

Crowe Solutions For Professional Consulting
Member Crowe Global

**FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)**

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

**TO: THE SHAREHOLDERS OF
FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Opinion

We have audited the financial statements of **Fesh Fash Snack Food Production Company (the "Company")**, which comprise the statement of financial position as at December 31, 2023, the statements of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements section" of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR’S REPORT (Continued)
FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)

Key Audit Matters (Continued)

Revenue Recognition	
Key audit matter	How the matter was addressed in our audit
<p>Revenue was considered a key audit matter since revenue is the main component of the Company's business and the Company has applied IFRS 15 “Revenue from Contracts with Customers”.</p> <p>The company's net revenues amounted to 33.9 million Saudi riyals for the year ending December 31, 2023 (2022: 31.4 million Saudi riyals).</p> <p>Revenues are considered one of the essential indicators for measuring performance, and it follows that there are inherent risks in recognizing revenues at more than their actual value to increase profitability, so the revenue recognition process was considered a key audit matter.</p>	<p>The auditing procedures we performed, among other procedures, based on our professional judgment, the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Company's accounting policies related to revenue recognition, as well as assessing compliance with the requirements of applicable accounting standards. - Evaluated the design and implementation of the internal control procedures related to revenue recognition and their operational effectiveness including control procedures for fraud prevention. - Performed analytical review on revenue by comparing the revenue amounts, quantities sold, and prices per month during the current year with the previous year and determine whether there are any significant trends or fluctuations that need to be further examined in the light of our understanding of current market conditions. - Conducted a sample-based examination of the revenue transactions with supporting documents, to verify the existence of revenue, and its recording in the correct period. also, we examined the adequacy of the company's disclosure in the financial statements.
<p>Refer to note (17-3) regarding the accounting policy and note (17) concerning related disclosures.</p>	



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Other Matter

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed unmodified opinion on those financial statements on Ramadan 08, 1444 H (corresponding to March 30, 2023).

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, "the Board of Directors", are responsible for overseeing the Company's Financial Reporting Process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Auditor's Responsibilities for the Audit of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that we reasonably believe affect our independence and, where possible, actions taken to eliminate threats or on applicable safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.



**Crowe Solution
For Professional Consulting**

**Abdullah M. Al Azem
License No. 335**

18 Ramadan 1445H (Corresponding to March 28, 2024)
Riyadh, Kingdom of Saudi Arabia

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(SAUDI RIYALS)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	12,649,767	9,347,124
Right of use assets, net	6	319,815	377,029
TOTAL NON-CURRENT ASSETS		12,969,582	9,724,153
Current assets			
Inventory	7	6,337,750	5,152,391
Accounts receivable, net	8	4,664,750	4,798,730
Prepaid expenses and other debit balances	9	943,508	1,750,579
Due from related party	22	557,174	43,642
Cash and cash equivalents	10	2,435,900	2,146,255
TOTAL CURRENT ASSETS		14,939,082	13,891,597
TOTAL ASSETS		27,908,664	23,615,750
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	11,300,000	11,300,000
Statutory reserve	12	1,427,950	1,173,622
Retained earnings		2,230,863	1,843,560
TOTAL SHAREHOLDERS' EQUITY		14,958,813	14,317,182
LIABILITIES			
Non-current liabilities			
Employees' benefits obligations	13	1,427,100	1,081,785
Non-current portion of lease liabilities	6	318,928	365,247
Non-current portion of long term loan	14	3,300,000	1,488,024
TOTAL NON-CURRENT LIABILITIES		5,046,028	2,935,056
Current liabilities			
Zakat provision	16	245,412	244,338
Accrued expenses and other credit balances	15	2,757,594	1,994,169
Accounts payable		4,239,273	3,663,461
Current portion of lease liabilities	6	61,544	61,544
Current portion of long-term loan	14	600,000	400,000
TOTAL CURRENT LIABILITIES		7,903,823	6,363,512
TOTAL LIABILITIES		12,949,851	9,298,568
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		27,908,664	23,615,750

The accompanying notes from (1) to (30) are an integral part of these financial statements.

