investee. The principal activities of investee to establish and operate food service businesses and manufacture pizza.

Summarized financial information in respect of the equity accounted investees is set out below. The summarized financial information below represents amounts shown in their financial statements prepared in accordance with IFRSs.

	Kasual + limited liability company- KSA		**Alamar Foods Company LLC – Oman**	
Balance sheet	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
Other current assets	**851,389**	684,193	**4,712,601**	2,857,218
Cash and cash equivalents	**178,498**	881,467	**1,637,643**	2,370,518
Non-current assets	**15,337,529**	17,199,565	**10,520,348**	11,018,695
Current liabilities	**(4,092,154)**	(4,889,320)	**(7,966,058)**	(9,956,006)
Non-current liabilities	**(7,563,833)**	(8,337,466)	**(2,227,518)**	(1,155,059)
Net assets / (liabilities)	**4,711,428**	5,538,439	**6,677,016**	5,135,366
Current liabilities excluding trade and other payables and provisions	**(3,202,156)**	(3,696,878)	**(1,533,472)**	(6,670,585)
Proportion of the Group's ownership interest in the joint venture	**45%**	50%	**30%**	30%

Income statement	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
Revenue	**8,522,669**	5,716,297	**51,823,221**	41,128,545
Depreciation and amortization expense	**1,276,193**	1,259,150	**(2,334,022)**	(2,297,742)
Interest expense on lease liabilities	**278,194**	302,745	**(165,258)**	(145,455)
Zakat and income tax expense	**--**	--	**(762,763)**	(656,284)
Profit / (loss) for the year	**(827,011)**	(1,632,335)	**4,000,371**	3,054,150
Other comprehensive loss for the year	**-**	-	**-**	-
Total comprehensive (loss) / income for the year	**(827,011)**	(1,632,335)	**4,000,371**	3,054,150
Share of (loss) / profit	**(403,821)**	(816,167)	**1,200,112**	--
Dividend received	**--**	--	**730,125**	--

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9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Share of profits (losses) from equity accounted investee comprise of the following:

	Kasual + limited liability company- KSA		Alamar Foods Company LLC – Oman		Total	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
Impairment (loss) / reversal on investment	--	(6,617,141)	**1,532,944**	--	**1,532,944**	(6,617,141)
Share of (losses) / profit of equity-accounted investee	**(403,821)**	(816,167)	**1,200,112**	--	**796,291**	(816,167)
	(403,821)	(7,433,308)	**2,733,056**	--	**2,329,235**	(7,433,308)

10. ZAKAT AND TAXATION

	31 December 2021	31 December 2020
Zakat and income tax payable *(refer note 10.1)*	**8,885,820**	7,996,023
Deferred tax assets *(refer note 10.2)*	**3,652,008**	2,840,143
Deferred tax liabilities *(refer note 10.2)*	**1,622,220**	1,444,257

10.1 Zakat and income tax

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

	31 December 2021	31 December 2020
Zakat and income tax charge	**13,695,289**	7,255,872
Deferred tax credit	**(633,902)**	(1,678,251)
	13,061,387	5,577,621

	Zakat	**Income tax**	**31 December 2021**
Opening balance	**5,239,659**	**2,756,364**	**7,996,023**
Charge for the year	**6,036,562**	**7,229,265**	**13,265,827**
Charge for the prior year	**78,165**	**351,297**	**429,462**
Payments during the year	**(5,317,824)**	**(7,487,668)**	**(12,805,492)**
Closing balance	**6,036,562**	**2,849,258**	**8,885,820**

	Zakat	Income tax	31 December 2020
Opening balance	5,075,972	246,546	5,322,518
Charge for the year	3,008,005	3,425,495	6,433,500
Charge for the prior year	822,372	--	822,372
Payments during the year	(3,666,690)	(915,677)	(4,582,367)
Closing balance	5,239,659	2,756,364	7,996,023

10.2 Deferred tax

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

	31 December 2021	31 December 2020
Opening balance	**2,840,143**	881,181
Acquired through business combination	**--**	110,155
Credited to profit or loss (refer i)	**811,865**	1,848,807
	3,652,008	2,840,143

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10. ZAKAT AND TAXATION(CONTINUED)

10.2 Deferred tax(continued)

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

	2021	2020
Deferred tax asset		
Origination of temporary differences	**811,865**	1,848,807

Deferred tax assets comprise of below:

	31 December 2021	31 December 2020
Property, plant and equipment	**2,203,566**	2,012,268
Employee benefits	**1,020,582**	824,754
Impairment loss allowance	**427,860**	1,687
Provision for obsolete inventory	**--**	1,434
	3,652,008	2,840,143

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

	31 December 2021	31 December 2020
Opening balance	**1,444,257**	--
Acquired through business combination	**--**	1,273,701
Charged to profit or loss (refer ii)	**177,963**	170,556
	1,622,220	1,444,257

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

	2021	2020
Deferred tax liabilities		
Reversal of temporary differences	**177,963**	170,556

Deferred tax liabilities comprises of below:

	31 December 2021	31 December 2020
Property and equipment	**1,622,220**	1,444,257
	1,622,220	1,444,257

Status of assessments of zakat and income tax
Zakat and income tax declaration up to and including the year ended 31 December 2020 have been submitted to the Zakat, Tax and Customs Authority ('ZATCA').

During 2020, ZATCA had raised an assessment for the year ended 31 December 2018, amounting to SR 4.4 million initially, which is subsequently reduced to SR 2.1 million based on partial acceptance of appeal of the Company. The Company has filed appeal in respect of revised assessment to the high appeal committee which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company.

During 2021, ZATCA has raised an initial assessment for the year ended 31 December 2016 and 31 December 2017, amounting to SR 2.6 million and SR 5.9 respectively, which is subsequently reduced to SR 0.076 million and SR 2.1 million based on responses submitted by the Company. The Company has paid SR 2.1 million and SR 0.076 million during the year in respect of assessment for 2017 and 2016. The management of the Company considers the amounts held to be sufficient for zakat and income tax liabilities as at 31 December 2021.

All subsidiaries are filing zakat and income tax returns regularly as per their country laws and there is no open assessment differences that requires any additional provisions.

Relationship between tax expense / (income) and accounting profit
The Group is not subject to material permanent disallowances in respect of tax charge for the current and prior year, therefore relationship between income tax expense and accounting profit has not been presented for current and prior year.

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11. INVENTORIES

	31 December 2021	31 December 2020
Raw materials	**44,856,610**	28,626,150
Consumables and packaging material	**5,896,089**	4,609,699
Goods in transit	**54,728**	616,398
Provision for slow moving items	**--**	(38,579)
	50,807,427	33,813,668

Movement in the provision for slow moving items for the year is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	**38,623**	--
Charge during the year	**236,860**	893,368
Write off during the year	**(275,483)**	(854,789)
Balance at end of the year	**--**	38,579

12. TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	**17,528,400**	16,930,586
Less: allowance for doubtful trade receivables	**(4,227,561)**	(5,179,861)
Net receivables	**13,300,839**	11,750,725
Prepaid expenses	**24,020,284**	23,022,237
Advances to suppliers	**15,354,487**	14,250,279
Advances to employees	**3,542,832**	3,856,654
Other receivables	**17,647,052**	11,973,247
Less: allowance for doubtful other receivables	**(2,702,135)**	--
	71,163,359	64,853,142

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

	31 December 2021	31 December 2020
Balance at beginning of the year	**5,179,861**	--
Acquisitions through business combination	**--**	5,143,799
Charge during the year	**2,712,050**	35,572
Exchange rates movements	**--**	490
Written off during the year	**(962,215)**	--
Balance at end of the period	**6,929,696**	5,179,861

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12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Group's different customer types.

	Trade receivables – Days past due					
31 December 2021	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
Expected credit loss rate %	0.5%	0.7%	-	-	97%	24%
Gross carrying amount	**11,072,516**	**1,696,381**	**182,439**	**286,944**	**4,290,125**	**17,528,400**
Lifetime ECL	**55,041**	**12,852**	-	-	**4,159,668**	**4,227,561**

	Trade receivables – Days past due					
31 December 2020	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
Expected credit loss rate %	--	--	--	--	83%	31%
Gross carrying amount	10,203,220	396,194	31,697	83,033	6,216,442	16,930,586
Lifetime ECL	-	-	-	-	5,179,861	5,179,861

13. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is AbdulAziz Ibrahim AlJammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia. The related party transactions were made on terms agreed at group level. During the year, the Group entered into the following transactions with related parties:

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13. RELATED PARTIES INFORMATION (CONTINUED)

	31 December 2021	31 December 2020
Transactions with shareholders		
Contribution from shareholders	**10,436,210**	4,574,727
Treasury shares acquired	**3,000,000**	--
IPO costs charged to shareholders*	**10,011,343**	--
Transactions with associate / joint venture investment		
Dividends	**730,125**	--
Expenses	**3,573,763**	133,322
Sale of goods	**40,385**	--
Other charges	**24,204**	72,289
Waiver of receivable	**--**	5,371,973
Transactions with entities under common control		
Expenses	**2,046,147**	1,650,472
Other charges	**117,513**	1,023
Purchases	**--**	57,751

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

	Nature of relationship	**31 December 2021**	31 December 2020
Due from related parties			
AbdulAziz Ibrahim AlJammaz and Brothers Company	Parent Company	**6,673,886**	4,243,136
Alamar Foods Company LLC, Oman	Associate company	**424,872**	2,755,943
Kasual + limited liability company	Joint venture	**14,073**	7,414
Alamar Foods For Restaurants Management WLL	Associate company	**12,552**	6,239
Yasmine Flower	Shareholder of subsidiary	**1,200,303**	1,200,068
AlJammaz Establishment	Company under common control	**235**	52,760
Meadow Holdings (Cayman) Limited*	Shareholder	**10,332,171**	989,138
Meadow Saudi Arabia Company*	Shareholder	**6,520,328**	1,357,122
		25,178,420	10,611,820

	Nature of relationship	**31 December 2021**	31 December 2020
Due to related parties			
AlJammaz Agriculture	Company under common control	-	53,706
Hakam El Abbes	Shareholder of subsidiary	**2,484,380**	2,456,818
Sovana Inc. USA	Others	**5,023**	92,219
		2,489,403	2,602,743

The amounts outstanding with related parties are unsecured and will be settled in cash. The payables by related parties are payable on demand and accordingly impact of expected credit losses is not considered material as the counter parties have sufficient liquid assets available at reporting date to repay the amounts.

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

	31 December 2021	31 December 2020
Short-term benefits	**13,397,957**	11,607,977
Post-employment benefits	**766,987**	2,388,821

*During the year, the Company incurred IPO costs on behalf of selling shareholders amounted to SR 10 million. This amount represents the IPO cost which was agreed to be reimbursed by the selling shareholders upon successful completion of listing process.

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14. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	**3,318,261**	10,851,216
Cash at bank	**190,998,998**	121,004,391
Cash and cash equivalents - gross	**194,317,259**	131,855,607
Impairment loss (note 14.1)	**(3,750,000)**	(3,750,000)
Cash and cash equivalents – net	**190,567,259**	128,105,607

14.1 The Group has recorded an impairment loss in Lebanon against restricted USD cash at banks balance amounting to SAR 3.75 million.

15. SHARE CAPITAL

15.1 Issued and fully paid capital

	31 December 2021	31 December 2020
25,500,000 shares of SR10 each	**255,000,000**	5,000,000

On 27 May 2021 (corresponding to 15 Shawwal 1442H), the Board of Directors resolved to increase the Company's share capital from SR 5,000,000 to SR 252,000,000 which was approved by the shareholders in an extraordinary general assembly meeting on 16 June 2021, (corresponding to 06 Dhul Qadah 1442H). The increase was achieved through transfer from "Capital contribution" account and "Retained Earnings" by a total amount of SR 247,000,000. On 18 July 2021 (corresponding to 8 Dhul Hijjah 1442H), the legal formalities of the capital increase were completed and updated Commercial Registration was issued, at which point the company's share capital account increased to SR 252,000,000.

Further, on 8 September 2021 (corresponding to 1 Safar 1443H), the Board of Directors resolved to increase the Company's share capital from SR 252,000,000 to SR 255,000,000 which was approved by the shareholders in an extraordinary general assembly meeting on 28 October 2021 (corresponding to 29 Rabi Awwal 1443H). The second increase in share capital was achieved through transfer from "Retained Earnings" by a total amount of SR 3,000,000. On 7 December 2021 (corresponding to 3 Jumada Al Awal 1443H), the legal formalities were completed and updated Commercial Registration was issued, at which point the company's share capital account increased to SR 255,000,000.

15.2 Treasury shares

Following a resolution of the Board of Directors on 8 September 2021 (corresponding to 1 Safar 1443H), the shareholders in an extraordinary general assembly meeting on 28 October 2021 (corresponding to 29 Rabi Awwal 1443H) approved the purchase of 300,000 shares of the company at rate of SR 10 per share (par value) for allocation in the employee share option scheme. This purchase was achieved through transfer to "Treasury Shares" account by a total amount of SR 3,000,000 with corresponding credit to shareholder's account i.e., "Due from related parties" in accordance with confirmation received from shareholders.

The following is the number of shares outstanding as at 31 December 2021:

The number of shares outstanding as at 1 January 2021	500,000
The number of shares issued during the year	25,000,000
The number of shares purchased during the year	(300,000)
The number of shares outstanding as at 31 December 2021	**25,200,000**

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15. SHARE CAPITAL (CONTINUED)

15.2 Treasury shares (continued)

The following is the number of treasury shares as at 31 December 2021:

The number of shares outstanding as at 1 January 2021	--
The number of shares purchased during the year	300,000
The number of shares outstanding as at 31 December 2021	**300,000**

16. STATUTORY RESERVE

In accordance with the Company's and Subsidiaries By-laws and the Saudi Arabian Regulations for Companies, the Company set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for dividend distribution. During the year, SR 11.7 million are transferred to the account.

17. CAPITAL CONTRIBUITION

These funds were provided by the shareholders to be used for any capital increase in the future. These accounts were non-interest bearing. During 2021, the entire amount of capital contribution was converted to share capital. The details of shareholders' contribution accounts are as follows:

	Shareholding %	**31 December 2021**	31 December 2020
Abdul Aziz Ibrahim AlJammaz and Brothers Company	**57.80**	--	87,439,451
Meadow Saudi Arabia Company	**18.49**	--	27,966,587
Meadow Holding (Cayman) Limited	**23.71**	--	35,862,821
		--	151,268,859

18. LEASE LIABILITIES

	31 December 2021	31 December 2020
Non-Current liabilities		
Lease liabilities	**149,110,367**	137,486,754
Current liabilities		
Current portion of lease liabilities	**77,924,885**	64,470,722

The Group leased certain of its vehicles and its stores. The average lease term is 5 years (2020: 5 years).

	31 December 2021	31 December 2020
Minimum lease payments		
Not later than one year	**94,769,504**	73,147,712
Later than one year and not later than five years	**145,157,334**	151,940,378
More than five years	**18,080,667**	4,518,162
	258,007,505	229,606,252
Less: future finance charges	**(30,972,253)**	(27,648,776)
Present value of minimum lease payments	**227,035,252**	201,957,476
Present value of minimum lease payments		
Not later than one year	**77,924,885**	64,470,722
Later than one year but not later than five years	**140,667,144**	136,403,264
More than five years	**8,443,223**	1,083,490
	227,035,252	201,957,476

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18. LEASE LIABILITIES (CONTINUED)

Movement in lease liabilities during the year is as follows:

	31 December 2021	31 December 2020
Balance on 1 January	**201,957,476**	137,210,624
Acquisition through business combination	--	75,186,476
Additions	**97,559,763**	36,270,998
Finance cost	**11,500,339**	12,767,909
Disposals	**(6,962,607)**	(967,460)
Payment made during the year	**(77,019,719)**	(58,511,071)
Balance on 31 December	**227,035,252**	201,957,476

Extension options
Some of the leases held by the Group contain extension options exercisable by the Group before the end of non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the commencement date whether it is reasonably certain to exercise extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

19. EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
Non-current liability		
Defined benefit liability *(note 19.1)*	**25,559,199**	22,087,041
Others	**3,046,625**	--
	28,605,824	22,087,041
Current liabilities:		
Payroll and bonus	**8,403,904**	8,099,620
Accrued vacation	**7,191,163**	7,180,212
Accrued air ticket and iqama fee	**2,762,938**	2,140,944
Others	**1,192,189**	600,024
	19,550,194	18,020,800
	48,156,018	40,107,841

19.1 Defined benefit liability

The Group is committed to the following un-funded post-employment defined benefit plans:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their last month half salary for each completed year of service. Similarly, an employee who completed up to five years to receive a payment equal to 50% of their last monthly salary for each completed year of service and over five but less than ten years of service, to receive a payment equal to two-thirds of their last monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their last monthly salary for each completed year of service.

In Qatar, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to three weeks of salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to three weeks of salary for first five years of service and four weeks of salary for each completed after five years. Similarly, an employee who completed over ten but less than twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years and five weeks of salary for each completed after ten years. Further, an employee who completed over twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years, five weeks of salary for next ten years and five weeks of salary for each completed after twenty years.

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19. EMPLOYEE BENEFITS (CONTINUED)

19.1 Defined benefit liability (continued)

In United Arab Emirates, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to twenty-one days of basic salary for each completed year of service. Similarly, an employee who completed over five years of service, to receive a payment equal to twenty-one days of basic salary for first five years of service and thirty days of basic salary for each year of service thereafter subject to a maximum of two year's salary.

In the Kingdom of Bahrain, the plan entitles an employee whose service is less than three years of service, to receive a payment equal to one-half of their final monthly salary for each completed year of service. Similarly, an employee who completed over three years of service, to receive a payment equal to one-half of their final monthly salary for first three years of service and full month salary for each year of service thereafter.

Defined benefit liability	**31 December 2021**	31 December 2020
Balance at the beginning of the year	**22,087,041**	16,718,000
Acquisitions through business combination	**--**	2,218,900
Current service cost	**5,014,313**	4,616,221
Interest cost	**225,958**	415,839
	5,240,271	5,032,060
Paid during the year	**(4,174,009)**	(2,906,878)
Actuarial loss arising from		
- Demographic assumptions	**(142,035)**	--
- Financial assumptions	**1,696,985**	(160,225)
- Experience adjustments	**1,258,556**	1,185,184
	2,813,506	1,024,959
Exchange rate movements	**(407,610)**	--
Balance at the end of the year	**25,559,199**	22,087,041

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

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

	31 December 2021	31 December 2020
Average discount rate	**1.81%**	2.05%
Average rate of salary increases	**2.75%**	2.24%

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analysis
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2021	31 December 2020
Increase in discount rate of 1%	**(1,242,976)**	(1,243,387)
Decrease in discount rate of 1%	**2,650,052**	1,454,541
Increase in rate of salary increase of 1%	**140,364**	1,542,737
Decrease in rate of salary increase of 1%	**(2,832,148)**	(1,347,677)

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20. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Non-Current liabilities		
Other long-term liabilities (note 20.1)	**5,693,181**	7,058,239
Current liabilities		
Trade payables	**56,876,508**	65,418,615
Accrued expenses	**30,760,746**	25,785,950
Deferred revenue (note 20.2)	**15,067,514**	17,505,796
Other payables	**8,124,564**	10,721,148
	110,829,332	119,431,509

20.1 No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

20.2 Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (SR 25.7 million) during 2018 which is being amortized based on the quantity procured in accordance with terms of the contract.