Mr. Saud Mustafa Al-Najidi
Chairman

Eng/ Najeeb Hamad Al-Hamid
Chief Executive Officer

Mr. El-Shishtawi Bondok
Finance Manager

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

	Note	2023	2022
Sales, net	17	33,981,287	31,454,765
Cost of sales	18	(23,955,939)	(23,332,103)
Gross Profit		10,025,348	8,122,662
Selling and distribution expenses	19	(3,526,523)	(2,759,378)
General and administrative expenses	20	(3,294,606)	(3,250,579)
Provision of expected credit losses	8	(381,829)	(356,929)
Other income		84,013	68,854
Operating profit		2,906,403	1,824,630
Finance costs	21	(115,743)	(41,222)
Profit for the year before zakat		2,790,660	1,783,408
Zakat	16	(247,383)	(246,309)
NET PROFIT FOR THE YEAR		2,543,277	1,537,099
Items of other comprehensive income:			
Items that will not be reclassified to statement of profit or loss during the subsequent periods:			
Loss of Re-measurement of employees' benefit obligations	13	(206,855)	(99,986)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,336,422	1,437,113
Earnings per share:			
Earnings per share basic and diluted	24	0.23	0.14

The accompanying notes from (1) to (30) are an integral part of these financial statement.

Mr. Saud Mustafa Al-Najidi
Chairman

Eng/ Najeeb Hamad Al-Hamid
Chief Exusctive Officer

Mr. El-Shishtawi Bondok
Finance Manager

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

	Share Capital	Statutory Reserve	Retained Earnings	Total Shareholders Equity
Balance at 1 January 2022	11,300,000	1,019,912	1,690,118	14,010,030
Transferred to statutory reserve during the year	-	153,710	(153,710)	-
Dividends (note 26)	-	-	(1,129,961)	(1,129,961)
Net profit for the year	-	-	1,537,099	1,537,099
Other comprehensive loss for the year	-	-	(99,986)	(99,986)
Total comprehensive income for the year	-	-	1,437,113	1,437,113
Balance at 31 December 2022	11,300,000	1,173,622	1,843,560	14,317,182
Transferred to statutory reserve during the year	-	254,328	(254,328)	-
Dividends (note 26)	-	-	(1,694,791)	(1,694,791)
Net profit for the year	-	-	2,543,277	2,543,277
Other comprehensive loss for the year	-	-	(206,855)	(206,855)
Total comprehensive income for the year	-	-	2,336,422	2,336,422
Balance at 31 December 2023	11,300,000	1,427,950	2,230,863	14,958,813

The accompanying notes from (1) to (30) are an integral part of these financial statements.

Mr. Saud Mustafa Al-Najidi
Chairman

Eng/Najeeb Hamad Al-Hamid
Chief Executive Officer

Mr. El-Shishtawi Bondok
Finance Manager

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

	2023	2022
Operating activities:		
Net profit for the year before zakat	2,790,660	1,783,408
Adjustments to:		
Depreciation of property, plant and equipment	1,571,207	1,739,628
Provision of expected credit losses	381,829	356,929
Current cost of Employees' benefits obligations during the year	206,390	196,282
Depreciation of right of use assets	57,214	63,113
Finance costs	115,743	97,130
	<u>5,123,043</u>	<u>4,236,490</u>
Changes in Assets and liabilities:		
Net change in inventory	(1,185,359)	(435,953)
Net change in accounts receivable	(247,849)	(263,886)
Prepaid expenses and other debit balances	807,071	(942,626)
Due from related party	(513,532)	43,642
Accounts payable	575,812	246,903
Accrued expenses and other credit balances	763,425	(257,302)
Cash provided from operating activities	<u>5,322,611</u>	<u>2,627,268</u>
Employee's benefits obligations paid during the year	(111,433)	(91,725)
Zakat paid during the year	(246,309)	(179,443)
Net cash provided from operating activities	<u>4,964,869</u>	<u>2,356,100</u>
Investing activities:		
Purchase of property, plant and equipment	(193,055)	(217,613)
Paid for projects under progress	(4,680,795)	(333,234)
Net cash flows used in investing activities	<u>(4,873,850)</u>	<u>(550,847)</u>
Financing activities:		
Dividends paid during the year	(1,694,791)	(1,129,961)
Payment of lease liabilities	(61,544)	(61,544)
Proceeds from loans during the year	2,411,976	690,327
Payment of loans during the year	(400,000)	(200,000)
Finance costs paid	(57,015)	-
Net cash flows provided from (used in) financing activities	<u>198,626</u>	<u>(701,178)</u>
Net change in cash and cash equivalents during the year	289,645	1,104,075
Cash and cash equivalents at the beginning of the year	2,146,255	1,042,180
Cash and cash equivalents at the end of the year	<u>2,435,900</u>	<u>2,146,255</u>
<u>Additional information about non - cash transactions</u>		
Written off bad debts	-	216,866
Transfer from spare parts inventory to property, plant and equipment	-	925,619
Transferred to the statutory reserve	254,328	153,710
Losses from remeasurement of employees' benefits obligations	206,855	99,986

The accompanying notes from (1) to (30) are an integral part of these financial statements.