21. REVENUE

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

	31 December 2021	31 December 2020
Sale of products from Domino's Pizza outlets	**788,422,911**	644,157,525
Sale of products from Dunkin Donuts outlets	**63,173,511**	35,819,464
Supply center sales	**16,539,583**	15,471,086
	868,136,005	695,448,075

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	31 December 2021	31 December 2020
Primary geographical markets		
Kingdom of Saudi Arabia	**584,283,949**	483,910,710
Other GCC and Levant	**178,641,060**	146,241,199
North Africa	**105,210,996**	65,296,166
Net revenue reported in note 34	**868,136,005**	695,448,075
Timing of revenue recognition		
Products transferred at a point in time	**868,136,005**	695,448,075

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22. COST OF SALES

	31 December 2021	31 December 2020
Direct materials	**219,281,133**	175,615,137
Provision for slow moving inventory (note 11)	**236,860**	893,368
Employee benefits	**132,161,653**	115,074,933
Depreciation:		
- Right of use assets (note 7)	**56,940,124**	55,404,914
- Property plant and equipment (note 6)	**29,929,143**	28,813,666
Royalties	**38,070,846**	26,970,723
Utilities	**25,064,845**	26,566,066
Maintenance	**6,168,596**	--
Rent expense	**10,041,573**	11,930,706
Cleaning material	**10,592,979**	9,131,094
Amortization of intangibles (note 8)	**587,844**	1,026,550
Other expenses	**31,960,710**	13,271,461
	561,036,306	464,698,618

23. SELLING AND DISTRIBUTION EXPENSES

	31 December 2021	31 December 2020
Advertising	**47,914,901**	31,902,049
Commission expenses	**13,921,673**	12,012,451
Salaries and other benefits	**8,061,842**	7,577,698
Delivery	**5,179,215**	4,658,954
Storage expenses	**3,093,252**	1,641,036
Depreciation:		
- Right of use assets (note 7)	**4,933,297**	4,400,051
- Property plant and equipment (note 6)	**78,187**	78,682
Amortization of intangibles (note 8)	**12,500**	12,500
Rent expense	**595,164**	598,411
Other expenses	**793,290**	1,066,534
	84,583,321	63,948,366

24. ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020
Salaries and other benefits	**66,591,592**	59,990,371
Legal and professional fees	**7,943,531**	9,047,343
Depreciation:		
- Right of use assets (note 7)	**3,356,352**	4,558,001
- Property plant and equipment (note 6)	**1,988,563**	2,452,276
Amortization of intangibles (note 8)	**889,335**	1,048,857
Rent expense	**395,618**	392,638
Travelling expenses	**2,300,918**	1,678,402
Utilities	**2,229,895**	2,727,134
Maintenance	**1,128,639**	1,015,568
Other expenses	**9,110,611**	10,281,055
	95,935,054	93,191,645

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25. OTHER INCOME

	31 December 2021	31 December 2020
Royalty and advertising	**17,009,003**	10,077,185
Rent concession	**838,178**	6,415,313
Development and store opening	**948,653**	534,589
Gain / (loss) on disposal of property, plant and equipment	**167,957**	(2,431,787)
Loss on disposal of intangibles	**--**	(702,474)
Others	**223,912**	(1,825,327)
	19,187,703	12,067,499

26. FINANCE COSTS AND BANK CHARGES

	31 December 2021	31 December 2020
Finance and bank charges	**4,537,731**	2,089,543
Finance charges on lease liabilities	**11,500,339**	12,767,909
	16,038,070	14,857,452

No finance charges were capitalized during the period.

27. LOAN AND BORROWINGS

The Group has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges at ranging between 3% - 6%. These facilities and loans are secured against personal and corporate guarantees.

	31 December 2021	31 December 2020
Non-Current liabilities		
Loan and borrowings	**3,183,167**	2,864,273
Current liabilities		
Current portion of loan and borrowings	**1,646,857**	1,148,361

Movement in loans and borrowings during the year is as follows:

	31 December 2021	31 December 2020
Balance on 1 January	**4,012,634**	--
Acquisition through business combination	**--**	1,840,719
Additions	**32,773,675**	24,328,296
Finance cost	**150,925**	95,138
Exchange rate movements	**(184,252)**	(33,844)
Payment made during the year	**(31,922,928)**	(22,217,675)
Balance on 31 December	**4,830,054**	4,012,634

28. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments:
The Group had capital commitments of SR 10.1 million at the reporting date relating to property and equipment (31 December 2020: SR 5.9 million).

As at 31 December 2021, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.8 million (31 December 2020: SR 5.8 million).

Contingencies:
There were no contingencies as at 31 December 2021 except as disclosed in note 10 to the consolidated financial statements.

No material contingencies and commitments relates to equity accounted investees.

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29. FINANCIAL INSTRUMENTS

Capital management
The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity comprising share capital, treasury shares, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments

	31 December 2021	31 December 2020
Financial assets		
Amortized cost		
Cash and cash equivalents	**190,567,259**	128,105,607
Trade and other receivables	**28,245,756**	11,750,725
Due from related parties	**25,178,420**	10,611,820
Financial liabilities		
Amortized cost		
Trade and other payables	**95,761,818**	83,031,479
Loan and borrowings	**4,830,054**	4,012,634
Lease liabilities	**227,035,252**	201,957,476
Employees payable	**19,550,194**	18,020,800
Due to related parties	**2,489,403**	2,602,743

Financial risk management objectives and policies
The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Market risk
Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Group was exposed to market risk, in the form of interest rate risk as described below, during the year under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks.

The Group is exposed to currency risks through its operations of selling, purchasing and lending which are done in currencies other than the functional currency which is SAR. Main currencies that the Group may face risks because of dealing with are the AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD.

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29. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)

The Group didn't engage in any hedging activities to mitigate the currency fluctuation risk, which are as per the following according to par value:

As of 31 December 2021, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	**7,643,542**	**87,843**	**7,175,208**	**4,665**	**486,971**	**1,085,317**	**1,020,667**	**6,921,920**	**437,740**	**2,831,547**	**27,695,420**
Trade and other receivables	**11,099,823**	**555,364**	**4,000,595**	**306,021**	**4,469,230**	**840,537**	**4,758**	**9,101,567**	**695,453**	**705,978**	**31,779,326**
Due from related parties	**1,648,325**	--	--	--	--	--	--	--	--	--	**1,648,325**
Trade payables and other payables	**(33,278,167)**	**(89,459)**	**(11,408,405)**	**(10,420)**	**(5,331,219)**	**(1,767,678)**	**(526,055)**	**(15,686,396)**	**(949,140)**	**(1,377,387)**	**(70,424,326)**
Loan and borrowings	--	--	--	--	**(4,830,054)**	--	--	--	--	--	**(4,830,054)**
Total	**(12,886,477)**	**553,748**	**(232,602)**	**300,266**	**(5,205,072)**	**158,176**	**499,370**	**337,091**	**184,053**	**2,160,138**	**(14,131,309)**

As of 31 December 2020, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	2,745,772	31,126	11,807,202	4,326	2,021,586	1,709,782	13,704,599	4,178,772	648,566	4,142,100	40,993,831
Trade and other receivables	9,069,545	831,580	5,280,697	--	2,454,730	801,398	654,225	6,491,679	624,594	783,288	26,991,736
Due from related parties	1,200,068	--	2,769,596	--	--	--	--	--	--	--	3,969,664
Trade payables and other payables	(31,151,759)	(113,272)	(21,730,755)	--	(4,194,511)	(2,188,122)	(1,702,576)	(12,481,989)	(466,071)	(1,681,280)	(75,710,335)
Loan and borrowings	--	--	(92,219)		(2,456,818)						(2,549,037)
Total	(18,136,374)	749,434	(1,965,479)	4,326	(2,175,013)	323,058	12,656,248	(1,811,538)	807,089	3,244,108	(6,304,141)

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29. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)
The increase in the exchange rate of SAR by 10% against AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD will lead to (decrease)/increase in the profit or loss as follows:

	31 December 2021	31 December 2020
AED	**(1,296,408)**	(1,813,637)
EUR	**(5,365)**	74,943
USD	**404,166**	(196,548)
GBP	**(1,042)**	433
MAD	**(520,507)**	--
QAT	**15,818**	32,306
LBP	**49,937**	1,265,625
EGY	**33,709**	(181,154)
JOD	**18,405**	80,709
BHD	**216,014**	324,411
	(1,085,273)	(412,912)

The decrease in the exchange rate of SAR by 10% against AED, EUR, USD and GBP will lead to (decrease)/increase in the profit or in the same amount mentioned above.

The following significant exchange rates have been applied

	2021	2020
AED	**1.0211**	1.0211
EUR	**4.25**	4.2875
USD	**3.75**	3.7525
GBP	**5.06**	5.0327
MAD	**0.4125**	0.4164
QAT	**1.0302**	1.0302
LBP	**0.00013**	0.0025
EGY	**0.2390**	0.2332
JOD	**5.2891**	5.2891
BHD	**9.9734**	9.9734

Interest rate and liquidity risks management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There were no changes in these circumstances from the previous year.

The Group did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

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29. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and liquidity risks management (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 December 2021

Details	**Interest Rate %**	**Within one year SR**	**One year to five years SR**	**Over five years SR**	**Total SR**
Trade and other payables	Interest free	**95,761,818**	**--**	**-**	**95,761,818**
Due to related parties	Interest free	**2,489,403**	**-**	**-**	**2,489,403**
Employee benefits	Interest free	**19,550,194**	**--**	**-**	**19,550,194**
Loans and borrowings	3-6%	**1,646,887**	**3,183,167**	**-**	**4,830,054**
Lease liabilities	3-4%	**94,769,504**	**145,157,334**	**18,080,667**	**258,007,505**
		214,217,806	**148,340,501**	**18,080,667**	**380,638,974**

31 December 2020

Details	Interest Rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	101,925,713	--	--	101,925,713
Due to related parties	Interest free	2,602,743	--	--	2,602,743
Loans and borrowings	3-6%	1,148,361	2,864,273	--	4,012,634
Employee benefits	Interest free	18,020,800	--	--	18,020,800
Lease liabilities	3-4%	73,147,712	151,940,378	4,518,162	229,606,252
		196,845,329	154,804,651	4,518,162	356,168,142

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at reporting date, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. Note 12 and 13 details the Group's maximum exposure to credit risk for financial assets that are not cash and cash equivalents.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that if the Group's credit risk is significantly reduced.

The Group is primarily engaged in cash business and trade receivables mainly consists receivables on account of sub franchise fees and receivable aggregators. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

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30. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement 'to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically reprised.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	**190,567,259**	-	-	-	**190,567,259**
Trade receivables	**28,245,756**	-	-	-	**28,245,756**
Due from related parties	**25,178,420**	-	-	-	**25,178,420**
Total	**243,991,435**	-	-	-	**243,991,435**
Financial liabilities not measure at fair value					
Trade and other payables	**95,761,818**	-	-	-	**95,761,818**
Loan and borrowings	**4,830,054**	-	-	-	**4,830,054**
Lease liabilities	**227,035,252**	-	-	-	**227,035,252**
Employees payable	**19,550,194**	-	-	-	**19,550,194**
Due to related parties	**2,489,403**	-	-	-	**2,489,403**
Total	**349,666,721**	-	-	-	**349,666,721**

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30. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2020	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	128,105,607	--	--	--	128,105,607
Trade receivables	11,750,725				11,750,725
Due from related parties	10,611,820	--	--	--	10,611,820
Total	150,468,152	--	--	--	150,468,152
Financial liabilities not measure at fair value					
Trade and other payables	83,031,479	--	--	--	83,031,479
Loan and borrowings	4,012,634	--	--	--	4,012,634
Lease liabilities	201,957,476	--	--	--	201,957,476
Employees payable	18,020,800	--	--	--	18,020,800
Due to related parties	2,602,743	--	--	--	2,602,743
Total	309,625,132	--	--	--	309,625,132

31. RETIREMENT BENEFIT INFORMATION

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 3.54 million (31 December 2020: SR 2.02 million).

32. ACQUISITION OF SUBSIDIARIES

HEA Trade and Services Company

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco against a purchase consideration of SR 26.2 Million. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. The acquisition was expected to provide the Group with diversification of its investments and its presence in North Africa Region.

The assets and liabilities of HEA Trade and Services Company as at acquisition date are being consolidated by the Group. The net assets recognized in the 31 December 2020 consolidated financial statements were based on the provisional assessment. During the year, the Group has completed the process of allocating the purchase consideration to the identifiable assets and liabilities acquired. The assessment and allocation of purchase consideration has not resulted in a significant change in net assets of acquiree recognized in the consolidated financial statements of 31 December 2020. The final purchase price allocation was based on the independent valuation of identifiable net assets. During 2021, HEA Trade and Services Company contributed revenue of SR 28 million and loss of SR 2.6 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue and consolidated profit for the year would have been materially the same.

The Group has accounted for the transaction based on the fair values of the identifiable assets and liabilities as of the acquisition date which is summarized below:

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32. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition January 2020 (Final)
Assets:	
Property, plant and equipment	**4,889,557**
Right of use assets	**18,488,679**
Intangible assets	**191,654**
Deferred tax assets	**110,155**
Inventories	**1,010,015**
Trade and other receivables	**3,349,703**
Cash and cash equivalents	**613,509**
	28,653,272
Lease liabilities	**(14,620,363)**
Deferred tax liabilities	**(97,201)**
Employee liabilities	**(574,081)**
Trade and other payables	**(2,385,292)**
Due to related parties	**(2,830,771)**
Loans and borrowings	**(1,890,914)**
	(22,398,622)
Total identifiable net assets acquired	**6,254,650**

33. GOODWILL

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

	Fair value recognized on acquisition January 2020 (Final)	Initial fair value recognized on acquisition January 2020 (Provisional as of 31 December 2020)
Consideration transferred	**26,258,883**	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	**3,189,871**	3,189,871
Identifiable net assets acquired	**(6,254,650)**	(6,254,650)
Goodwill	**23,194,104**	23,194,104
Foreign currency translation	**1,568,110**	1,799,875
Net goodwill reported in the statement of financial position	**24,762,215**	24,993,979

The goodwill is attributable mainly to future growth expected from acquisition of the business as well as the skills and talent of employees of the subsidiary and the synergies expected to be achieved from integrating the Company into Group's existing operations.

Consideration transferred include an amount of SR 2.6 Million which was transferred to the escrow account as indemnity against the claims in accordance with share purchase agreement and subsequently cleared in 2021.

Final goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 1.6 Million for the period is recognized in foreign currency translation reserve.

34. REPORTING SEGMENTS

Basis of segmentation

The group has changed its segment reporting structure beginning year 2021. The Group has the following three strategic divisions, which are its reportable segments. These divisions offer products and services in different geographical regions and are managed separately.

Reportable segments	**Operations**
Kingdom of Saudi Arabia	Establishing, operating and managing of fast food restaurants
Other GCC and Levant	Establishing, operating and managing of fast food restaurants
North Africa	Establishing, operating and managing of fast food restaurants

The primary changes to reporting segment structure is as follows:

- Elimination of the Alamar Foods DMCC – UAE and Alamar Foods LLC – UAE, the results of which are now included in the Other GCC and Levant reporting segment.
- The reclassification of Alamar Foods LLC – Qatar, Alamar Foods Company LLC – Jordan, Alamar Foods Company W.L.L – Bahrain and Alamar Foods SARL – Lebanon from other reporting segment to Other GCC and Levant.
- The reclassification of Alamar Foods LLC – Egypt and HEA Trade and Services Company – Morocco from other reporting segment to North Africa.

The segment reporting changes reflect a corresponding change in how the Company's Board of Directors (its chief operating decision maker) reviews financial information in order to allocate resources and assess performance. The Group's Board of Directors reviews the internal management reports of each segment at least quarterly.

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34. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

2021	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	584,282,721	178,639,071	105,214,213	868,136,005
Internal revenue	874,173	22,538,704	1,474,962	24,887,839
Segment revenue	585,156,894	201,177,775	106,689,175	893,023,844
External revenue as reported in note 21	584,282,721	178,639,071	105,214,213	868,136,005
Major Products				
Domino's Pizza	568,072,882	178,311,316	42,043,828	788,428,026
Dunkin Donuts	--	--	63,173,511	63,173,511
Others	17,084,012	22,866,459	1,471,836	41,422,307
	585,156,894	201,177,775	106,689,175	893,023,844
Timing of revenue recognition				
Point in time	585,156,894	201,177,775	106,689,175	893,023,844
Segment profit before zakat and income tax	110,021,048	11,986,845	248,315	122,256,208
Interest expense	(6,078,159)	(3,927,194)	(6,032,717)	(16,038,070)
Depreciation:				
- Property, plant and equipment	(18,790,047)	(7,859,545)	(5,346,301)	(31,995,893)
- Right of use assets	(37,539,906)	(15,586,447)	(12,103,420)	(65,229,773)
Share of profits of equity-accounted investee	(403,821)	1,200,112	-	796,291
Segment non-current assets*	190,459,402	192,149,220	92,136,265	474,744,887
Segment assets	550,492,765	270,705,536	127,354,639	948,552,940
Segment liabilities	218,073,571	219,074,848	104,264,764	541,413,183

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Membership Nº 218904 رقم العضوية

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
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34. REPORTING SEGMENTS(CONTINUED)

2020	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	483,910,710	146,241,199	65,296,166	695,448,075
Internal revenue	2,062,755	12,719,562	2,840,317	17,622,634
Segment revenue	485,973,465	158,960,761	68,136,483	713,070,709
External revenue as reported in note 21	483,910,710	146,241,199	65,296,166	695,448,075
Major Products				
Domino's Pizza	468,872,816	144,775,820	30,508,888	644,157,524
Dunkin Donuts	--	--	35,819,464	35,819,464
Others	17,100,650	14,184,941	1,808,130	33,093,721
	485,973,466	158,960,761	68,136,482	713,070,709
Timing of revenue recognition				
Point in time	485,973,466	158,960,761	68,136,482	713,070,709
Segment profit (loss) before zakat and income tax	72,311,128	11,425,153	(5,790,516)	77,945,765
Interest expense	(6,108,779)	(3,274,170)	(5,474,503)	(14,857,452)
Depreciation:				
- Property, plant and equipment	(20,466,102)	(6,732,718)	(4,145,805)	(31,344,625)
- Right of use assets	(39,080,821)	(14,632,457)	(10,649,688)	(64,362,966)
Share of losses of equity-accounted investee	(816,167)	--	--	(816,167)
Impairment loss on investment in joint venture	(6,617,141)	--	--	(6,617,141)
Segment non-current assets*	196,962,224	171,589,274	71,329,871	439,881,369
Segment assets	447,123,489	240,651,362	96,767,189	784,542,040
Segment liabilities	216,935,729	194,026,630	72,878,356	483,840,715

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

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ALAMAR FOODS COMPANY
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34 REPORTING SEGMENTS(CONTINUED)

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

i. Revenue:

	2021	2020
Total revenue for reportable segments	**893,023,844**	713,070,709
Elimination of inter-segment revenue	**(24,887,839)**	(17,622,634)
Consolidated revenue	**868,136,005**	695,448,075

ii. Profit before tax:

	2021	2020
Total profit before tax for reportable segments	**122,256,208**	77,945,765
Unallocated corporate items	**8,213,416**	(16,445,152)
Consolidated profit before zakat and tax	**130,469,624**	61,500,613

iii. Assets:

	2021	2020
Total assets for reportable segments	**948,552,940**	784,542,040
Elimination of inter-segment balances	**(198,646,799)**	(172,938,908)
Consolidated total assets	**749,906,141**	611,603,132

iv. Liabilities:

	2021	2020
Total liabilities for reportable segments	**541,413,183**	483,840,715
Elimination of inter-segment balances	**(131,871,933)**	(99,229,993)
Consolidated total liabilities	**409,541,250**	384,610,722

v. Other material items:

2021	**Reportable segments total**	**Consolidated**
Interest expense	**(16,038,070)**	**(16,038,070)**
Depreciation:		
- Property, plant and equipment	**(31,995,893)**	**(31,995,893)**
- Right of use assets	**(65,229,773)**	**(65,229,773)**
Share of losses of equity-accounted investee	**796,291**	**796,291**

2020	Reportable segments total	Consolidated
Interest expense	(14,857,452)	(14,857,452)
Depreciation:		
- Property, plant and equipment	(31,344,624)	(31,344,624)
- Right of use assets	(64,362,966)	(64,362,966)
Share of losses of equity-accounted investee	(7,433,308)	(7,433,308)

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
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(Amount in Saudi Riyals)

35. NON-CONTROLLING INTEREST

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2021	**Alamar Jordan**	**HEA Trade and Services Company**	**Other markets**	**Other adjustments**	**Total**
NCI percentage	**25%**	**51%**			
Non-current assets	**8,620,311**	**27,602,197**	**155,526,911**		
Current assets	**2,437,360**	**11,878,151**	**55,272,661**		
Non-current liabilities	**(4,531,647)**	**(19,591,503)**	**(69,968,569)**		
Current liabilities	**(3,259,943)**	**(17,442,879)**	**(92,125,402)**		
Net assets	**3,266,081**	**2,445,965**	**48,705,602**		
Net assets attributable to NCI	**816,520**	**1,247,442**	**157,762**	**(2,517,779)**	**(296,055)**
Revenue	**15,179,585**	**28,007,843**	**244,382,164**		
Profit	**1,220,523**	**(2,622,620)**	**9,704,132**		
OCI	**(225)**	**(528,130)**	**(7,405,573)**		
Total comprehensive income	**1,220,298**	**(3,150,750)**	**2,298,559**		
Profit / (loss) allocated to NCI	**305,131**	**(1,541,536)**	**57,253**		**(1,179,152)**
OCI allocated to NCI	**(56)**	**(269,346)**	**(408,327)**		**(677,729)**
					(1,856,881)
Cash flows from operating activities	**2,113,467**	**3,724,828**	**63,122,294**		
Cash flows from investment activities	**(968,104)**	**(3,666,005)**	**(33,636,775)**		
Cash flows from financing activities (dividends to NCI: nil)	**(1,286,855)**	**(1,611,786)**	**(26,316,192)**		
Net increase (decrease) in cash and cash equivalents	**(141,492)**	**(1,552,963)**	**3,169,327**		

ALAMAR FOODS COMPANY
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35. NON-CONTROLLING INTEREST (CONTINUED)

31 December 2020	**Alamar Jordan**	**HEA Trade and Services Company**	**Other markets**	**Other adjustments**	**Total**
NCI percentage	**25%**	**51%**			
Non-current assets	8,970,371	22,550,615	118,880,710		
Current assets	2,145,340	8,999,010	54,182,002		
Non-current liabilities	(3,996,995)	(16,640,530)	(54,959,644)		
Current liabilities	(3,983,671)	(8,946,743)	(73,334,485)		
Net assets	3,135,045	5,962,352	44,768,583		
Net assets attributable to NCI	783,761	3,040,799	733,257	(2,996,991)	1,560,826
Net assets at acquisition		6,254,702			
Net assets attributable to NCI at acquisition		3,189,898		(142,216)	3,047,682
Revenue	9,916,685	20,289,447	184,177,743		
Profit	(703,642)	(657,987)	5,394,559		
OCI	51	365,637	391,063		
Total comprehensive income	(703,591)	(292,350)	5,785,622		
Profit / (loss) allocated to NCI	(175,910)	(335,575)	154,697		(356,788)
OCI allocated to NCI	13	186,468	2,579		189,060
					(167,728)
NCI share in dividends	--	--	(40,241)		(40,241)
Intercompany waiver	5,600,255	--	51,712,552		
Intercompany waiver attributable to NCI	1,400,064	--	1,173,417		2,573,481
Cash flows from operating activities	381,826	5,439,603	13,908,137		
Cash flows from investment activities	50,369	(2,139,678)	(11,524,654)		
Cash flows from financing activities (dividends to NCI: nil)	(637,653)	--	(96,155)		
Net increase (decrease) in cash and cash equivalents	(205,458)	3,299,925	2,287,328		

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36. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is same as basic earnings per share as the Group does not have any dilutive instruments in issues.

	31 December 2021	31 December 2020
Profit attributable to ordinary shareholders	**118,587,389**	56,279,780
Weighted average number of shares	**25,479,452**	25,500,000
Basic and diluted earnings per share (SR)	**4.65**	2.21
Reconciliation of weighted average number of shares		
Shares outstanding at beginning of the year	**500,000**	500,000
Bonus shares issued during 2021 (note 15.1)	**25,000,000**	25,000,000
Treasury shares acquired during the year	**(20,548)**	-
	25,479,452	25,500,000

37. SHARE BASED PAYMENT ARRANGEMENTS

On 27 December 2021, the Group established share based payment arrangements which entitles its key management personnel right to obtain shares or shares equivalent cash settlement in exchange of no cash consideration subject to fulfillment of vesting conditions. The arrangements do not have material impacts in these consolidated financial statements.

38. ANALYSIS OF SHAREHOLDER'S EQUITY

	76% ***Saudi shareholder***	**24%** ***Foreign shareholder***	**100%** ***Total***
Balance as of January 2020	181,745,432	56,484,260	238,229,692
Profit for the year	43,556,103	12,723,677	56,279,780
Other comprehensive income	1,002,898	311,689	1,314,587
	44,559,001	13,035,366	57,594,367
Contribution from shareholder	3,686,170	888,557	4,574,727
Acquisition of subsidiary	(1,233,316)	(383,299)	(1,616,615)
Dividends to NCI	30,700	9,541	40,241
Intercompany waivers	(55,989,863)	(17,400,965)	(73,390,828)
Balance as of December 2020	172,798,124	52,633,460	225,431,584
Balance as of January 2021	**172,798,124**	**52,633,460**	**225,431,584**
Profit for the year	**94,105,734**	**24,481,655**	**118,587,389**
Other comprehensive income	**(8,234,947)**	**(2,559,290)**	**(10,794,237)**
	85,870,787	**21,922,365**	**107,793,152**
Contribution from shareholders	**6,007,523**	**4,428,687**	**10,436,210**
Purchase of treasury shares	**(2,288,760)**	**(711,240)**	**(3,000,000)**
Balance as of December 2021	**262,387,674**	**78,273,272**	**340,660,946**

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ALAMAR FOODS COMPANY
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For the year ended 31 December 2021
(Amount in Saudi Riyals)

39. SUBSEQUENT EVENTS

On 3 March 2022 the general assembly resolved in its extra ordinary general meeting to authorize the Board of directors to declare final dividends according to paragraph 49.4 of the company bylaws, no meeting held by the Board of Directors to approve dividend declaration.

No other events have occurred subsequent to the reporting date which require adjustment or disclosure in the consolidated financial statements

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved on 18 Ramadan 1443H (corresponding to 19 April 2022).

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
For the year ended
31 December 2021

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
For the year ended 31 December 2021

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Commercial Registration 1010158906 سجل تجاري
Membership N° 216802 رقم العضوية

KPMG

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Practitioner's Assurance Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus

To the Shareholders of Alamar Foods Company

Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Alamar Foods Company ('the Company') by the management. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 December 2021, 31 December 2020 and 31 December 2019, the pro forma consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2021, 31 December 2020 and 31 December 2019, the pro forma consolidated cash flow statement for the years ended 31 December 2021, 31 December 2020 and 31 December 2019, the pro forma consolidated statement of changes in equity for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 and related notes to the proforma consolidated financial information. The applicable criteria and the requirements on the basis of which the management has compiled the pro forma financial information are mentioned in Annexure 9, Annexure 15 and Article 28 of the Offer of Securities and Continuing Obligations Rules ('OSCO Rules') and described in Note 2 'Basis of Preparation' of the pro-forma consolidated financial information.

The pro forma consolidated financial information has been compiled by management to illustrate the impact of the acquisition of Alamar Foods DMCC ("transaction") set out in Note 2 of the proforma consolidated financial information on the Company's consolidated financial position as at 31 December 2021, 31 December 2020 and 31 December 2019 and Company's consolidated financial performance, changes in equity and cash flows for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 as if the acquisition had taken place at 1 January 2019. As part of this process, information about the company's consolidated financial position, consolidated financial performance, changes in equity and cash flows has been extracted by management from the company's consolidated financial statements for the years ended 31 December 2021 and 31 December 2020 and special purpose combined financial statements for the year ended 31 December 2019.

Management's Responsibility for the Pro Forma Consolidated Financial Information

Management is responsible for compiling the pro forma consolidated financial information on the basis of the applicable criteria mentioned in Note 2 'Basis of Preparation' of the pro-forma consolidated financial information and in accordance with the requirements of Annexure 9, Annexure 15 and Article 28 of OSCO Rules.

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Independent Practitioner's Assurance Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus

To the Shareholders of Alamar Foods Company (continued)

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of Code of Ethics for Professional Accountants endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion as required by Annexure 9, Annexure 15 and Article 28 of the Offer of Securities and Continuing Obligations Rules ('OSCO Rules') about whether the pro forma consolidated financial information has been compiled, in all material respects, by the management on the basis of the applicable criteria as set out in Note 2 to the pro-forma consolidated financial information

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria described in Note 2 the pro-forma consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted consolidated financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Practitioner's Assurance Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus

To the Shareholders of Alamar Foods Company (continued)

Opinion

In our opinion, the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria as set out in Note 2 'Basis of preparation' of the pro forma consolidated financial information.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Lic No. 46
C.R 1010425494
R : 1
KPMG
KPMG Professional Services

Dated: 9 May 2022
Corresponding to: 8 Shawwal 1443H

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3.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Amount in Saudi Riyals)

	Note	31 December 2021	31 December 2020	31 December 2019
ASSETS				
Property, plant and equipment	*7*	**162,987,240**	153,631,720	151,311,046
Right of use assets	*8*	**211,747,378**	188,306,035	199,482,321
Goodwill	*36*	**24,762,215**	24,993,979	--
Other intangible assets	*9*	**7,024,984**	4,434,272	5,700,768
Equity-accounted investees	*10*	**2,015,851**	12,746	288,231
Deferred tax assets	*11*	**3,652,008**	2,840,143	881,181
Due from related parties	*14*	--	--	1,848,898
Other long-term receivables		--	--	5,253,696
Non-current assets		**412,189,676**	374,218,895	364,766,141
Inventories	*12*	**50,807,427**	33,813,668	26,412,452
Trade and other receivables	*13*	**71,163,359**	64,853,142	56,546,412
Due from related parties	*14*	**25,178,420**	10,611,820	11,879,344
Advance for investment in subsidiary	*35.1*	--	--	26,250,000
Cash and cash equivalents	*15*	**190,567,259**	128,105,607	26,897,509
Current assets		**337,716,465**	237,384,237	147,985,717
Total assets		**749,906,141**	611,603,132	512,751,858
EQUITY AND LIABILITIES				
Share capital	*16*	**255,000,000**	5,000,000	5,000,000
Treasury shares	*16*	**(3,000,000)**	--	--
Statutory reserve	*17*	**14,240,824**	2,500,000	2,500,000
Capital contribution	*18*	—	151,268,859	151,268,859
Retained earnings/(losses)		**80,063,484**	64,322,840	(2,878,486)
Foreign currency translation reserve		**(5,643,362)**	2,339,886	2,722,705
Equity attributable to owners of the Company		**340,660,946**	225,431,585	158,613,078
Non-controlling interest	*38*	**(296,055)**	1,560,826	(3,852,368)
Equity		**340,364,891**	226,992,411	154,760,710
Lease liabilities	*19*	**149,110,367**	137,486,754	142,300,597
Employee benefits	*20*	**28,605,824**	22,087,041	18,937,683
Trade and other payables	*21*	**5,693,181**	7,058,239	6,570,185
Loans and borrowings	*28*	**3,183,167**	2,864,273	--
Deferred tax liabilities	*11*	**1,622,220**	1,444,257	1,273,701
Non-current liabilities		**188,214,759**	170,940,564	169,082,166
Lease liabilties	*19*	**77,924,885**	64,470,722	55,476,140
Employee benefits	*20*	**19,550,194**	18,020,800	13,369,285
Trade and other payables	*21*	**110,829,332**	119,431,509	107,105,153
Due to related parties	*14*	**2,489,403**	2,602,743	7,635,886
Current portion of loan and borrowings	*28*	**1,646,857**	1,148,360	--
Provision for zakat and income tax	*11*	**8,885,820**	7,996,023	5,322,518
Current liabilities		**221,326,491**	213,670,157	188,908,982
Total liabilities		**409,541,250**	384,610,721	357,991,148
Total equity and liabilities		**749,906,141**	611,603,132	512,751,858

The accompanying notes (1) through (42) form an integral part of these pro forma consolidated financial information.

This proforma consolidated financial information shown on pages 4 to 69 was approved on 8 Shawwal 1443H (corresponding to 9 May 2022) and signed on behalf of the Board of Directors by Chairman of Board, Chief Executive Officer and Chief Financial Officer.

4

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Amount in Saudi Riyals)

	Note	31 December 2021	31 December 2020	31 December 2019
Continuing operations:				
Revenue	22	**868,136,005**	695,448,075	590,971,895
Cost of sales	23	**(561,036,306)**	(464,698,618)	(425,703,336)
Gross profit		**307,099,699**	230,749,457	165,268,559
Selling and distribution expenses	24	**(84,583,321)**	(63,948,366)	(63,560,135)
Administrative expenses	25	**(95,935,054)**	(93,191,645)	(94,060,477)
Other income	26	**19,187,703**	12,067,499	17,513,766
Impairment loss on cash and cash equivalents	15	**--**	(3,750,000)	--
Impairment loss on trade and other receivables	13	**(2,712,050)**	(35,572)	--
Operating profit		**143,056,977**	81,891,373	25,161,713
Reversal of impairment loss on property and equipment	7	**1,121,482**	1,900,000	--
Share of profit / (losses) of equity-accounted investee	10	**796,291**	(816,167)	(1,340,141)
Reversal / impairment (loss) on equity accounted investees	10	**1,532,944**	(6,617,141)	--
Finance costs and bank charges	27	**(16,038,070)**	(14,857,452)	(12,933,665)
Profit before zakat and tax		**130,469,624**	61,500,613	10,887,907
Zakat and income tax	11	**(13,061,387)**	(5,577,621)	(3,543,470)
Profit from continuing operations		**117,408,237**	55,922,992	7,344,437
Discontinued operation:				
Profit from discontinued operation, net of zakat and tax	29	**--**	--	7,849,982
Profit for the year		**117,408,237**	55,922,992	15,194,419
Other comprehensive (loss) / income				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement (loss) / gain of employee defined benefit liabilities	20	**(2,813,506)**	(1,025,299)	10,472
Item that are reclassified subsequently to profit or loss:				
Foreign operations - foreign currency translation differences		**(8,658,460)**	2,528,946	1,220,555
Other comprehensive (loss) / income for the year		**(11,471,966)**	1,503,647	1,231,027
Total comprehensive income for the year		**105,936,271**	57,426,639	16,425,446
Profit attributable to:				
Owners of the Company		**118,587,389**	56,279,780	15,547,183
Non-controlling interests	38	**(1,179,152)**	(356,788)	(352,764)
		117,408,237	55,922,992	15,194,419
Total comprehensive income attributable to:				
Owners of the Company		**107,793,152**	57,594,367	16,778,478
Non-controlling interests	38	**(1,856,881)**	(167,728)	(353,032)
		105,936,271	57,426,639	16,425,446
Earnings per share				
Basic and diluted earnings per share	30	**4.65**	2.21	0.61
Basic and diluted earnings per share – Continuing operations	30	**4.65**	2.21	0.31
Basic and diluted earnings per share – Discontinued operations	30	**--**	--	0.30

The accompanying notes (1) through (42) form an integral part of these pro forma consolidated financial information.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts in Saudi Riyals)

	Attributable to the owners of the Group								
	Share capital	Treasury shares	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
Adjusted balance at 1 January 2019 (note 2)	5,000,000	-	2,500,000	151,268,859	58,471,719	1,501,882	218,742,460	(3,499,336)	215,243,124
Total comprehensive loss for the year									
Profit for the year	-	-	-	-	15,547,183	-	15,547,183	(352,764)	15,194,419
Other comprehensive income /(loss) for the year	-	-	-	-	10,472	1,220,823	1,231,295	(268)	1,231,027
Total comprehensive income /(loss) for the year	-	-	-	-	**15,557,655**	**1,220,823**	**16,778,478**	**(353,032)**	**16,425,446**
Transactions with owners of the Group									
Dividends *(note 40)*	-	-	-	-	(79,705,083)	-	(79,705,083)	-	(79,705,083)
Contribution from shareholders	-	-	-	-	2,797,223	-	2,797,223	-	2,797,223
Total transactions with owners of the Group	-	-	-	-	(76,907,860)	-	**(76,907,860)**	-	**(76,907,860)**
Adjusted balance at 31 December 2019	5,000,000	-	2,500,000	151,268,859	**(2,878,486)**	**2,722,705**	**158,613,078**	**(3,852,368)**	**154,760,710**
Balance at 1 January 2020	5,000,000	-	2,500,000	151,268,859	**(2,878,486)**	**2,722,705**	**158,613,078**	**(3,852,368)**	**154,760,710**
Total comprehensive income for the year									
Profit for the year	--	--	--	--	56,279,780	--	56,279,780	(356,788)	55,922,992
Other comprehensive income for the year	--	--	--	--	(1,025,299)	2,339,886	1,314,587	189,060	1,503,647
Total comprehensive income for the year	--	--	--	--	**55,254,481**	**2,339,886**	**57,594,367**	**(167,728)**	**57,426,639**
Transactions with owners of the Company									
Contribution from shareholders	--	--	--	--	4,574,727	--	4,574,727	--	4,574,727
Waiver of related party balances pre acquisition (note 35.2)	--	--	--	--	7,354,295	--	7,354,295	--	7,354,295
Total transactions with owners of the Company	--	--	--	--	**11,929,022**	--	**11,929,022**	--	**11,929,022**
Adjustment for pre-acquisition foreign currency translation reserve	--	--	--	--	2,722,705	(2,722,705)	--	--	--
Acquisition of subsidiary with NCI *(note 38)*	--	--	--	--	--	--	--	3,047,682	3,047,682
Waiver of related party balances post acquisition (note 35.2)	--	--	--	--	(2,745,123)	--	(2,745,123)	2,573,481	(171,642)
Dividends to NCI	--	--	--	--	40,241	--	40,241	(40,241)	--
Balance at 31 December 2020	5,000,000	-	2,500,000	151,268,859	64,322,840	2,339,886	225,431,585	1,560,826	226,992,411

The accompanying notes (1) through (42) form an integral part of these pro forma consolidated financial information.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts in Saudi Riyals)

	Attributable to owners of the Company								
	Share capital	Treasury shares	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total equity	Non-controlling interest	Total
At 1 January 2021	5,000,000	--	2,500,000	151,268,859	64,322,840	2,339,886	225,431,585	1,560,826	226,992,411
Total comprehensive income for the									
Profit for the year	--	--	--	--	118,587,389	--	118,587,389	(1,179,152)	117,408,237
Other comprehensive loss for the year	--	--	--	--	(2,810,989)	(7,983,248)	(10,794,237)	(677,729)	(11,471,966)
Total comprehensive income for the year	--	--	--	--	115,776,400	(7,983,248)	107,793,152	(1,856,881)	105,936,271
Transactions with owners of the Company									
Contribution from shareholders	--	--	--	--	10,436,209	--	10,436,209	--	10,436,209
Increase in share capital (note 16)	250,000,000	--	--	(151,268,859)	(98,731,141)	--	--	--	--
Treasury shares acquired (note 16.1)	--	(3,000,000)	--	--	--	--	(3,000,000)	--	(3,000,000)
Total transactions with owners of the Company	250,000,000	(3,000,000)	--	(151,268,859)	(88,294,932)	--	7,436,209	--	7,436,209
Transfer to statutory reserve (note 17)	--	--	11,740,824	--	(11,740,824)	--	--	--	--
Balance at 31 December 2021	255,000,000	(3,000,000)	14,240,824	--	80,063,484	(5,643,362)	340,660,946	(296,055)	340,364,891

The accompanying notes (1) through (42) form an integral part of these pro forma consolidated financial information.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	**31 December 2020**	31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year after discontinued operations		**117,408,237**	55,922,992	15,194,419
Adjustments for:				
Zakat and income tax	*11*	**13,061,387**	5,577,621	3,733,582
Depreciation of property, plant and equipment	*7*	**31,995,893**	31,344,624	27,748,322
Depreciation of right of use assets	*8*	**65,229,773**	64,362,966	57,081,404
Amortization of intangible assets	*9*	**1,489,679**	2,087,907	2,789,002
Impairment loss on cash and cash equivalents	*15*	–	3,750,000	--
Impairment loss on trade and other receivables	*13*	**2,712,050**	35,572	–
Reversal of impairment loss on property plant and equipment	*7*	**(1,121,482)**	(1,900,000)	–
(Profit) / losses in equity-accounted investee	*10*	**(796,291)**	816,167	1,340,141
(Reversal) / impairment loss on equity accounted investee	*10*	**(1,532,944)**	6,617,141	–
Gain from disposal of net assets held for sale	*29*	--	--	(11,654,462)
Loss on disposal of intangibles	*26*	–	702,474	–
Employee benefits		**8,286,895**	5,032,060	5,211,478
Interest expense of lease liabilities	*27*	**11,500,339**	12,767,909	11,125,893
Provision for slow moving inventories		**236,892**	--	--
(Gain) / loss on disposal of property, plant and equipment		**(167,957)**	2,431,787	10,484
		248,302,471	189,549,220	112,580,263
Changes in:				
Inventories		**(17,230,651)**	(6,391,201)	(10,555,120)
Trade and other receivables		**(9,022,267)**	248,351	(11,935,226)
Due from related parties		**(3,516,241)**	1,074,008	(32,985,521)
Employee benefits		**1,566,568**	4,077,434	(1,825,454)
Trade and other payables		**(9,967,235)**	9,901,182	(19,760,560)
Due to related parties		**(113,340)**	(509,619)	54,896,556
Other liabilities		-	-	(92,297)
Cash generated from operating activities		**210,019,305**	197,949,375	90,322,641
Zakat and income tax paid	*11*	**(12,805,492)**	(4,582,367)	(2,797,224)
Employee benefits paid	*20*	**(4,174,009)**	(2,908,001)	(3,859,332)
Net cash generated from operating activities		**193,039,804**	190,459,007	83,666,085
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	*7*	**(43,652,709)**	(29,052,534)	(64,158,050)
Acquisition of intangible assets	*9*	**(4,107,167)**	(1,176,445)	(3,858,560)
Expenses incurred on behalf of related parties	*14*	**(3,614,148)**	--	--
Acquisition of subsidiary, net of cash acquired	*35*	--	613,509	(26,250,000)
Proceeds from sale of property, plant and equipment		**2,641,757**	--	1,157,761
Proceeds from sale of net assets held for sale		--	--	99,161,074
Net cash (used in) / generated from investing activities		**(48,732,267)**	(29,615,470)	6,052,225
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds / (repayment) from loans and borrowings		**817,420**	2,121,720	(3,444)
Payment of lease liabilities		**(65,519,380)**	(44,223,013)	(23,993,797)
Payment of interest on lease liabilities		**(11,500,339)**	(12,767,909)	(11,125,893)
Dividends paid	*40*	--	--	(79,705,083)
Net cash used in financing activities		**(76,202,299)**	(54,869,202)	(114,828,217)
Net increase / (decrease) in cash and cash equivalents		**68,105,238**	105,974,335	(25,109,907)
Net foreign currency differences		**(5,643,586)**	(1,016,237)	(213,276)
Cash and cash equivalents reclassified to assets held for sale		--	--	(1,567,663)
Cash and cash equivalents at 1 January		**128,105,607**	26,897,509	53,788,355
Cash and cash equivalents – gross at 31 December		**190,567,259**	131,855,607	26,897,509
Less: Impairment loss		--	(3,750,000)	–
Cash and cash equivalents – net at 31 December	*15*	**190,567,259**	128,105,607	26,897,509
Significant non-cash items:				
Contribution from shareholders	*14*	**10,436,209**	4,574,727	2,797,223

The accompanying notes (1) through (42) from an integral part of these **pro forma** consolidated financial information.

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
For the year ended 31 December 2021

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Alamar Foods Company (the "Company" (or) the "Parent Company") is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Company and its subsidiaries (collectively referred as "the Group") consist of:

i) Administration and operation of 383 restaurants (31 December 2020: 359, 31 December 2019: 333) under a Domino's franchise agreement catering service for cooked and non-cooked food and fast food meals; and
ii) Administration and operation of 44 restaurants (31 December 2020: 33, 31 December 2019: 27 restaurants) under Dunkin Donut's franchisee agreement.

The address of the Company's registered office is as follows:
Alamar Building
Olaya Road, Olaya District
P.O Box 4748, Riyadh 11412
Kingdom of Saudi Arabia

These pro forma consolidated financial information include the financial position and performance of the Company and its following subsidiaries:

Name of the Company	*Place of incorporation*	*Principal activity*	*Date of acquisition*	*Effective holding percentage 31 December*		
				2021	***2020***	***2019***
Alamar Foods Company LLC	Amman, Jordan	Establishing, operating and managing of fast food restaurants	31 December 2011	75%	75%	75%
Alamar Foods Company LLC	Cairo, Egypt	Establishing, operating and managing of fast food restaurants	2 February 2012	**99%**	99%	99%
Alamar Foods LLC	Doha, Qatar	Establishing, operating and managing of fast food restaurants	4 July 2012	**99%**	99%	99%
Alamar Foods DMCC (a)	Dubai, UAE	Establishing, operating and managing of fast food restaurants	9 January 2020	**100%**	100%	100%
Alamar Foods LLC	Dubai, UAE	Establishing, operating and managing of fast food restaurants	31 December 2011	**99%**	99%	99%
Alamar Foods Company W.L.L	Manama, Bahrain	Establishing, operating and managing of fast food restaurants	14 November 2011	99%	99%	99%
Alamar Foods SARL	Beirut, Lebanon	Establishing, operating and managing of fast food restaurants	1 January 2012	95%	95%	95%
HEA Trade and Services Company (b)	Rabat, Morocco	Establishing, operating and managing of fast food restaurants	23 January 2020	**49%**	49%	49%

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ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
For the year ended 31 December 2021

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(a) The Company acquired 100% shareholding of Alamar Foods DMCC and its subsidiaries on 9 January 2020, through a share transfer from the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Alamar Foods DMCC are ultimately controlled by same shareholder. These pro forma consolidated financial information include the consolidated results of Alamar Foods DMCC and its subsidiaries for the years 2021 and 2020. However, for the purpose of comparison and better presentation, net assets of Alamar Foods DMCC as of 1 January 2019 are adjusted to reflect the consolidated position of the Group for all years presented in these pro forma consolidated financial information.

(b) IIEA Trade and Services Company- Morocco was acquired by Alamar Foods DMCC on 23 January 2020 (date of commercial registration) and the shareholder structure was updated to transfer all the risks and rewards of ownership of 49% of this entity to Alamar Foods DMCC at an agreed sale price of SR 26.2 million *(note 35)*.

(c) On 22 Ramadan 1440 H (corresponding to 26 May 2019) the ownership of Premier Foods Industries, LLC was transferred to Almarai Company, accordingly comparatives in this pro forma consolidated financial information includes the results of Premier Foods Industries, LLC up to May 2019 (see note 2 below).

2. BASIS OF PREPARATION

Statement of compliance
The pro forma consolidated financial information have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The management has used the Group's audited consolidated financial statements for the year ended 31 December 2021 and 31 December 2020 prepared in accordance with the International Financial Reporting Standards ("IFRS") and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (SOCPA) as endorsed in the Kingdom of Saudi Arabia and Group's special purpose combined financial statements for the year ended 31 December 2019 prepared in accordance with the basis and policies as set out in notes to the special purpose combined financial information, to prepare the accompanying unaudited pro forma consolidated financial information.

The proforma consolidated financial information has been compiled by the management to illustrate the impacts of acquisition of Alamar Foods DMCC on the Group's consolidated financial position as at 31 December 2019, 31 December 2020 and 31 December 2021 and Group's consolidated financial performance and cash flows for the year ended 31 December 2019, 31 December 2020 and 31 December 2021 as if the acquisition had taken place at 1 January 2019. Certain reclassifications and disclosure changes have been made by the management in the proforma financial information for all years presented for better presentation and comparison, however these changes have not impacted the net consolidated financial position of the Company.

On 9 January 2020, Alamar Foods Company acquired 100% of the shares and voting interest in Alamar Foods DMCC, and all its subsidiaries. The pro forma consolidated financial information for the year ended 31 December 2020 include the consolidated results and statements of financial positions of the Alamar Foods DMCC and all its subsidiaries. Prior to the acquisition, the combined financial results of Alamar Foods Company and Alamar Foods DMCC were presented as "special purpose combined financial statements". The special purpose combined financial statements were prepared by management with the objective of presenting the combined financial position and results of operations of the business carried by the Group of companies that fall under common control.

Under combined financial basis, all assets, liabilities, results, share capital and reserves of the relevant entities are aggregated after eliminating inter-company balances and unrealized profits. All significant intercompany accounts and transactions between the businesses comprising the Company have been eliminated in all years presented.

However, for the purpose of comparison and better presentation, net combined assets of Alamar Foods DMCC have been presented as adjusted at 1 January 2019 to reflect the consolidated equity instead of combined equity for all years presented in the pro forma consolidated financial information.

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2. BASIS OF PREPARATION (CONTINUED)

Statement of compliance (continued)

The purpose of these pro forma consolidated financial information is to provide general purpose historical financial information of Alamar Foods Group for the inclusion in the prospectus for the initial public offering and for the admission to the regulated market.

The financial information of discontinued operations (Premier Foods Industries, which was disposed of in May 2019) is presented on a disposal group basis in the Pro Forma Consolidated Financial Information. Disposals of subsidiaries or a discontinuation of a material section of the business are reflected by separate analysis between the continuing business and the disposed or discontinued business.

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. (Details of the acquisitions are further explained in Note 35). The Pro Forma Consolidated Financial Information for the year ended 31 December 2020 and 31 December 2021, include the results and statements of financial positions of HEA Trade and Services Company from 23 January 2020.

Basis of measurement
The pro forma consolidated financial information has been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method and equity accounted investees which are accounted for under equity method. Further, the pro forma consolidated financial information are prepared on a going concern basis using the accrual basis of accounting.

Functional and presentation currency
The pro forma consolidated financial information is presented in Saudi Riyal ("SR") which is the functional and presentation currency of the Group. All amounts have been rounded to the nearest SR, unless otherwise indicated. Refer to note 3 for the translation of foreign operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the pro forma consolidated financial information other than those disclosed in note 5.

Basis of consolidation and combination
The pro forma consolidated financial information incorporate the financial information of the Company and the entities controlled by the Company (its subsidiaries) (together reported for the pro forma consolidated financial information purpose as "the Group") on a consolidated and combined basis in accordance with Basis of Preparation mentioned in note 2.

Control exists when the Group:
a) has the power over the investee;
b) is exposed, or has rights, to variable returns from its investment with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

Transactions eliminated on consolidation and combination
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation and combination.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation and combination (continued)

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

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

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

Combined financial information
IFRS does not currently provide for the preparation of combined financial information in a situation where there is not a parent-subsidiary relationship. When aggregating financial information such as separate entities or group of entities under common control without such a parent, as in the case as per basis of preparation, the combined Group fails to meet the definition of a Group as set out in IFRS 10. Accordingly, financial information presented for the year 2019 do not comply with IFRS 10.

Investment in subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the pro forma consolidated financial information from the date on which control commences until the date on which control ceases. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in an equity - accounted investees
The Group's interest in equity - accounted investees comprise interests in associates and a joint venture.

An associate is an entity over which the Group has significant influence but not control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the pro forma consolidated financial information using the equity method of accounting. Under the equity method, investments in associates and joint ventures are carried in the pro forma consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates and joint ventures, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Basis of consolidation and combination* (continued)**

Investments in an equity - accounted investees (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the pro forma consolidated statement of profit or loss.

Where a group entity transacts with an associate of the Group, unrealized gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The requirements of IAS 28 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Foreign operations
The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into SR at the exchange rates as of reporting date. The income and expenses of foreign operations are translated into SR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in in the translation reserve, except to the extent that the translation difference is allocated to NCI. The translation reserve as at 31 December 2021 comprise all foreign currency differences arising from the translation of financial statements of foreign operations.

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ALAMAR FOODS COMPANY
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition
The Group recognizes revenue from the sale of goods and services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group sells goods as detailed in note 1 to its customers. For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. A receivable is recognized by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenues from restaurant sales under the Domino's Pizza, Dunkin Donuts franchises and other restaurants including sales from supply center are recognized, net of discount at a point in time at which the goods are delivered.

Other operating income
Royalty and advertising revenue from related and third-party sub-franchisee contracts are recorded monthly based on the sales achieved by the respective sub-franchisee. This revenue is presented net of the royalties paid to the franchiser in respect of the sub-franchisee sales.

Employee benefits
Employee defined benefit liabilities
The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the pro forma consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service if the Group has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

Retirement benefits
Retirement benefits made to defined contribution plans are expensed when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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ALAMAR FOODS COMPANY
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat
Zakat is provided in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the pro forma consolidated statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

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

Current tax
The tax currently payable is based on taxable profit for the period. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Taxes relating to subsidiaries operating outside the Kingdom of Saudi Arabia are calculated in accordance with tax laws applicable in those countries. Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI."

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, except land and capital work-in-progress, are stated at cost (including capitalized borrowing cost) less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the straight-line method and is generally recognized in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis. The Group applies the following annual rates of depreciation to its property, plant and equipment:

Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture and fixtures	10% - 20%
Machines and equipment	10% - 20%
Computer devices and hardware	25%
Vehicles	25%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress

Capital work in progress is stated at cost less accumulated impairment, if any and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Other intangible assets

Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Other intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization is calculated on the straight-line basis to write-down the cost of other intangible assets over their expected useful lives. Franchise rights are amortized over the term of the agreements (5 – 12 years).

The Group applies an annual rate of amortization of 25% to software.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in pro forma consolidated statement of profit or loss and other comprehensive income.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

For the purposes of the pro forma consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Foreign currencies

The individual financial information of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the pro forma consolidated financial information of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

For the purpose of presenting pro forma consolidated financial information, the assets and liabilities including goodwill and fair value adjustments arising on acquisition of the Group's foreign operations are expressed in Saudi Arabian Riyals ("SR") using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets
All recognized financial assets are initially recognized at fair value and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial assets
Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

Despite the above, the Group may make the following irrevocable election / designation at the initial recognition of a financial asset:

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification of financial assets (continued)

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met. The election is made on an investment-by investment basis; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
Effective interest method (continued)

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the pro forma consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial instruments (continued)

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime Expected Credit Loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment and estimating ECLs, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
Significant increase in credit risk (continued)

the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group , in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due for financial assets due from customers unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider ;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement of ECLs
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:
- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the pro forma consolidated statement of financial position.

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve (under OCI) is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities
Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortized cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination,1) derivative, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities
The Group derecognizes financial liabilities when, and only when, the Group's contractual obligations are discharged, cancelled or they expire. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions
Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Further no borrowing cost is capitalized during the idle period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of work-in-process and finished goods are determined on the weighted average basis which includes, inter alia, an allocation of labor and manufacturing overheads.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Reporting Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future.

The Group recognizes a right-of-use asset (RoU asset) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate for property leases and interest rate implicit in the lease for vehicle leases.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Generally, RoU asset would be equal to the lease liability. However, if there are any additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

Share Capital

Ordinary shares are classified as equity which is residual interest in the assets of an entity after deducting all its liabilities.

Treasury shares:

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

Expenses

Expenses are recognized when incurred on accrual basis of accounting. Expenses are classified as follows:

- **Cost of sales**: These include the cost directly attributable to provision of services and sales of goods, i.e. directly related to revenue recognized. The group also received fixed and variable amounts from third parties as rebates and marketing support. The cost of sales is recorded net off rebates and marketing support.
- **Selling and marketing expenses**: These are arising from the Company's efforts underlying the selling and marketing functions.
- **General and administrative expenses**: all other expenses are classified as general and administrative expenses.

Allocations between cost of revenue, general and administrative expenses and selling and distribution expenses, when required, are made on consistent basis.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance costs

Finance costs comprise bank charges, finance cost on short term borrowing and finance costs on lease liabilities. Finance costs are recognized when incurred on accrual basis of accounting. Finance costs are recognised using effective interest method.

Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank or other counter party, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

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4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting policies applied by the Group in preparing the proforma consolidated financial information are consistent with those followed in preparing the annual financial statements of the Group for the year ended 31 December 2020 except for the adoption of the new standards which were effective on 1 January 2021

Effective from	New standards and amendments
1 January 2021	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing this proforma consolidated financial information. These are not expected to have a significant impact on the proforma consolidated financial information of the Company.

1 January 2022	Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to International Financial Reporting Standards 2018- 2020
	Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)
	Refer to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies (Amendments to International Accounting Standards No. 1 and Practice Statement IFRS No. 2
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

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5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Common control transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The extent of NCI in each of the combining entities before and after the business combination is not relevant in determining whether the combination involves entities under common control.

The Group accounts for business combinations under common control using book-value (carry-over basis) accounting (also referred to as 'predecessor accounting method') and recognizes the assets acquired and liabilities assumed using the book values in the financial information of the entity transferred when the control is transferred to the Group. The results and statement of financial position of entity acquired are consolidated prospectively from the date of acquisition.

The difference between purchase consideration and book value of assets acquired, and liabilities assumed is recognized in equity as an adjustment to retained earnings.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity under common control transaction 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 information of subsidiaries are included in the pro forma consolidated financial information from the date on which control commences until the date on which control ceases.

NCI are measured initially 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 acquired under common control that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary acquired under common control, it recognized as 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.

COVID -19 related rent concessions (Amendment to IFRS 16)

The Group has early adopted COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

The Group has recorded SR 0.8 million (2020: SR 6.4 million) in the proforma consolidated statement of profit or loss for 2021 to reflect changes in the lease payments that arise from the rent concessions to which the lessee has applied the practical expedient

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Alamar Foods Company
Commercial Registration 1010158960
Membership No 216800

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

6.1 Significant judgments

Consolidation – significant judgement on control over subsidiary (note 35)
Although the Group owns less than half of HEA Trade and Services Company and has less than half of its voting power, management has determined that the Group controls this entity. This is because an agreement signed between the shareholders grants the Alamar Foods Company the right to appoint, remove and set the remuneration of management responsible for directing the relevant activities. Further the agreement also grants right to control the operating and financial policies of the subsidiary

Leases (notes 8 and 19)
In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Management revises the lease term if there is a change in the non-cancellable period of a lease.

6.2 Significant estimates and assumptions

Impairment of goodwill (note 36)
The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. This complex valuation process used to determine fair value less costs of disposal and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows;

Impairment of property, plant and equipment, right of use assets and intangible assets (notes 7,8 and 9)
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is the arm's length sales price between knowledgeable willing parties less costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Useful lives and residual values of property, plant and equipment and right of use assets (notes 7 and 8)
An estimate of the useful lives and residual values of property, plant and equipment, right of use assets and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Employee defined benefit liabilities (note 20)
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs.

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7. PROPERTY, PLANT AND EQUIPMENT

2019	Land	Buildings	Leasehold improvements	Furniture and fixtures	Machines and equipment	Computer devices and hardware	Vehicles	Capital work in progress	Total
Cost:									
At 1 January 2019	63,023	853,554	109,804,859	29,324,466	97,403,634	21,082,919	23,580,630	740,531	282,853,616
Additions	-	128,856	22,301,155	1,030,898	11,681,760	3,575,786	2,030,925	-	40,749,380
Disposals	-	-	(485,363)	(17,164)	(1,421,722)	(464,379)	(814,578)	-	(3,203,206)
Transfer to intangible assets	-	-	(11,845)	-	-	-	-	-	(11,845)
Transfer from capital work-in-progress	-	-	3,574	-	-	8,156	122,576	(134,306)	-
Effects of movement in exchange rates	7,283	56,791	3,611,984	(3,988,457)	2,826,465	(802,810)	64,103	-	1,775,359
Reclassification to right of use assets on transition	-	-	-	-	-	-	(17,327,705)	-	(17,327,705)
At 31 December 2019	**70,306**	**1,039,201**	**135,224,364**	**26,349,743**	**110,490,137**	**23,399,672**	**7,655,951**	**606,225**	**304,835,599**
Accumulated depreciation:									
At 1 January 2019	-	221,087	47,313,022	12,039,521	49,262,432	14,391,586	10,757,835	-	133,985,483
Charge for the year	-	35,999	13,093,335	1,463,345	9,572,414	2,596,231	986,998	-	27,748,322
Disposals	-	-	(344,601)	(5,362)	(451,549)	(444,569)	(790,882)	-	(2,036,963)
Transfer to intangible	-	-	(102)	-	-	-	-	-	(102)
Reclassification to right of use assets on transition	-	-	-	-	-	-	(6,582,799)	-	(6,582,799)
Effects of movement in exchange rates	-	15,112	1,067,746	(989,936)	367,064	(95,999)	46,625	-	410,612
At 31 December 2019	-	**272,198**	**61,129,400**	**12,507,568**	**58,750,361**	**16,447,249**	**4,417,777**	-	**153,524,553**
Net book value 31 December 2019	**70,306**	**767,003**	**74,094,964**	**13,842,175**	**51,739,776**	**6,952,413**	**3,238,174**	**606,225**	**151,311,046**

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2020	Land	Buildings	Leasehold improvements	Furniture and fixtures	Machines and equipment	Computer devices and hardware	Vehicles	Capital work in progress	Total
Cost:									
At 1 January 2020	70,306	1,039,201	135,224,364	26,349,743	110,490,137	23,399,672	7,655,951	606,225	304,835,599
Acquisitions through business combinations	-	104,090	6,041,057	307,751	5,532,086	-	551,762	-	12,536,746
Additions	2,914,153	21,028	14,310,002	338,418	9,454,425	1,632,895	381,613	-	29,052,534
Transfer to intangible assets	-	(2,750)	(73,818)	-	-	-	-	-	(76,568)
Disposals	-	-	(2,691,781)	(41,031)	(1,279,419)	(1,238,726)	(298,798)	-	(5,549,755)
Effects of movement in exchange rates	1,269	15,250	441,315	39,486	507,646	21,151	43,286	-	1,069,403
At 31 December 2020	2,985,728	1,176,819	153,251,139	26,994,367	124,704,875	23,814,992	8,333,814	606,225	341,867,959
Accumulated depreciation and impairment:									
At 1 January 2020	-	272,198	61,129,400	12,507,568	58,750,361	16,447,249	4,417,777	-	153,524,553
Acquisitions through business combinations	-	30,360	3,577,993	236,614	3,374,588	-	427,634	-	7,647,189
Charge for the year	-	47,332	14,379,404	1,618,444	11,378,967	2,956,529	963,948	-	31,344,624
Reversal of impairment loss	-	-	(1,900,000)	-	-	-	-	-	(1,900,000)
Transfer to intangible assets	-	(2,750)	(73,818)	-	-	-	-	-	(76,568)
Disposals	-	-	(1,402,092)	(21,019)	(789,593)	(661,138)	(244,126)	-	(3,117,968)
Effects of movement in exchange rates	-	6,047	365,294	30,835	355,886	6,940	49,407	-	814,409
At 31 December 2020	-	**353,187**	**76,076,181**	**14,372,442**	**73,070,209**	**18,749,580**	**5,614,640**	-	**188,236,239**
Net book value 31 December 2020	**2,985,728**	**823,632**	**77,174,958**	**12,621,925**	**51,634,666**	**5,065,412**	**2,719,174**	**606,225**	**153,631,720**

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2021	*Land*	*Buildings*	*Leasehold improvements*	*Furniture*	*Machines and equipment*	*Computer devices and hardware*	*Vehicles*	*Capital work in progress*	*Total*
Cost:									
At 1 January 2021	2,985,728	1,176,819	153,251,139	26,994,367	124,704,875	23,814,992	8,333,814	606,225	341,867,959
Additions	--	56,549	26,534,387	1,415,069	12,659,881	2,272,722	714,101	–	43,652,709
Disposals	--	(104,688)	(3,011,240)	(156,266)	(1,630,314)	(164,305)	(553,601)	--	(5,620,414)
Effects of movement in exchange rates	13,195	(5,256)	(2,529,257)	(10,456,686)	3,237,775	(1,780,367)	(361,385)	–	(11,881,981)
At 31 December 2021	2,998,923	1,123,424	174,245,029	17,796,484	138,972,217	24,143,042	8,132,929	606,225	368,018,273
Accumulated depreciation:									
At 1 January 2021	--	353,187	76,076,181	14,372,442	73,070,209	18,749,580	5,614,640	-	188,236,239
Charge for the year	--	11,053	15,758,723	1,510,813	11,288,866	2,322,534	1,103,904	-	31,995,893
Reversal of impairment loss	--	--	(1,121,482)	--	–	–	--	-	(1,121,482)
Disposals	--	(1,245)	(1,448,955)	(104,440)	(914,084)	(126,091)	(551,797)	-	(3,146,612)
Exchange rates movements	--	(1,033)	(4,272,640)	(3,156,192)	(1,826,877)	(1,370,000)	(306,263)	-	(10,933,005)
At 31 December 2021	--	361,962	84,991,827	12,622,623	81,618,114	19,576,023	5,860,484	-	205,031,033
Net book value 31 December 2021	2,998,923	761,462	89,253,202	5,173,861	57,354,103	4,567,019	2,272,445	606,225	162,987,240

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Note	31 December 2021	31 December 2020	31 December 2019
Cost of sales	23	**29,929,143**	28,813,666	24,546,901
Selling and distribution expenses	24	**78,187**	78,682	86,717
Administrative expenses	25	**1,988,563**	2,452,276	3,114,704
		31,995,893	31,344,624	27,748,322

Impairment testing for CGUs
Annual impairment testing for CGUs is carried out by management. The impairment test was based on "Value in Use" calculation which is reviewed at restaurants level. These calculations have used cash flow projections based on the actual operating results and future expected performance.

The key assumptions used in the estimation of the recoverable amount of CGU are: discount rate (range of 12% - 30% has been used) (2020: 6.71% - 19%) (2019: 12% - 19%), and sales growth rate of 2% (2020: 2%) (2019: 2%) has been used for all years and regions presented.

The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate 4.5%-22.5%.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:
- Management future plans and roadmap
- Market conditions and competitors
- Growth in existing business
- Business development

Impairment movement: As at 31 December 2021, there is a reversal of impairment of SR 1.1 million at an overall level *(2020: SR 1.9 million, 2019: Nil)*. This is as a result of improved future outlook in Egypt and Jordan as a result of significant growth in sales and improved business performance following positive change in market conditions.

The overall net impairment position for CGU's where there is a movement is summarized as follows:

Region	Jordan	Egypt	Qatar	Lebanon	Net impairment loss
1 January 2019	918,993	621,851	2,009,530	881,212	4,431,586
Reclassification	-	-	(183,799)	183,799	-
31 December 2019	918,993	621,851	1,825,731	1,065,011	4,431,586
Reclassification	-	191,013	(313,002)	121,989	-
Reversal	(387,271)	-	(1,512,729)	-	(1,900,000)
31 December 2020	531,722	812,864	-	1,187,000	2,531,586
Reversal	**(308,617)**	**(812,864)**	-	-	**(1,121,481)**
31 December 2021	**223,105**	-	-	**1,187,000**	**1,410,105**
Recoverable amount of CGU as at 31 December 2021	19,646,957	128,848,508	-	4,819,688	153,315,153

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment testing for CGUs (continued)

The key assumptions used in the estimation of the recoverable amount of CGU where there is movement in impairment during the year are set out below:

Region	Discount rate			Budgeted sales growth (average of next 5 years)		
	2021	2020	2019	2021	2020	2019
Jordan	12%	12%	12%	2%	2%	2%
Egypt	19%	19%	19%	2%	2%	2%
Qatar	--	8%	19%	--	2%	2%
Lebanon	30%	16%	19%	2%	2%	2%

- **Impairment testing for Goodwill**

This relates to goodwill arisen on acquisition of HEA Trade & Services Company as disclosed in note 36.

For the purpose of annual mandatory impairment testing, group of CGUs i.e., stores to which goodwill relates are tested for impairment. The recoverable amount of goodwill including group of CGUs was determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying amount of group of CGUs including goodwill was determined to be lower than its recoverable amount of SR 119 million.

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

Description	2021
Discount rate	9.6%
Terminal value growth rate	1%
Budgeted EBITDA growth rate (annual average of next five years)	58%

The discount rate represents weighted average cost of capital of the Company from all sources including all forms of debt adjusted for market risk premium and beta factor of food processing sector. The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium and beta to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management. A reasonable decline in growth rate by 20% will still result in recoverable amount to be higher than carrying amount by SR 80.2 million.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

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8. RIGHT OF USE (ROU) ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16. The Group leases stores and vehicles. The leases typically run for an average lease term of up to 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	Buildings	Vehicles	Total
2019			
Cost:			
At 1 January 2019	214,130,575	-	214,130,575
Transfer from property, plant and equipment on transition	-	17,327,705	17,327,705
Transfer from intangible assets	372,703	-	372,703
Additions	26,152,432	5,452,510	31,604,942
Disposals	-	(612,500)	(612,500)
At 31 December 2019	240,655,710	22,167,715	262,823,425
Accumulated depreciation:			
At 1 January 2019	-	-	-
Transfer from property, plant and equipment on transition	-	6,582,799	6,582,799
Transfer from intangible assets	3,106	-	3,106
Charge for the year	52,823,992	4,257,412	57,081,404
Disposal	-	(326,205)	(326,205)
At 31 December 2019	52,827,098	10,514,006	63,341,104
2020			
Cost:			
At 1 January 2020	240,655,710	22,167,715	262,823,425
Acquisitions through business combination	19,654,354	1,455,264	21,109,618
Additions	31,053,465	4,838,113	35,891,578
Disposals	(3,085,793)	(2,745,281)	(5,831,074)
Exchange rates movements	907,156	140,542	1,047,698
At 31 December 2020	289,184,892	25,856,353	315,041,245
Accumulated depreciation:			
At 1 January 2020	52,827,098	10,514,006	63,341,104
Acquisitions through business combination	2,108,662	512,277	2,620,939
Charge for the year	58,342,618	6,020,348	64,362,966
Disposals	(1,378,190)	(2,344,695)	(3,722,885)
Exchange rates movements	101,531	31,555	133,086
At 31 December 2020	112,001,719	14,733,491	126,735,210
2021			
Cost:			
At 1 January 2021	**289,184,892**	**25,856,353**	**315,041,245**
Additions	**78,486,535**	**18,296,082**	**96,782,617**
Disposals	**(10,854,206)**	**(8,352,436)**	**(19,206,642)**
Exchange rates movements	**(4,075,526)**	**(68,226)**	**(4,143,752)**
At 31 December 2021	**352,741,695**	**35,731,773**	**388,473,468**
Accumulated Depreciation:			
At 1 January 2021	**112,001,719**	**14,733,491**	**126,735,210**
Charge for the year	**58,469,783**	**6,759,990**	**65,229,773**
Disposals	**(4,899,424)**	**(8,121,757)**	**(13,021,181)**
Exchange rates movements	**(2,207,801)**	**(9,911)**	**(2,217,712)**
At 31 December 2021	**163,364,277**	**13,361,813**	**176,726,090**
Net book values:			
At 31 December 2021	**189,377,418**	**22,369,960**	**211,747,378**
At 31 December 2020	177,183,173	11,122,862	188,306,035
At 31 December 2019	187,828,612	11,653,709	199,482,321

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8. RIGHT OF USE (ROU) ASSETS (CONTINUED)

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

	Note	**31 December 2021**	31 December 2020	31 December 2019
Cost of sales	*23*	**56,940,124**	55,404,914	49,806,107
Selling and distribution expenses	*24*	**4,933,297**	4,400,051	3,177,057
Administrative expenses	*25*	**3,356,352**	4,558,001	4,098,240
		65,229,773	64,362,966	57,081,404

9. OTHER INTANGIBLE ASSETS

	31 December 2021	31 December 2020	31 December 2019
Cost			
Balance at 1 January	**21,597,672**	19,698,568	16,157,573
Acquisitions through business combination	**-**	1,974,316	-
Additions	**4,107,167**	1,176,445	3,858,560
Transferred to ROU Assets	**-**	-	(372,703)
Transferred from PPE	**-**	-	11,845
Disposals	**-**	(1,525,346)	-
Exchange rates movements	**(65,897)**	273,689	43,293
Balance at 31 December	**25,638,942**	21,597,672	19,698,568
Accumulated amortization			
Balance at 1 January	**17,163,400**	13,997,800	11,211,802
Acquisitions through business combination	-	1,782,644	-
Amortization	**1,489,679**	2,087,907	2,789,002
Transferred to ROU Assets	**-**	-	(3,106)
Transferred from PPE	**-**	-	102
Disposals	**-**	(822,872)	-
Exchange rates movements	**(39,121)**	117,921	-
Balance at 31 December	**18,613,958**	17,163,400	13,997,800
Net carrying value	**7,024,984**	4,434,272	5,700,768

Other intangible assets comprise software and franchise rights.

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

	Note	**31 December 2021**	31 December 2020	31 December 2019
Cost of sales	*23*	**587,844**	1,026,550	1,605,682
Selling and distribution expenses	*24*	**12,500**	12,500	12,653
Administrative expenses	*25*	**889,335**	1,048,857	1,170,667
		1,489,679	2,087,907	2,789,002

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10. EQUITY-ACCOUNTED INVESTEES

	Note	31 December 2021	31 December 2020	31 December 2019
Investment in Kasual + limited liability company ('formerly 2 in 1 Restaurants Company Limited')	10.1	-	-	288,231
Alamar Foods for Restaurants management	10.2	12,746	12,746	-
Alamar Foods Company LLC – Oman	10.3	2,003,105	-	-
		2,015,851	12,746	288,231

10.1 On 16 August 2017, the Group acquired 50% equity interest in Kasual+ Limited Liability Company (formerly "2 in 1 Restaurants Company Limited") a Company incorporated in the Kingdom of the Saudi Arabia. On 8 November 2021 both the existing shareholders of investee have agreed to dilute equity interest of 5% each from their existing ownership in favor of a new shareholder. Change in ownership interest has not resulted in material gain/losses in this proforma consolidated financial information. The investee continued to be considered as joint venture since existing shareholders will be directing its activities unanimously subsequent to changes in shareholding structure. The principal activities of the equity accounted investee include establishing, managing, and operating restaurants and cafes and supply of cooked and uncooked food. The Group's investment in Kasual+ Limited Liability Company was written off due to the losses incurred and consequently the investment is considered impaired. The investment is accounted for using the equity method in this proforma consolidated financial information.

The joint venture is accounted for using the equity method in the pro forma consolidated financial information.

10.1.2 During the year, the Group has recognized additional losses by a provision amounting to SR 0.4 million (2020: SAR 0.5 million, 2019: Nil) in excess of the original carrying amount of its investment in joint venture since the Group has a legal and constructive obligation to record additional losses in proportion of its ownership percentage in accordance with terms of the agreement. This amount is included as a provision within other current liabilities.

10.2 The Group acquired 40% share in Alamar Foods for Restaurants Management ('associate'), Kuwait on 7 February 2019. The entity is one of Group's strategic investments.The entity is engaged in the business of services related to managing and operating food restaurants.The entity is not operational as of 31 December 2021.

10.3 The Group has a 30% investment in Alamar Foods Company LLC – Oman ('associate'). The current carrying value of investment is SR 2 million (2020, 2019: nil). The Group has recognized reversal of SR 1.5 million of impairment which was recognized in prior years considering the losses of investee. The principal activities of investee to establish and operate food service businesses and manufacture pizza.

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EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Summarized financial information in respect of the joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial information prepared in accordance with IFRSs.

	Kasual + limited liability company- KSA			Alamar Foods Company LLC – Oman		
Balance sheet	**31 December 2021**	31 December 2020	31 December 2019	**31 December 2021**	31 December 2020	31 December 2019
Other current assets	**851,389**	684,193	623,893	**4,712,601**	2,857,218	2,257,105
Cash and cash equivalents	**178,498**	881,467	388,100	**1,637,643**	2,370,518	742,397
Non-current assets	**15,337,529**	17,199,565	19,234,391	**10,520,348**	11,018,695	7,171,237
Current liabilities	**(4,092,154)**	(4,889,320)	(3,630,392)	**(7,966,058)**	(9,956,006)	(5,213,372)
Non-current liabilities	**(7,563,833)**	18,337,466)	(20,189,165)	**(2,227,518)**	(1,155,059)	(2,930,123)
Net assets / (liabilities)	**4,711,429**	5,538,439	(3,573,173)	**6,677,016**	5,135,366	2,027,244
Current liabilities excluding trade and other payables and provisions	**(3,202,156)**	(3,696,878)	(3,073,027)	**(1,533,472)**	(6,670,585)	(1,839,257)
Proportion of the Group's ownership interest in the joint venture	**45%**	50%	50%	**30%**	30%	30%

Income statement	**31 December 2021**	31 December 2020	31 December 2019	**31 December 2021**	31 December 2020	31 December 2019
Revenue	**8,522,669**	5,716,297	9,532,295	**51,823,221**	41,128,545	35,345,520
Depreciation and amortization expense	**1,276,193**	1,259,150	1,287,197	**2,334,022**	2,297,742	2,319,397
Interest expense on lease liabilities	**278,194**	302,745	323,735	**165,258**	145,455	19,551
Zakat and income tax expense	**--**	—	--	**762,763**	656,284	101,793
Profit / (loss) for the year	**(827,011)**	(1,632,335)	(2,613,781)	**4,000,371**	3,054,150	1,021,678
Other comprehensive loss for the year	**-**	-	--	**-**	-	--
Total comprehensive (loss) / income for the year	**(827,011)**	(1,632,335)	(2,613,781)	**4,000,371**	3,054,150	1,021,678
Share of (loss) / profit	**(403,821)**	(816,167)	(1,340,141)	**1,200,112**	--	—
Dividend received	**--**	--	--	**730,125**	--	--

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10. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Share of profits (losses) from equity accounted investee comprise of the following:

	Kasual + limited liability company- KSA			Alamar Foods Company LLC – Oman			Total		
	31 December 2021	31 December 2020	31 December 2019	**31 December 2021**	31 December 2020	31 December 2019	**31 December 2021**	31 December 2020	31 December 2019
Impairment (loss) / reversal on investment	--	(6,617,141)	–	**1,532,944**	--	–	**1,532,944**	(6,617,141)	–
Share of (losses) / profit of equity-accounted investee	**(403,821)**	(816,167)	(1,340,141)	**1,200,112**	--	--	**796,291**	(816,167)	(1,340,141)
	(403,821)	(7,433,308)	(1,340,141)	**2,733,056**	–	--	**2,329,235**	(7,433,308)	(1,340,141)

11. ZAKAT AND TAXATION

	31 December 2021	31 December 2020	31 December 2019
Zakat and income tax payable *(refer note 11.1)*	**8,885,820**	7,996,023	5,322,518
Deferred tax assets *(refer note 11.2)*	**3,652,008**	2,840,143	881,181
Deferred tax liabilities *(refer note 11.2)*	**1,622,220**	1,444,257	1,273,701

11.1 Zakat and income tax

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

	31 December 2021	31 December 2020	31 December 2019
Zakat and income tax charge	**13,695,289**	7,255,872	3,762,601
Deferred tax (credit)/charge	**(633,902)**	(1,678,251)	(219,131)
	13,061,387	5,577,621	3,543,470

2021	**Zakat**	**Income tax**	**31 December 2021**
Opening balance	**5,239,659**	**2,756,364**	**7,996,023**
Charge for the year	**6,036,562**	**7,229,265**	**13,265,827**
Charge for the prior year	**78,165**	**351,297**	**429,462**
Payments during the year	**(5,317,824)**	**(7,487,668)**	**(12,805,492)**
Closing balance	**6,036,562**	**2,849,258**	**8,885,820**

2020	Zakat	Income tax	31 December 2020
Opening balance	5,075,972	246,546	5,322,518
Charge for the year	3,008,005	3,425,495	6,433,500
Charge related to prior years	822,372	--	822,372
Payments during the year	(3,666,690)	(915,677)	(4,582,367)
Closing balance	5,239,659	2,756,364	7,996,023

2019	Zakat	Income tax	31 December 2019
Opening balance	4,148,829	208,312	4,357,141
Charge for the year	2,844,318	918,283	3,762,601
Payments during the year	(1,917,175)	(880,049)	(2,797,224)
Closing balance	5,075,972	246,546	5,322,518

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11. ZAKAT AND TAXATION (CONTINUED)

11.2 Deferred tax

The movement in the net deferred tax assets account is as follows:

	31 December 2021	31 December 2020	31 December 2019
Opening balance	**2,840,143**	881,181	414,953
Acquired through business combination	–	110,155	--
Credited to profit or loss	**811,865**	1,848,807	466,228
	3,652,008	2,840,143	881,181

Deferred tax credit recorded in the pro forma consolidated statement of profit or loss comprise of the following:

	2021	2020	2019
Deferred tax assets			
Origination of temporary deductible differences	**811,865**	1,848,807	466,228

Deferred tax assets comprise of below:

	31 December 2021	31 December 2020	31 December 2019
Property, plant and equipment	**2,203,566**	2,012,268	88,413
Employee benefits	**1,020,582**	824,754	792,768
Impairment loss allowance	**427,860**	1,687	--
Provision for obsolete inventory	–	1,434	--
	3,652,008	2,840,143	881,181

The movement in the net deferred tax liabilities account is as follows:

	31 December 2021	31 December 2020	31 December 2019
Opening balance	**1,444,257**	1,273,701	920,185
Acquired through business combination	–	97,201	-
Charged to profit or loss	**177,963**	170,556	247,097
Exchange rate movement	-	(97,201)	106,419
	1,622,220	1,444,257	1,273,701

Deferred tax expense recorded in the proforma consolidated statement of profit or loss comprise of the following:

	31 December 2021	31 December 2020	31 December 2019
Deferred tax liabilities			
Reversal of temporary differences	**177,963**	170,556	247,097

Deferred tax liabilities comprise of below:

	31 December 2021	31 December 2020	31 December 2019
Property, plant and equipment	**1,622,220**	1,444,257	1,273,701
	1,622,220	1,444,257	1,273,701

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11. ZAKAT AND TAXATION (CONTINUED)

Status of assessments of zakat and income tax
Zakat and income tax declaration up to and including the year ended 31 December 2020 have been submitted to the Zakat, Tax and Customs Authority ('ZATCA').

During 2020, ZATCA had raised an assessment for the year ended 31 December 2018, amounting to SR 4.4 million initially, which is subsequently reduced to SR 2.1 million based on partial acceptance of appeal of the Company. The Company has filed appeal in respect of revised assessment to the high appeal committee which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company.

During 2021, ZATCA has raised an initial assessment for the year ended 31 December 2016 and 31 December 2017, amounting to SR 2.6 million and SR 5.9 respectively, which is subsequently reduced to SR 0.076 million and SR 2.1 million based on responses submitted by the Company. The Company has paid SR 2.1 million and SR 0.076 million during the year in respect of assessment for 2017 and 2016. The management of the Company considers the amounts held to be sufficient for zakat and income tax liabilities as at 31 December 2021.

All subsidiaries are filing zakat and income tax returns regularly as per their country laws and there is no open assessment differences that requires any additional provisions.

Relationship between tax expense / (income) and accounting profit
The Group is not subject to material permanent differences in respect of tax charge for the current and prior year, therefore relationship between income tax expense and accounting profit has not been presented for current and prior years.

12. INVENTORIES

	31 December 2021	31 December 2020	31 December 2019
Raw materials	**44,856,610**	28,626,150	23,337,729
Consumables and packaging material	**5,896,089**	4,609,699	3,036,573
Goods in transit	**54,728**	616,398	38,150
Provision for slow moving items	**--**	(38,579)	--
	50,807,427	33,813,668	26,412,452

Movement in the provision for slow moving items for the year is as follows:

	31 December 2021	31 December 2020	31 December 2019
Balance at beginning of the year	**38,579**	--	--
Charge during the year	**236,860**	38,579	--
Write off during the year	**(275,439)**	--	--
Balance at end of the year	**--**	38,579	--

13. TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020	31 December 2019
Trade receivables	**17,528,400**	16,930,586	13,895,565
Less: allowance for doubtful trade receivables	**(4,227,561)**	(5,179,861)	(5,136,167)
Net receivables	**13,300,839**	11,750,725	8,759,398
Prepaid expenses	**24,020,284**	23,022,237	26,569,494
Advances to suppliers	**15,354,487**	14,250,279	8,531,432
Advances to employees	**3,542,832**	3,856,654	3,539,510
Other receivables	**17,647,052**	11,973,247	6,702,756
Accrued revenue	**--**	--	2,443,822
Less: allowance for doubtful other receivables	**(2,702,135)**	--	--
	71,163,359	64,853,142	56,546,412

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13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the provision for trade and other receivables for the years is as follows:

	31 December 2021	31 December 2020	31 December 2019
Balance at beginning of the year	**5,179,861**	5,136,167	9,735,414
Charge during the year	**2,712,050**	35,572	--
Utilized during the year	—	--	(4,599,247)
Exchange rates movements	**(962,215)**	8,122	--
Balance at end of the year	**6,929,696**	5,179,861	5,136,167

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Group's different customer types.

Trade receivables – Days past due

31 December 2021	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
Expected credit loss rate %	0.5%	0.7%	-	-	97%	24%
Gross carrying amount	**11,072,516**	**1,696,381**	**182,439**	**286,944**	**4,290,125**	**17,528,400**
Lifetime ECL	**55,041**	**12,852**	-	-	**4,159,668**	**4,227,561**

31 December 2020	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %	--	--	--	--	83%	31%
Gross carrying amount	10,203,220	396,194	31,697	83,033	6,216,442	16,930,586
Lifetime ECL	--	--	--	--	5,179,861	5,179,861

31 December 2019	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %	--	—	—	--	71%	37%
Gross carrying amount	5,884,340	772,047	10,508	13,921	7,214,749	13,895,565
Lifetime ECL	--	--	--	--	5,136,167	5,136,167

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14. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is AbdulAziz Ibrahim AlJammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia. The related party transactions were made on terms agreed at group level. During the year, the Group entered into the following transactions with related parties:

	31 December 2021	31 December 2020	31 December 2019
Transactions with shareholders			
Dividends	--	--	79,705,083
Treasury shares acquired	3,000,000		
Contribution from shareholders	10,436,209	4,574,727	2,797,223
Expenses incurred on behalf of the Company	--	--	84,000
IPO costs charged to shareholders*	10,011,343	--	--
Transactions with associate/joint venture investment			
Funds provided	--	--	500,000
Dividends	730,125	--	--
Expenses	3,573,763	133,322	298,115
Other charges	24,204	72,289	--
Waiver of receivable	--	5,371,973	--
Sale of goods	40,385	--	--
Transactions with entities under common control			
Expenses	2,046,147	1,650,472	3,097,199
Other charges	117,513	1,023	--
Purchases	--	57,751	55,750

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

	Nature of relationship	31 December 2021	31 December 2020	31 December 2019
Due from related parties				
AbdulAziz Ibrahim AlJammaz and Brothers Company	Parent Company	6,673,886	4,243,136	1,465,002
Alamar Foods Company LLC, Oman	Associate company	424,872	2,755,943	3,885,444
Yasmine Flower	Shareholder of subsidiary	1,200,303	1,200,068	1,200,306
Osama Halaseh	Shareholder of subsidiary	--	--	76,636
AlJammaz Establishment	Company under common control	235	52,760	--
Kasual + limited liability company	Joint venture	14,073	7,414	6,551,187
Alamar Foods For Restaurants Management WLL	Associate company	12,552	6,239	--
Meadow Holdings (Cayman) Limited	Shareholder	10,332,171	989,138	81,102
Meadow Saudi Arabia Company	Shareholder	6,520,328	1,357,122	468,565
		25,178,420	10,611,820	13,728,242
Non-current		--	--	1,848,898
Current		25,178,420	10,611,820	11,879,344

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14. RELATED PARTIES INFORMATION (CONTINUED)

	Nature of relationship	31 December 2021	31 December 2020	31 December 2019
Due to related parties				
Abdulaziz Ibrahim AlJammaz & Brothers Company Limited	Company under common control	--	--	4,261,324
Abdulaziz & Abdullah AlJammaz for Travel & Tourism Company	Company under common control	--	–	4,016
Meadow Holdings 4 Limited	Company under common control	--	--	3,111,209
AlJammaz Establishment	Company under common control	--	--	167,209
AlJammaz Agriculture	Company under common control	--	53,706	--
Hakam El Abbes	Shareholder of subsidiary	**2,484,380**	2,456,818	--
Sovana Inc. USA	Others	**5,023**	92,219	92,128
		2,489,403	2,602,743	7,635,886

The amounts outstanding with related parties are unsecured and will be settled in cash. The payables by related parties are payable on demand and accordingly impact of expected credit losses is not considered material as the counter parties have sufficient liquid assets available at reporting date to repay the amounts

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

	31 December 2020	31 December 2020	31 December 2019
Short-term benefits	**13,397,957**	11,607,977	13,192,720
Post-employment benefits	**766,987**	2,388,821	2,245,134

*During the year, the Company incurred IPO costs on behalf of selling shareholders amounted to SR 10 million. This amount represents the IPO cost which was agreed to be reimbursed by the selling shareholders upon successful completion of listing process.

15. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020	31 December 2019
Cash on hand	**3,318,261**	10,851,216	10,253,223
Cash at bank	**190,998,998**	121,004,391	16,644,286
Cash and cash equivalents - gross	**194,317,259**	131,855,607	26,897,509
Impairment loss (note 15.1)	**(3,750,000)**	(3,750,000)	--
Cash and cash equivalents – net	**190,567,259**	128,105,607	26,897,509

15.1 The Group has recorded an impairment loss in Lebanon against restricted USD cash at banks balance amounting to SAR 3.75 million.

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16. SHARE CAPITAL

	31 December 2021	31 December 2020	31 December 2019
25,500,000 shares of SR10 each	**255,000,000**	5,000,000	5,000,000

On 27 May 2021 (corresponding to 15 Shawwal 1442H), the Board of Directors resolved to increase the Company's share capital from SR 5,000,000 to SR 252,000,000 which was approved by the shareholders in an extraordinary general assembly meeting on 16 June 2021, (corresponding to 06 Dhul Qadah 1442H). The increase was achieved through transfer from "Capital contribution" account and "Retained Earnings" by a total amount of SR 247,000,000. On 18 July 2021 (corresponding to 8 Dhul Hijjah 1442H), the legal formalities of the capital increase were completed and updated Commercial Registration was issued, at which point the company's share capital account increased to SR 252,000,000.

Further, on 8 September 2021 (corresponding to 1 Safar 1443H), the Board of Directors resolved to increase the Company's share capital from SR 252,000,000 to SR 255,000,000 which was approved by the shareholders in an extraordinary general assembly meeting on 28 October 2021 (corresponding to 29 Rabi Awwal 1443H). The second increase in share capital was achieved through transfer from "Retained Earnings" by a total amount of SR 3,000,000. On 7 December 2021 (corresponding to 3 Jumada Al Awal 1443H), the legal formalities were completed and updated Commercial Registration was issued, at which point the company's share capital account increased to SR 255,000,000.

16.1 Treasury shares

Following a resolution of the Board of Directors on 8 September 2021 (corresponding to 1 Safar 1443H), the shareholders in an extraordinary general assembly meeting on 28 October 2021 (corresponding to 29 Rabi Awwal 1443H) approved the purchase of 300,000 shares of the company at rate of SR 10 per share (par value) for allocation in the employee share option scheme. This purchase was achieved through transfer to "Treasury Shares" account by a total amount of SR 3,000,000 with corresponding credit to shareholder's account i.e., "Due from related parties" in accordance with confirmation received from shareholders.

The following is the number of shares outstanding as at 31 December 2021:

The number of shares outstanding as at 1 January 2021	500,000
The number of shares issued during the year	25,000,000
The number of shares purchased during the year	(300,000)
The number of shares outstanding as at 31 December 2021	**25,200,000**

The following is the number of treasury shares as at 31 December 2021:

The number of shares outstanding as at 1 January 2021	--
The number of shares purchased during the year	300,000
The number of shares outstanding as at 31 December 2021	**300,000**

17. STATUTORY RESERVE

In accordance with the Company's and Subsidiaries By-laws and the Saudi Arabian Regulations for Companies, the Company set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for dividend distribution.

18. CAPITAL CONTRIBUTION

These funds were provided by the shareholders to be used for any capital increase in the future. These accounts are non-interest bearing. During 2021, the entire amount of capital contribution was converted to share capital. The details of shareholders' contribution accounts are as follows:

	Shareholding %	31 December 2021	31 December 2020	31 December 2019
Abdul Aziz Ibrahim AlJammaz and Brothers Company	**57.80**	--	87,439,451	87,439,451
Meadow Saudi Arabia Company	**18.49**	--	27,966,587	27,966,587
Meadow Holdings (Cayman) Limited	**23.71**	--	35,862,821	35,862,821
	100.00	--	151,268,859	151,268,859

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19. LEASE LIABILITIES

	31 December 2021	31 December 2020	31 December 2019
Non-Current liabilities			
Lease liabilities	**149,110,367**	137,486,754	142,300,597
Current liabilities			
Current portion of lease liabilities	**77,924,885**	64,470,722	55,476,140

The Group leased certain of its vehicles and its stores. The average lease term is 5 years (2020,2019: 5 years).

	31 December 2021	31 December 2020	31 December 2019
Minimum lease payments			
Not later than one year	**94,769,504**	73,147,712	66,074,255
Later than one year and not later than five years	**145,157,334**	151,940,378	154,932,689
More than five years	**18,080,667**	4,518,162	9,357,505
	258,007,505	229,606,252	230,364,449
Less: future finance charges	**(30,972,253)**	(27,648,776)	(32,587,712)
Present value of minimum lease payments	**227,035,252**	201,957,476	197,776,737
Present value of minimum lease payments			
Not later than one year	**77,924,885**	64,470,722	55,476,140
Later than one year but not later than five years	**140,667,144**	136,403,264	133,320,504
More than five years	**8,443,223**	1,083,490	8,980,093
	227,035,252	201,957,476	197,776,737

Movement in lease liabilities during the year is as follows:

	31 December 2021	31 December 2020	31 December 2019
Balance on 1 January	**201,957,476**	197,776,737	202,345,663
Acquisition through business combination	--	14,620,363	--
Additions	**97,559,763**	36,270,998	31,604,942
Finance cost	**11,500,339**	12,767,909	11,125,893
Disposals	**(6,962,607)**	(967,460)	(286,295)
Payment made during the year	**(77,019,719)**	(58,511,071)	(47,013,466)
Balance on 31 December	**227,035,252**	201,957,476	197,776,737

Extension options

Some of the leases held by the Group contain extension options exercisable by the Group before the end of non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the commencement date whether it is reasonably certain to exercise extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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20. EMPLOYEE BENEFITS

	31 December 2021	31 December 2020	31 December 2019
Non-current liability			
Defined benefit liability *(note 20.1)*	**25,559,199**	22,087,041	18,937,683
Others	**3,046,625**	--	--
	28,605,824	22,087,041	18,937,683
Current liabilities:			
Payroll and bonus	**8,403,904**	8,099,620	6,116,823
Accrued vacation	**7,191,163**	7,180,212	3,967,291
Accrued air ticket and iqama fees	**2,762,938**	2,140,944	2,452,108
Others	**1,192,189**	600,024	833,063
	19,550,194	18,020,800	13,369,285
	48,156,018	40,107,841	32,306,968

20.1. Defined benefit liability

The Group is committed to the following un-funded post-employment defined benefit plans:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their last month half salary for each completed year of service. Similarly, an employee who completed up to five years to receive a payment equal to 50% of their last monthly salary for each completed year of service and over five but less than ten years of service, to receive a payment equal to two-thirds of their last monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their last monthly salary for each completed year of service.

In Qatar, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to three weeks of salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to three weeks of salary for first five years of service and four weeks of salary for each completed after five years. Similarly, an employee who completed over ten but less than twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years and five weeks of salary for each completed after ten years.

Further, an employee who completed over twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years, five weeks of salary for next ten years and five weeks of salary for each completed after twenty years.

In United Arab Emirates, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to twenty-one days of basic salary for each completed year of service. Similarly, an employee who completed over five years of service, to receive a payment equal to twenty-one days of basic salary for first five years of service and thirty days of basic salary for each year of service thereafter subject to a maximum of two year's salary.

In the Kingdom of Bahrain, the plan entitles an employee whose service is less than three years of service, to receive a payment equal to one-half of their final monthly salary for each completed year of service. Similarly, an employee who completed over three years of service, to receive a payment equal to one-half of their final monthly salary for first three years of service and full month salary for each year of service thereafter.

Defined benefit liability	31 December 2021	31 December 2020	31 December 2019
Balance at the beginning of the year	**22,087,041**	18,937,683	17,595,741
Current service cost	**5,014,313**	4,616,221	4,516,685
Interest cost	**225,958**	415,839	695,061
	5,240,271	5,032,060	5,211,746
Paid during the year	**(4,174,009)**	(2,908,001)	(3,859,332)
Actuarial loss/(gain)	**2,813,506**	1,025,299	(10,472)
Exchange rate movements	**(407,610)**		
Balance at the end of the year	**25,559,199**	22,087,041	18,937,683

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20. EMPLOYEE BENEFITS (CONTINUED)

20.1. Defined benefit liability (continued)

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

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

	31 December 2021	31 December 2020	31 December 2019
Average discount rate	**1.81%**	2.05%	2.70%
Average rate of salary increases	**2.75%**	2.24%	3.08%

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analysis
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2021	31 December 2020	31 December 2019
Increase in discount rate of 1%	**(1,242,976)**	(1,243,387)	(1,149,107)
Decrease in discount rate of 1%	**2,650,052**	1,454,541	1,313,937
Increase in rate of salary increase of 1%	**140,364**	1,542,737	1,387,809
Decrease in rate of salary increase of 1%	**(2,832,148)**	(1,347,677)	(1,237,573)

21. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020	31 December 2019
Non-Current liabilities			
Other long-term liabilities	**5,693,181**	7,058,239	6,570,185
Current liabilities			
Trade payables	**56,876,508**	65,418,615	60,337,571
Accrued expenses	**30,760,746**	25,785,950	15,956,285
Deferred revenue *(note 21.2)*	**15,067,514**	17,505,796	20,476,230
Other payables	**8,124,564**	10,721,148	10,335,067
	110,829,332	119,431,509	107,105,153

21.1 No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

21.2 Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (SR 25.7 million) during 2018 which is being amortized based on the quantity procured in accordance with the terms of the contract.

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22. REVENUE

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

	31 December 2021	31 December 2020	31 December 2019
Sale of products from Domino's Pizza outlets	**788,422,911**	644,157,525	546,153,031
Sale of products from Dunkin Donuts outlets	**63,173,511**	35,819,464	26,816,494
Supply center sales	**16,539,583**	15,471,086	18,002,370
	868,136,005	695,448,075	590,971,895

Disaggregation of revenue
In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	31 December 2021	31 December 2020	31 December 2019
Geographical markets			
Kingdom of Saudi Arabia	**584,283,949**	483,910,710	455,916,739
Other GCC and Levant	**178,641,060**	146,241,199	97,307,385
North Africa	**105,210,996**	65,296,166	37,747,771
	868,136,005	695,448,075	590,971,895
Net revenue as reported in note 37	**868,136,005**	695,448,075	590,971,895
Timing of revenue recognition			
Products transferred at a point in time	**868,136,005**	695,448,075	590,971,895

23. COST OF SALES

	31 December 2021	31 December 2020	31 December 2019
Direct materials	**219,281,133**	176,508,505	159,045,734
Provision for slow moving inventory (note 12)	**236,860**	--	--
Salaries and other employee benefits	**132,161,653**	115,074,933	112,222,805
Depreciation:			
- Right of use assets (note 8)	**56,940,124**	55,404,914	49,806,107
- Property plant and equipment (note 7)	**29,929,143**	28,813,666	24,546,901
Rent expense	**10,041,573**	11,930,706	9,915,464
Royalties	**38,070,846**	26,970,723	27,207,705
Utilities	**25,064,845**	26,566,066	28,000,294
Maintenance	**6,168,596**	--	--
Cleaning material	**10,592,979**	9,131,094	3,698,116
Amortization of intangibles (note 9)	**587,844**	1,026,550	1,605,682
Other expenses	**31,960,710**	13,271,461	9,654,528
	561,036,306	464,698,618	425,703,336

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24. SELLING AND DISTRIBUTION EXPENSES

	31 December 2021	31 December 2020	31 December 2019
Advertising	**47,914,901**	31,902,049	37,573,345
Commission expenses	**13,921,673**	12,012,451	5,606,128
Salaries and other employee benefits	**8,061,842**	7,577,698	8,253,670
Delivery	**5,179,215**	4,658,954	5,929,369
Storage expenses	**3,093,252**	1,641,036	1,133,289
Depreciation:			
- Right of use assets (note 8)	**4,933,297**	4,400,051	3,177,057
- Property plant and equipment (note 7)	**78,187**	78,682	86,717
Amortization of intangibles (note 9)	**12,500**	12,500	12,653
Rent expense	**595,164**	598,411	--
Operating lease charges	--	--	1,348,008
Other expenses	**793,290**	1,066,534	439,899
	84,583,321	63,948,366	63,560,135

25. ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020	31 December 2019
Salaries and other employee benefits	**66,591,592**	59,990,371	58,876,099
Legal and professional fees	**7,943,531**	9,047,343	10,922,221
Depreciation:			
- Right of use assets (note 8)	**3,356,352**	4,558,001	4,098,240
- Property plant and equipment (note 7)	**1,988,563**	2,452,276	3,114,704
Amortization of intangibles (note 9)	**889,335**	1,048,857	1,170,667
Rent expense	**395,618**	392,638	975,133
Travelling expenses	**2,300,918**	1,678,402	4,714,200
Utilities	**2,229,895**	2,727,134	2,626,867
Maintenance	**1,128,639**	1,015,568	1,603,560
Other expenses	**9,110,611**	10,281,055	5,958,786
	95,935,054	93,191,645	94,060,477

26. OTHER INCOME

	31 December 2021	31 December 2020	31 December 2019
Royalty and advertising	**17,009,003**	10,077,185	12,908,315
Rent concession	**838,178**	6,415,313	--
Development and store opening	**948,653**	534,589	562,725
Profit / (loss) on disposal of property, plant and equipment	**167,957**	(2,431,787)	(10,484)
Loss on disposal of intangibles	--	(702,474)	--
Others	**223,912**	(1,825,327)	4,053,210
	19,187,703	12,067,499	17,513,766

27. FINANCE COSTS AND BANK CHARGES

	31 December 2021	31 December 2020	31 December 2019
Finance and bank charges	**4,537,731**	2,089,543	1,807,772
Finance charges on lease liabilities	**11,500,339**	12,767,909	11,125,893
	16,038,070	14,857,452	12,933,665

No finance charges were capitalized during the period.

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28. LOANS AND BORROWINGS

The Group has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges at ranging between 3% - 6%. These facilities and loans are secured against promissory notes, personal and corporate guarantees.

	31 December 2021	31 December 2020	31 December 2019
Non-Current liabilities			
Loans and borrowings	**3,183,167**	2,864,273	--
Current liabilities			
Current portion of loans and borrowings	**1,646,857**	1,148,360	--

Movement in loans and borrowings during the year is as follows:

	31 December 2021	31 December 2020	31 December 2019
Balance on 1 January	**4,012,634**	--	--
Acquisition through business combination	--	1,840,719	--
Additions	**32,773,675**	24,328,296	--
Finance cost	**150,925**	95,138	--
Exchange rate movements	**(184,252)**	(33,845)	--
Payment made during the year	**(31,922,928)**	(22,217,675)	--
Balance on 31 December	**4,830,054**	4,012,633	--

29. DISCONTINUED OPERATION

On 22 Ramadan 1440AH (corresponding to 26 May 2019) the ownership of 100% of Premier Foods Industries, Single Shareholder LLC have been transferred to Almarai Company, Saudi Joint Stock Company. The company has recorded a gain of SR 11.6 million as a result of disposal of its 100% shares in Premier Foods Industries Single Share LLC. The disposal group pertained to meat distribution segment of the Group.

Results of discontinued operation:

	For the period from 1 January 2019 to 26 May 2019
Revenue	51,840,767
Cost of sales	(46,586,260)
Gross profit	5,254,507
Selling and distribution expenses	(3,462,009)
Administrative expenses	(5,504,545)
Impairment loss on trade receivables	-
Other income	461,879
Operating loss	(3,250,168)
Finance costs and bank charges	(364,201)
Loss before zakat	(3,614,369)
Zakat	(190,111)
Loss from discontinued operation, net of zakat	(3,804,480)

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29. DISCONTINUED OPERATION (CONTINUED)

Details of loss from discontinued operations is as follows:

	31 December 2019
Loss from operations held for sale	(3,804,480)
Impairment loss on assets held for sale	--
Gain on disposal of subsidiary (refer below)	11,654,462
Profit from discontinued operation, net of zakat	7,849,982

The profit from discontinued operation of SR 7.8 million for the year ended 31 December 2019 is attributable entirely to the Owners of the Company.

Of the profit from continuing operations of SR 117.4 million (31 December 2020: SR 55.9 million, 31 December 2019: SR 7.3 million), an amount of SR 118.6 million is attributable to the Owners of the Company (31 December 2020: SR 56.2 million, 31 December 2019: SR 7.7 million).

Cash flows generated from / (used in) discontinued operation:

	31 December 2019
Net cash used in operating activities	(1,828,521)
Net cash used in investing activities	(23,406,669)
Net cash generated from financing activities	25,626,671

Effect of disposal on the financial position of the Group:

	31 December 2019
Property, plant and equipment	(56,705,775)
Intangible assets	(1)
Deferred tax asset	(364,964)
Trade and other receivables	(45,924,816)
Cash and cash equivalents	(1,567,663)
Due from related parties	(32,259,858)
Inventories	(30,356,625)
End of service benefits	5,684,307
Capital lease obligations – current and non-current portion	26,138,141
Trade and other payables	9,748,346
Employee benefits	1,716,414
Impairment loss on assets held for sale	22,500,000
Net assets and liabilities	(101,392,494)
Consideration received, satisfied in cash	113,046,956
Cash and cash equivalents disposed off	(1,567,663)
Net cash inflows	111,479,293

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EARNING PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The diluted earnings per share is same as basic earnings per share as the Group does not have any dilutive instruments in issue.

	Note	31 December 2021			31 December 2020			31 December 2019		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit / (loss) attributable to ordinary shareholders		**118,587,389**	--	**118,587,389**	56,279,780	--	56,279,780	7,697,201	7,849,982	15,547,183
Weighted average number of ordinary shares	*16*	**25,479,452**	--	**25,479,452**	25,500,000	--	25,500,000	25,500,000	25,500,000	25,500,000
Basic and diluted earnings per share		4.65	--	4.65	2.21	--	2.21	0.30	0.31	0.61
Reconciliation of weighted average number of shares										
Shares outstanding at beginning of the year										
Shares outstanding throughout the period		**500,000**	--	**500,000**	500,000	--	500,000	500,000	500,000	500,000
Bonus shares issued during the year		**25,000,000**	--	**25,000,000**	25,000,000	--	25,000,000	25,000,000	25,000,000	25,000,000
Treasury shares acquired during the year		**(20,548)**	--	**(20,548)**	--	--	--	--	--	--
		25,479,452	--	**25,479,452**	25,500,000	--	25,500,000	25,500,000	25,500,000	25,500,000

31. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments:
The Group had capital commitments of SR 10.1 million for the construction of new outlets at the reporting date (31 December 2020: SR 5.9 million, 31 December 2019: SR 4.5 million).

As at 31 December 2021, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.8 million (31 December 2020: SR 5.8 million, 31 December 2019: SR 5.8 million).

Contingencies:
There were no contingencies as at 31 December 2021 except as disclosed in note 11 to the pro forma consolidated financial information.

No material contingencies and commitments relates to equity accounted investees.

32. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous years.

The capital structure of the Group consists of equity comprising share capital, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments

	31 December 2021	31 December 2020	31 December 2019
Financial assets			
Amortized cost			
Cash and cash equivalents	**190,567,259**	128,105,607	26,897,509
Trade and other receivables	**28,245,756**	28,903,833	20,598,321
Due from related parties	**25,178,420**	10,611,820	13,728,242
Financial liabilities			
Amortized cost			
Trade and other payables	**95,761,818**	83,198,002	77,242,823
Loan and borrowings	**4,830,054**	4,012,633	--
Lease liabilities	**227,035,252**	201,957,476	197,776,737
Employees benefits	**19,550,194**	18,020,800	13,369,285
Due to related parties	**2,489,403**	2,602,743	7,635,886

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Group was exposed to market risk, in the form of interest rate risk and foreign currency risk as described below, during the year under review. There were no changes in these circumstances from the previous years.

Foreign currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks.

The Group is exposed to currency risks through its operations of selling, purchasing and lending which are done in currencies other than the functional currency which is SAR. Main currencies that the Group may face risks includes AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD.

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FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)

The Group didn't engage in any hedging activities to mitigate the currency fluctuation risk, therefore balances mentioned below are at par value:

As of 31 December 2021, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	7,643,542	87,843	7,175,208	4,665	486,971	1,085,317	1,020,667	6,921,920	437,740	2,831,547	27,695,420
Trade and other receivables	11,099,823	555,364	4,000,595	306,021	4,469,230	840,537	4,758	9,101,567	695,453	705,978	31,779,326
Due from related parties	1,648,325	--	—	--	—	—	--	--	—	--	1,648,325
Trade payables and other payables	(33,278,167)	(89,459)	(11,408,405)	(10,420)	(5,331,219)	(1,767,678)	(526,055)	(15,686,396)	(949,140)	(1,377,387)	(70,424,326)
Loan and borrowings	—	--	--	--	(4,830,054)	--	--	--	—	--	(4,830,054)
Total	(12,886,477)	553,748	(232,602)	300,266	(5,205,072)	158,176	499,370	337,091	184,053	2,160,138	(14,131,309)

As of 31 December 2020, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	2,745,772	31,126	11,807,202	4,326	2,021,586	1,709,782	13,704,599	4,178,772	648,566	4,142,100	40,993,831
Trade and other receivables	9,069,545	831,580	5,280,697	--	2,454,730	801,398	654,225	6,491,679	624,594	783,288	26,991,736
Due from related parties	1,200,068	--	2,769,596	--	—	--	--	--	--	—	3,969,664
Trade payables and other payables	(31,151,759)	(113,272)	(21,730,755)	--	(4,194,511)	(2,188,122)	(1,702,576)	(12,481,989)	(466,071)	(1,681,280)	(75,710,335)
Loan and Borrowings	--	--	(92,219)	--	(2,456,818)	--	—	--	—	--	(2,549,037)
Total	(18,136,374)	749,434	(1,965,479)	4,326	(2,175,013)	323,058	12,656,248	(1,811,538)	807,089	3,244,108	(6,304,141)

As of 31 December 2019, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	2,312,384	28,540	2,275,492	3,523	--	1,054,904	1,027,662	1,405,607	1,024,676	1,586,360	10,719,148
Trade and other receivables	5,767,322	--	5,394,690	--	--	834,241	152,083	9,174,676	617,581	967,402	22,907,995
Due from related parties	1,200,346	--	3,885,444	--	--	--	..	—	76,636	--	5,162,426
Trade payables and other payables	(4,494,362)	(336)	(6,952,803)	--	--	(996,928)	(367,361)	(2,689,821)	(759,369)	(861,011)	(17,121,991)
Due to related parties	--	--	92,128	—	..	—	--	—	--	--	92,128
Total	4,785,690	28,204	4,694,951	3,523	—	892,217	812,384	7,890,462	959,524	1,692,751	21,759,706

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)
The increase in the exchange rate of SAR by 10% against AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD will lead to (decrease)/increase in the profit or loss as follows:

	31 December 2021	31 December 2020	31 December 2019
AED	(1,296,408)	(1,813,637)	478,569
EUR	(5,365)	74,943	2,820
USD	404,166	(196,548)	469,495
GBP	(1,042)	433	352
MAD	(520,507)	(217,501)	--
QAR	15,818	32,306	89,222
LBP	49,937	1,265,625	81,238
EGY	33,709	(181,154)	789,046
JOD	18,405	80,709	95,952
BHD	216,014	324,411	169,275
	(1,085,273)	(630,413)	2,175,969

The decrease in the exchange rate of SAR by 10% against AED, EUR, USD and GBP will lead to (decrease)/increase in the profit or in the same amount mentioned above.

The following significant exchange rates have been applied

	31 December 2020	31 December 2020	31 December 2019
AED	1.0211	1.0211	1.0205
EUR	4.25	4.2875	4.1984
USD	3.75	3.7525	3.7490
GBP	5.06	5.0327	4.9173
MAD	0.4125	0.4164	--
QAR	1.0302	1.0302	1.0277
LBP	0.00013	0.0025	0.0025
EGY	0.2390	0.2332	0.2333
JOD	5.2891	5.2891	5.2878
BHD	9.9734	9.9734	9.8846

Interest rate and liquidity risks management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There were no changes in these circumstances from the previous years.

The Group did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 December 2021

Details	Interest Rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	95,761,818	—	-	95,761,818
Due to related parties	Interest free	2,489,403	-	-	2,489,403
Employee benefits	Interest free	19,550,194	—	-	19,550,194
Loans and borrowings	3-6%	1,646,887	3,183,167	-	4,830,054
Lease liabilities	3-4%	94,769,504	145,157,334	18,080,667	258,007,505
		214,217,806	148,340,501	18,080,667	380,638,974

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and liquidity risks management (continued)

31 December 2020 Details	Interest rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	76,139,763	7,058,239	--	83,198,002
Due to related parties	Interest free	2,602,743	--	--	2,602,743
Employee benefits	Interest free	18,020,800	--	--	18,020,800
Lease liabilities	3-6%	73,147,712	151,940,378	4,518,162	229,606,252
Loans and borrowings	3-6%	1,148,360	2,864,273	--	4,012,633
		171,059,378	161,862,890	4,518,162	337,440,430

31 December 2019 Details	Interest rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	70,672,638	6,570,185	--	77,242,823
Lease liabilities	3-6%	66,074,255	154,932,689	9,357,505	230,364,449
Due to related parties	Interest free	7,635,886	--	--	7,635,886
Employee benefits	Interest free	13,369,285	—	--	13,369,285
		157,752,064	161,502,874	9,357,505	328,612,443

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at reporting date, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognized financial assets as stated in the pro forma consolidated statement of financial position. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. Note 13 and 14 details the Group's maximum exposure to credit risk for financial assets that are not cash and cash equivalents.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that if the Group's credit risk is significantly reduced.

The Group is primarily engaged in cash business and trade receivables mainly consists receivables on account of sub franchise fees and receivable aggregators. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

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33. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically reprised.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It also includes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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33. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2021	*Carrying amount*	*Fair value* *Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets not measured at fair value					
Cash and cash equivalents	190,567,259	--	--	--	190,567,259
Trade and other receivables	28,245,756	--	--	--	28,245,756
Due from related parties	25,178,420	--	--	--	25,178,420
Total	243,991,435	--	--	--	243,991,435
Financial liabilities not measured at fair value					
Trade and other payables	95,761,818	--	--	--	95,761,818
Loan and borrowings	4,830,054	--	--	--	4,830,054
Lease liabilities	227,035,252	--	--	--	227,035,252
Employees benefits	19,550,194	--	--	--	19,550,194
Due to related parties	2,489,403	--	--	--	2,489,403
Total	349,666,721	--	--	--	349,666,721

31 December 2020	*Carrying amount*	*Fair value* *Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets not measured at fair value					
Cash and cash equivalents	121,004,391	--	--	--	121,004,391
Trade and other receivables	28,903,833				28,903,833
Due from related parties	10,611,820	--	--	--	10,611,820
Total	160,520,044	--	--	--	160,520,044
Financial liabilities not measured at fair value					
Trade and other payables	83,198,002	--	--	--	83,198,002
Loans and borrowings	4,012,634				4,012,634
Lease liabilities	201,957,476	--	--	--	201,957,476
Employee benefits	18,020,800	--	--	--	18,020,800
Due to related parties	2,602,743	--	--	--	2,602,743
Total	309,791,655	--	--	--	309,791,655

31 December 2019	*Carrying amount*	*Fair value* *Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets not measured at fair value					
Cash and cash equivalents	16,644,286	--	--	--	16,644,286
Trade and other receivables	20,598,321	--	--	--	20,598,321
Due from related parties	13,728,242	--	--	--	13,728,242
Total	50,970,849	--	--	--	50,970,849
Financial liabilities not measured at fair value					
Trade and other payables	77,242,823	--	--	--	77,242,823
Lease liabilities	197,776,737	--	--	--	197,776,737
Employees benefits	13,369,285	--	--	--	13,369,285
Due to related parties	7,635,886	--	--	--	7,635,886
Total	296,024,731	--	--	--	296,024,731

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34. RETIREMENT BENEFIT INFORMATION

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 3.54 million (31 December 2020: SR 2.02 million, 31 December 2019: 2.2 million).

35. ACQUISITION OF SUBSIDIARY

35.1. HEA Trade and Services Company

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco against a purchase consideration of SR 26.2 Million. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. The acquisition was expected to provide the Group with diversification of its investments and its presence in North Africa Region.

The assets and liabilities of HEA Trade and Services Company as at acquisition date are being consolidated by the Group. The net assets recognized in the 31 December 2020 proforma consolidated financial information were based on the provisional assessment. During 2021, the Group has completed the process of allocating the purchase consideration to the identifiable assets and liabilities acquired. The assessment and allocation of purchase consideration has not resulted in a significant change in net assets of acquiree recognized in the proforma consolidated financial information of 31 December 2020. The final purchase price allocation was based on the independent valuation of identifiable net assets. During 2021, HEA Trade and Services Company contributed revenue of SR 28 million and loss of SR 2.6 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue and consolidated profit for the year would have been materially the same.

The Group has accounted for the transaction based on the fair values of the identifiable assets and liabilities as of the acquisition date which is summarized below:

Identifiable assets acquired and liabilities assumed
The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition January 2020 (Final)
Assets:	
Property, plant and equipment	**4,889,557**
Right of use assets	**18,488,679**
Intangible assets	**191,654**
Deferred tax assets	**110,155**
Inventories	**1,010,015**
Trade and other receivables	**3,349,703**
Cash and cash equivalents	**613,509**
	28,653,272
Lease liabilities	**(14,620,363)**
Deferred tax liabilities	**(97,201)**
Employee liabilities	**(574,081)**
Trade and other payables	**(2,385,292)**
Due to related parties	**(2,830,771)**
Loans and borrowings	**(1,890,914)**
	(22,398,622)
Total identifiable net assets acquired	**6,254,650**

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35. ACQUISITION OF SUBSIDIARY (CONTINUED)

35.2. Waiver of related party balances

On 14 January 2020, the ultimate shareholders of the Alamar Foods DMCC ('the subsidiary') confirmed that there are no outstanding balances and/or amounts due and payable from Alamar Foods DMCC to them. Therefore, intercompany payable balance in the subsidiary at 14 January 2020 of SR 7.4 million has been adjusted in the equity.

In addition to above, the group has waived the certain balances of related parties. The details of amount waived and its impact on NCI and retained earnings is as follows:

	Amount waived	NCI impact	Foreign currency Translation impact	Impact on retained earnings
Alamar Foods DMCC, UAE	(57,312,807)	--	--	–
Alamar Food Company, Jordan	5,600,255	70,963	97,688	(168,651)
Alamar Food Company L.L.C, Egypt	12,902,312	218,019	83,580	(301,599)
Alamar Food S.A.R.L., Lebanon	17,008,377	1,400,064	--	(1,400,064)
Alamar Food Company, Qatar	21,801,863	884,435	(9,626)	(874,809)
Total	--	2,573,481	171,642	(2,745,123)

36. GOODWILL

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

	Fair value recognized on acquisition January 2020 (Final)	Initial fair value recognized on acquisition January 2020 (Provisional as of 31 December 2020)
Consideration transferred	**26,258,883**	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	**3,189,871**	3,189,871
Identifiable net assets acquired	**(6,254,650)**	(6,254,650)
Goodwill	**23,194,104**	23,194,104
Foreign currency translation	**1,568,110**	1,799,875
Net goodwill reported in the proforma consolidated statement of financial position	**24,762,215**	24,993,979

The goodwill is attributable mainly to future growth expected from acquisition of the business as well as the skills and talent of employees of the subsidiary and the synergies expected to be achieved from integrating the Company into Group's existing operations.

Consideration transferred include an amount of SR 2.6 Million which was transferred to the escrow account as indemnity against the claims in accordance with share purchase agreement and subsequently cleared in 2021.

Final goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 1.6 Million for the period is recognized in foreign currency translation reserve.

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37. REPORTING SEGMENTS

Basis of segmentation

The group has changed its segment reporting structure beginning year 2021. The Group has the following three strategic divisions, which are its reportable segments. These divisions offer products and services in different geographical regions and are managed separately

Reportable segments	**Operations**
Kingdom of Saudi Arabia	Establishing, operating and managing of fast food restaurants
Other GCC and Levant	Establishing, operating and managing of fast food restaurants
North Africa	Establishing, operating and managing of fast food restaurants

The primary changes to reporting segment structure is as follows:

- Elimination of the Alamar Foods DMCC – UAE and Alamar Foods LLC – UAE, the results of which are now included in the Other GCC and Levant reporting segment.
- The reclassification of Alamar Foods LLC – Qatar, Alamar Foods Company LLC – Jordan, Alamar Foods Company W.L.L – Bahrain and Alamar Foods SARL – Lebanon from other reporting segment to Other GCC and Levant.
- The reclassification of Alamar Foods LLC – Egypt and HEA Trade and Services Company – Morocco from other reporting segment to North Africa.

The segment reporting changes reflect a corresponding change in how the Company's Board of Directors (its chief operating decision maker) reviews financial information in order to allocate resources and assess performance. The Group's Board of Directors reviews the internal management reports of each segment at least quarterly.

Information about reportable segments:

2021	**Reporting Segments**			**Total reportable segments**
	Kingdom of Saudi Arabia	**Other GCC and Levant**	**North Africa**	
External revenue	584,282,721	178,639,071	105,214,213	868,136,005
Internal revenue	874,173	22,538,704	1,474,962	24,887,839
Segment revenue	585,156,894	201,177,775	106,689,175	893,023,844
External revenue as reported in note 22	584,282,721	178,639,071	105,214,213	868,136,005
Major Products				
Domino's Pizza	568,072,882	178,311,316	42,043,828	788,428,026
Dunkin Donuts	–	--	63,173,511	63,173,511
Others	17,084,012	22,866,459	1,471,836	41,422,307
	585,156,894	201,177,775	106,689,175	893,023,844
Timing of revenue recognition				
Point in time	585,156,894	201,177,775	106,689,175	893,023,844
Segment profit before zakat and income tax	110,021,048	11,986,845	248,315	122,256,208
Interest expense	(6,078,159)	(3,927,194)	(6,032,717)	(16,038,070)
Depreciation:				
- Property, plant and equipment	(18,790,047)	(7,859,545)	(5,346,301)	(31,995,893)
- Right of use assets	(37,539,906)	(15,586,447)	(12,103,420)	(65,229,773)
Share of profits of equity-accounted investee	(403,821)	1,200,112	-	796,291
Segment non-current assets*	190,459,402	192,149,220	92,136,265	474,744,887
Segment assets	550,492,765	270,705,536	127,354,639	948,552,940
Segment liabilities	218,073,571	219,074,848	104,264,764	541,413,183

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37. REPORTING SEGMENTS (CONTINUED)

2020	**Reporting Segments**			**Total reportable segments**
	Kingdom of Saudi Arabia	**Other GCC and Levant**	**North Africa**	
External revenue	483,910,710	146,241,199	65,296,166	695,448,075
Internal revenue	2,062,755	12,719,562	2,840,317	17,622,634
Segment revenue	485,973,465	158,960,761	68,136,483	713,070,709
External revenue as reported in note 22	483,910,710	146,241,199	65,296,166	695,448,075
Major Products				
Domino's Pizza	468,872,816	144,775,820	30,508,888	644,157,524
Dunkin Donuts	--	--	35,819,464	35,819,464
Others	17,100,650	14,184,941	1,808,130	33,093,721
	485,973,466	158,960,761	68,136,482	713,070,709
Timing of revenue recognition				
Point in time	485,973,466	158,960,761	68,136,482	713,070,709
Segment profit (loss) before zakat and income tax	72,311,128	11,425,153	(5,790,516)	77,945,765
Interest expense	(6,108,779)	(3,274,169)	(5,474,503)	(14,857,452)
Depreciation:				
- Property, plant and equipment	(20,466,102)	(6,732,718)	(4,145,805)	(31,344,625)
- Right of use assets	(39,080,821)	(14,632,458)	(10,649,688)	(64,362,966)
Share of losses of equity-accounted investee	(816,167)	--	--	(816,167)
Impairment loss on investment in joint venture	(6,617,141)	--	--	(6,617,141)
Segment non-current assets*	196,962,224	171,589,274	71,329,871	439,881,368
Segment assets	447,123,489	240,651,362	96,767,189	784,542,039
Segment liabilities	216,935,729	194,026,630	72,878,356	483,840,716

2019	**Reporting Segments**			**Total reportable segments**
	Kingdom of Saudi Arabia	**Other GCC and Levant**	**North Africa**	
External revenue	455,916,739	97,307,385	37,747,771	590,971,895
Internal revenue	1,354,516	--	--	1,354,516
Segment revenue	457,271,255	97,307,385	37,747,771	592,326,411
External revenue as reported in note 22	455,916,739	97,307,385	37,747,771	590,971,896
Major Products				
Domino's Pizza	439,268,885	97,307,385	11,485,485	548,061,755
Dunkin Donuts	--	--	26,262,286	26,262,286
Others	18,002,370	--	--	18,002,370
	457,271,255	97,307,385	37,747,771	592,326,411
Timing of revenue recognition				
Point in time	457,271,255	97,307,385	37,747,771	592,326,411
Segment profit (loss) before zakat and income tax	19,569,026	(7,220,815)	(1,460,304)	10,887,907
Interest expense	(6,786,260)	(2,630,606)	(3,516,799)	(12,933,665)
Depreciation:				
- Property, plant and equipment	(19,197,059)	(6,045,144)	(2,506,118)	(27,748,321)
- Right of use assets	(40,244,410)	(12,307,146)	(4,529,847)	(57,081,403)
Share of losses of equity-accounted investee	(1,340,141)	--	--	(1,340,141)
Segment non-current assets*	246,194,039	138,479,857	40,735,141	425,409,037
Segment assets	473,452,475	254,488,939	54,605,741	782,547,155
Segment liabilities	235,222,784	278,538,388	45,029,944	558,791,116

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

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37. REPORTING SEGMENTS (CONTINUED)

Reconciliations of information on reportable segments to the amounts reported in the pro forma consolidated financial information:

i. Revenue:

	2021	2020	2019
Total revenue for reportable segments	893,023,844	713,070,709	592,326,411
Elimination of inter-segment revenue	(24,887,839)	(17,622,634)	(1,354,516)
Consolidated revenue	868,136,005	695,448,075	590,971,895

ii. Profit /(loss) before tax:

	2021	2020	2019
Total profit / (loss) before tax for reportable segments	122,256,208	77,945,765	10,887,907
Elimination of inter-segment profit / dividends	8,213,416	(16,445,152)	--
Consolidated profit / (loss) before tax	130,469,624	61,500,613	10,887,907

iii. Assets:

	2021	2020	2019
Total assets for reportable segments	948,552,940	784,542,039	782,547,155
Elimination of inter-segment balances / assets	(198,646,799)	(172,938,907)	(269,795,297)
Consolidated total assets	749,906,141	611,603,132	512,751,858

iv. Liabilities:

	2021	2020	2019
Total liabilities for reportable segments	541,413,183	483,840,716	558,791,116
Elimination of inter-segment balances / liabilities	(131,871,933)	(99,229,995)	(200,799,968)
Consolidated total liabilities	409,541,250	384,610,721	357,991,148

v. Other material items:

2021	Reportable segments total	Consolidated
Interest expense	(16,038,070)	(16,038,070)
Depreciation:		
- Property, plant and equipment	(31,995,893)	(31,995,893)
- Right of use assets	(65,229,773)	(65,229,773)
Share of losses of equity-accounted investee	796,291	796,291

2020	Reportable segments total	Consolidated
Interest expense	(14,857,452)	(14,857,452)
Depreciation:		
- Property, plant and equipment	(31,344,624)	(31,344,624)
- Right of use assets	(64,362,966)	(64,362,966)
Share of losses of equity-accounted investee	(816,167)	(816,167)
Impairment loss on investment in joint venture	(6,617,141)	(6,617,141)

2019	Reportable segments total	Consolidated
Interest expense	(12,933,665)	(12,933,665)
Depreciation:		
- Property, plant and equipment	(27,748,322)	(27,748,322)
- Right of use assets	(57,081,404)	(57,081,404)
Share of losses of equity-accounted investee	(1,340,141)	(1,340,141)

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38. NON-CONTROLLING INTEREST

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2021	Alamar Jordan	HEA Trade and Services Company	Other markets	Other adjustments	Total
NCI percentage	25%	51%			
Non-current assets	8,620,311	27,602,197	155,526,911		
Current assets	2,437,360	11,878,151	55,272,661		
Non-current liabilities	(4,531,647)	(19,591,503)	(69,968,569)		
Current liabilities	(3,259,943)	(17,442,879)	(92,125,402)		
Net assets	3,266,081	2,445,965	48,705,602		
Net assets attributable to NCI	816,520	1,247,442	157,762	(2,517,779)	(296,055)
Revenue	15,179,585	28,007,843	244,382,164		
Profit / (loss)	1,220,523	(2,622,620)	9,704,132		
OCI	(225)	(528,130)	(7,405,573)		
Total comprehensive income	1,220,298	(3,150,750)	2,298,559		
Profit / (loss) allocated to NCI	305,131	(1,541,536)	57,253		(1,179,152)
OCI allocated to NCI	(56)	(269,346)	(408,327)		(677,729)
					(1,856,881)
Cash flows from operating activities	2,113,467	3,724,828	63,122,294		
Cash flows from investment activities	(968,104)	(3,666,005)	(33,636,775)		
Cash flows from financing activities (dividends to NCI: nil)	(1,286,855)	(1,611,786)	(26,316,192)		
Net increase (decrease) in cash and cash equivalents	(141,492)	(1,552,963)	3,169,327		

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38. NON-CONTROLLING INTEREST (CONTINUED)

31 December 2020	Alamar Jordan	HEA Trade and Services Company	Other markets	Other adjustments	Total
NCI percentage	25%	51%			
Non-current assets	8,970,371	22,550,615	118,880,710		
Current assets	2,145,340	8,999,010	54,182,002		
Non-current liabilities	(3,996,995)	(16,640,530)	(54,959,644)		
Current liabilities	(3,983,671)	(8,946,743)	(73,334,485)		
Net assets	3,135,045	5,962,352	44,768,583		
Net assets attributable to NCI	783,761	3,040,799	733,257	(2,996,991)	1,560,826
Net assets at acquisition		6,254,702			
Net assets attributable to NCI at acquisition		3,189,898		(142,216)	3,047,682
Revenue	9,916,685	20,289,447	184,177,743		
(Loss) / profit	(703,642)	(657,987)	5,394,559		
OCI	51	365,637	391,063		
Total comprehensive income	(703,591)	(292,350)	5,785,622		
Profit / (loss) allocated to NCI	(175,910)	(335,575)	154,697		(356,788)
OCI allocated to NCI	13	186,468	2,579		189,060
					(167,728)
NCI share in dividends	--	--	(40,241)		(40,241)
Intercompany waiver	5,600,255	--	51,712,552		
Intercompany waiver attributable to NCI	1,400,064	--	1,173,417		2,573,481
Cash flows from operating activities	381,826	5,439,603	13,908,137		
Cash flows from investment activities	50,369	(2,139,678)	(11,524,654)		
Cash flows from financing activities (dividends to NCI: nil)	(637,653)	--	(96,155)		
Net increase (decrease) in cash and cash equivalents	(205,458)	3,299,925	2,287,328		

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38. NON-CONTROLLING INTEREST (CONTINUED)

31 December 2019:	Alamar Jordan	Other markets	Other adjustments	Total
NCI percentage	25%			
Non-current assets	8,973,637	104,896,706		
Current assets	3,139,658	29,900,386		
Non-current liabilities	(4,700,726)	(50,882,888)		
Current liabilities	(10,624,669)	(92,611,442)		
Net liabilities	(3,212,100)	(8,697,238)		
Net liabilities attributable to NCI	(803,026)	(538,195)	(2,511,147)	(3,852,368)
Revenue	11,913,694	124,072,681		
Profit	(746,388)	(6,776,316)		
OCI	-	(26,767)		
Total comprehensive income	(746,388)	(6,803,083)		
Loss allocated to NCI	(186,597)	(166,167)		(352,764)
OCI allocated to NCI	-	(268)	-	(268)
				(353,032)
Cash flows from operating activities	389,463	14,186,302		
Cash flows from investment activities	51,376	(11,755,147)		
Cash flows from financing activities (dividends to NCI: nil)	(650,406)	(98,078)		
Net increase / (decrease) in cash and cash equivalents	(209,567)	2,333,077		

39. SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date and before the issuance of the pro forma pro forma consolidated financial information which requires adjustment to, or disclosure thereto.

40. DIVIDENDS

On 3 March 2022 the general assembly resolved in its extra ordinary general meeting to authorize the Board of directors to declare final dividends according to paragraph 49.4 of the company bylaws, no meeting has been held by the Board of Directors to approve dividend declaration.

During the 2020, no dividends were declared or approved. The Ordinary General Assembly approved dividends of SR 79,705,083 for 2019.

41. SHARE BASED PAYMENT ARRANGEMENTS

On 27 December 2021, the Group established share-based payment arrangements which entitles its key management personnel right to obtain shares or shares equivalent cash settlement in exchange of no cash consideration subject to fulfillment of vesting conditions. The arrangements do not have material impacts in this proforma consolidated financial information.

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42. RECONCILIATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The following table sets out changes for the purpose of compiling the proforma consolidated financial information from the consolidated financial statements for the years ended 31 December 2021 and 31 December 2020 and special purpose combined financial statements for the year ended 31 December 2019:

Pro forma consolidated financial information for the year ended	***Pro forma adjustments***
31 December 2021	*No pro forma adjustments from the audited consolidated financial statements for the year ended 31 December 2021*
31 December 2020	*No pro forma adjustments from the audited financial statements for the year ended 31 December 2020.*
31 December 2019	*Adjustment to net equity of SR 368,133 from the special purpose combined financial statements for the year ended 31 December 2019 (refer note 2). No impact on the net income for the year.*

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Alamar Foods Company شركة الآمار للأغذية
Commercial Registration 1010152088 سجل تجاري
Membership N° 216802 رقم العضوية

20. Exhibit A: Summary pro-forma financial information

20.1 Summary of the pro-forma consolidated financial information of Alamar Food Company

Table (20.1): Summary of the pro-forma consolidated financial information

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Statement of profit and loss and other comprehensive income			
Revenue	590,972	695,448	868,136
Cost of sales	(425,703)	(464,699)	(561,036)
Gross profit	**165,269**	**230,749**	**307,100**
Selling and distribution expenses	(63,560)	(63,948)	(84,583)
General and administrative expenses	(94,060)	(93,192)	(95,935)
Other income	17,514	12,067	19,188
Impairment loss of cash and cash equivalents	-	(3,750)	-
Impairment loss of trade and other receivables	-	(36)	(2,712)
Operating profit	**25,163**	**81,890**	**143,057**
Reversal of impairment loss on property and equipment	-	1,900	1,122
Finance costs and bank charges	(12,934)	(14,857)	(16,038)
Share of profit / (losses) of equity-accounted investee	(1,340)	(816)	796
Reversal / (impairment loss) of equity-accounted investee	-	(6,617)	1,533
Profit before zakat and tax	10,889	61,500	130,470
Zakat and income tax	(3,543)	(5,578)	(13,061)
Profit for the period from continued operations	**7,346**	**55,922**	**117,408**
Discontinued operations			
Profit / (loss) from discontinued operations, net of zakat and income tax	7,850	-	-
Profit for the period	**15,196**	**55,922**	**117,408**
Statement of other comprehensive income			
Remeasurement gain / (loss) of employee defined benefit liabilities	10	(1,025)	(2,814)
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	1,221	2,529	(8,658)
Other comprehensive (loss) / income	**1,231**	**1,504**	**(11,472)**
Total comprehensive (loss) / income for the year	**16,427**	**57,426**	**105,936**
Summary of the statement of financial position			
Total equity	**154,761**	**226,992**	**340,365**
Total non-current assets	364,766	374,219	412,190

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Total current assets	147,986	237,384	337,716
Total assets	**512,752**	**611,603**	**749,906**
Total non-current liabilities	169,082	170,941	188,215
Total current liabilities	188,909	213,670	221,326
Total liabilities	**357,991**	**384,611**	**409,541**
Total liabilities and equity	**512,752**	**611,603**	**749,906**
Summary of the statement of cash-flows			
Net cash generated from operating activities	83,666	190,458	193,040
Net cash generated from / (used in) investing activities	6,052	(29,615)	(48,732)
Net cash used in financing activities	(114,828)	(54,869)	(76,202)
Net increase / (decrease) in cash and cash equivalents	(25,110)	105,974	68,105
Net foreign exchange difference	(212)	(1,016)	(5,644)
Cash and cash equivalents at 1 of January	53,788	26,898	128,106
Cash and cash equivalents - gross at end of year	**26,898**	**131,856**	**190,567**
Less: Impairment loss	-	(3,750)	-
Cash and cash equivalents - net at 31 of December	**26,898**	**128,106**	**190,567**
KPI's			
Gross profit margin	28.0%	33.2%	35.4%
Gross profit / (loss) margin for continued operations	1.2%	8.0%	13.5%
Net income margin	2.6%	8.0%	13.5%
Current ratio	1.9	1.1	1.5
Total liabilities to total assets	69.8%	62.9%	54.6%

Source: Audited financial statements for the period ended 31 December 2019, 2020, and 2021

20.2 Result of operations of the Group

20.2.1 Consolidated statement of income, loss and other comprehensive income

The following tables set out the Group's consolidated statements of profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G:

Table (20.2): The audited pro-forma consolidated income statement for the financial years ending on December 31, 2019G, 2020G and 2021G for the group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Statement of profit and loss and other comprehensive income			
Revenue	590,972	695,448	868,136
Cost of sales	(425,703)	(464,699)	(561,036)
Gross profit	**165,269**	**230,749**	**307,100**
Selling and distribution expenses	(63,560)	(63,948)	(84,583)
General and administrative expenses	(94,060)	(93,192)	(95,935)
Other income	17,514	12,067	19,188
Impairment loss of cash and cash equivalents	-	(3,750)	-
Impairment loss of trade and other receivables	-	(36)	(2,712)
Operating profit	**25,163**	**81,890**	**143,057**
Reversal of impairment loss on property and equipment	-	1,900	1,122
Finance costs and bank charges	(12,934)	(14,857)	(16,038)
Share of losses of equity-accounted investee	(1,340)	(816)	796
Impairment loss on equity-accounted investee	-	(6,617)	1,533
Profit before zakat and tax	**10,889**	**61,500**	**130,470**
Zakat and income tax	(3,543)	(5,578)	(13,061)
Profit for the period from continued operations	**7,346**	**55,922**	**117,408**
Discontinued operations			
Profit/(loss) from discontinued operations, net of zakat and income tax	7,850	-	-
Profit for the period	**15,196**	**55,922**	**117,408**
Statement of other comprehensive income			
Remeasurement gain / (loss) of employee defined benefit liabilities	10	(1,025)	(2,814)
Item that are reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	1,221	2,529	(8,658)
Other comprehensive (loss) / income	**1,231**	**1,504**	**(11,472)**
Total comprehensive (loss) / income for the year	**16,427**	**57,426**	**105,936**

Source: Audited financial statements for the period ended 31 December 2019, 2020, and 2021

20.2.2 Consolidated pro-forma statement of financial position for the Group

Table (20.3): Consolidated statement of financial position as at 31 December 2019, 2020, and 2021 for the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Property, plant and equipment	151,311	153,632	162,987
Right-of-use assets	199,482	188,306	211,747
Goodwill	-	24,994	24,762
Intangible assets	5,701	4,434	7,025
Equity-accounted investees	288	13	2,016
Deferred tax assets	881	2,840	3,652
Due from related parties	1,849	-	-
Long-term other receivables	5,254	-	-
Total non-current assets	**364,766**	**374,219**	**412,190**
Inventories	26,412	33,814	50,807
Trade and other receivables	56,546	64,853	71,163
Due from related parties	11,879	10,612	25,178
Payments for investment in subsidiaries	26,250	-	-
Cash and cash equivalents, net	26,899	128,105	190,567
Assets held for sale	-	-	-
Total current assets	**147,986**	**237,384**	**337,716**
Total assets	**512,752**	**611,603**	**749,906**
Share capital	5,000	5,000	255,000
Treasury shares	-	-	(3,000)
Statutory reserve	2,500	2,500	14,241
Capital contribution	151,269	151,269	-
Retained earnings / (losses)	(2,878)	64,323	80,063
Foreign currency translation reserve	2,722	2,340	(5,643)
Equity attributable to owners of the Company	**158,613**	**225,432**	**340,661**
Non-controlling interest	(3,852)	1,560	(296)
Total equity	**154,761**	**226,992**	**340,365**
Lease liabilities	142,301	137,487	149,110
Employee benefits	18,938	22,087	28,606
Trade and other payables	6,570	7,058	5,693
Loans and borrowings	-	2,864	3,183
Deferred tax liabilities	1,273	1,445	1,622

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Total non-current liabilities	**169,082**	**170,941**	**188,215**
Lease liabilities	55,476	64,471	77,925
Employee benefits	13,369	18,021	19,550
Trade and other payables	107,105	119,432	110,829
Due to related parties	7,636	2,603	2,489
Current portion of loan and borrowings	-	1,148	1,647
Provision for zakat and income tax	5,323	7,995	8,886
Liabilities held for sale	-	-	-
Total current liabilities	**188,909**	**213,670**	**221,326**
Total liabilities	**357,991**	**384,611**	**409,541**
Total equity and liabilities	**512,752**	**611,603**	**749,906**
Total liabilities to total assets	69.8%	62.9%	54.6%
Days sales outstanding*	5.4	6.2	6.6
Days inventory outstanding	22.6	26.6	33.1
Days payable outstanding	51.7	51.4	37.0

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

* DSO average has been calculated indicatively based on total trade receivables and total revenue. The majority of sales were for cash.

20.2.3 Consolidated pro-forma statement of cash flow for the Group

Table (20.4): Consolidated pro-forma statement of cash flow as at 31 December 2019, 2020, and 2021 for the Group:

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
(Loss) / profit for the period after discontinued operations	**18,928**	**61,500**	**130,470**
Adjustments for:			
Depreciation of property, plant and equipment	27,748	31,345	31,996
Depreciation of right of use assets	57,081	64,363	65,230
Amortization of intangible assets	2,789	2,088	1,490
Impairment loss of cash and cash equivalents	-	3,750	-
Impairment loss on assets held for sale	-	-	-
Impairment loss on property plant and equipment	-	(1,900)	(1,121)
Share of (profit) / loss in equity-accounted investee	1,340	816	(1,533)
Gain on disposal of net assets held for sale	(11,654)	-	-
Loss on disposal of intangibles	-	702	-
Employee benefits	5,211	5,032	8,287
Interest expense of lease liabilities	11,126	12,768	11,500
(Gain) / loss on disposal of property, plant and equipment	10	2,432	(168)
Changes in:			
Inventories	(10,554)	(6,391)	(17,231)
Trade and other receivables	(11,936)	284	(9,023)
Due from related parties	(32,986)	1,074	(3,516)
Employee benefits	(1,825)	4,077	1,567
Trade and other payables	(19,761)	9,901	(9,967)
Due to related parties	54,897	(510)	(113)
Other liabilities	(92)	-	-
Cash generated from operations	**90,322**	**197,948**	**210,019**
Employee benefits paid	(3,859)	(2,908)	(4,174)
Zakat and income tax paid	(2,797)	(4,582)	(12,805)
Net cash generated from operating activities	**83,666**	**190,458**	**193,040**
Acquisition of subsidiary, net of cash acquired	(26,250)	614	-
Acquisition of property, plant and equipment	(64,158)	(29,053)	(46,653)
Proceeds from sale of property, plant and equipment	1,158	-	
Proceeds from the sale of net assets held for sale	99,161	-	-
Acquisition of equity accounted investee	-	-	-

Currency: SAR000	2019G Audited	2020G Audited	2021G Audited
Acquisition of intangible assets	(3,859)	(1,176)	(4,107)
Net cash generated from / (used in) investing activities	**6,052**	**(29,615)**	**(48,732)**
Proceeds from loans and borrowings	(3)	2,122	817
Lease liabilities obligations paid	(23,994)	(44,223)	(65,519)
Interest on lease liabilities paid	(11,126)	(12,768)	(11,500)
Dividend payments	(79,705)	-	-
Net cash used in financing activities	**(114,828)**	**(54,869)**	**(76,202)**
Net increase in cash and cash equivalents	(25,110)	105,974	68,105
Net foreign exchange difference	(212)	(1,016)	(5,644)
Cash and cash equivalents reclassified to assets held for sale	(1,568)	-	-
Cash and cash equivalents at 1 of January	53,788	26,898	128,106
Cash and cash equivalents - gross at 31 of December	**26,898**	**131,856**	**190,567**
Less: Impairment loss	-	(3,750)	-
Cash and cash equivalents - net at 31 of December	**26,898**	**128,106**	**190,567**

Source: Audited financial statements for the period ended 31 December 2019, 31 December 2020, and 31 December 2021

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