Mr. Saud Mustafa Al-Najidi
Chairman

Eng/ Najeeb Hamad Al-Hamid
Chief Executive Officer

Mr. El-Shishtawi Bondok
Finance Manager

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

1. ORGANIZATION AND ACTIVITIES

Fesh fash snack food production company (A Saudi Joint Stock Company) - registered in Kingdom of Saudi Arabia under commercial registration No (1010044728) dated 19/07/1402 H Corresponding to May 13, 1982 .

The main activity of the company is in the manufacture of food products manufactured from potatoes, including (potato chips), the manufacture of cereal breakfast foods in the form of chips, including (corn flakes, chips, etc.).

The main address of the company is in Riyadh, New Industrial Area, Al-Kharj Road 90621, 11623 Kingdom of Saudi Arabia.

The Capital Market Authority "CMA" Board has issued its resolution dated 18/08/1442H corresponding to 31/03/2021G approving Fesh Fash Snack Food Production Company's "the Company" application for the registration of its shares for direct listing in the Parallel Market. Moreover, Saudi Tadawul Group announces the listing and trading shares of "Fesh Fash Snack Food Production Company" on Nomu – Parallel Market on Tuesday Corresponding to 22/9/1442H Corresponding to 04/05/2021, as a direct listing with the symbol 9515.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (Collectively referred to as "International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia").

The new Companies Law issued by Royal Decree M/132 dated 12/1/1443 H (corresponding to June 30, 2022) (hereinafter referred to as "the Law") entered into force on 6/26/1444 H (corresponding to January 19, 2023). For some provisions of the system, full compliance in implementation is expected no later than two years from the date of 6/26/1444 H (corresponding to January 19, 2023). The administration is evaluating the impact of the new companies' law and will amend its memorandum/articles of association in accordance with any changes to align the articles with the provisions of the law. Accordingly, the Company must submit the amended Articles of Association to shareholders at the Extraordinary/Annual General Assembly for approval.

2.2 Preparation of the Financial Statements

The financial statements have been prepared on the historical cost, unless otherwise stated, and on the basis that its operations will continue in accordance with the going concern principle, which applies to measuring fair value, present value, realizable value, and replacement cost in light of the accrual basis and the going concern basis.

2.3 Functional and Presentation Currency

The financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies followed in preparing the financial statements are consistent with those policies followed in preparing the company's financial statements for the year ending December 31, 2023, with the exception of the application of the new standards and amendments to the standards and interpretations shown below:

3.1 New or revised Standards or Interpretations

The Accounting Standards, Amendments or Interpretations that have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Company's financial results or position as follows:

- IFRS 17 'Insurance Contracts.
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12).

These amendments do not have a significant impact on these Financial Statements and the disclosures have not been made.

Standards, amendments, and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

The Standards and amendments that are not yet effective and have not been adopted early by the company include:

- (Amendments to IAS 1) Classification of Liabilities as Current or Non-current.
- (Amendments to IAS 1) Non-current Liabilities with Covenants .
- (Amendments to IFRS 16) Lease Liability in a Sale and Leaseback.
- (Amendments to IAS 7 and IFRS 7) Supplier Finance Arrangements.
- (Amendments to IAS 21) Lack of Exchangeability.
- IFRS Sustainable 1, "General requirements for disclosure of sustainability-related financial information".
- IFRS Sustainable 2, "Climate-related disclosures"

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Current and non-current classification

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

An asset is current when it is:

- it is expected to be repaid in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the financial period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be repaid in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the financial period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the financial period.

Any other liabilities are classified as non-current liabilities.

3.3 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and deposits with banks, all of which are available for use by the company unless otherwise indicated, and mature within a period of 90 days or less, and are exposed to immaterial risks of changes in value.

3.4 Financial Instruments

The company recognizes financial assets or financial liabilities in the statement of financial position when it becomes a party to contractual provisions for performance. Upon initial recognition, the company must measure the financial asset or financial liability at its fair value plus or minus the transaction costs that can be directly attributed to the acquisition or issuance of the financial asset or financial liability. Excluding a financial asset or financial liability at fair value through profit or loss.

Financial assets

IFRS 9 introduces new classification and measurement requirements for financial assets. IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to comprehensive income on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to comprehensive income on derecognition; and
- Financial assets at fair value through profit and loss (FVPL).

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)
3.4 financial instruments (Continued)

Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through Comprehensive Income on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and

Whether assets that are sold are held for an extended period relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include 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.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the statement of profit or loss.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial assets designated as FVOCI with recycling to profit or loss statement

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- 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.

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in the comprehensive income statement and computed in the same manner as for financial assets measured at amortized cost.

All other changes in the carrying amount of these instruments are recognized in the statement of comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

FESH FASH SNACK FOOD PRODUCTION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYALS)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 financial instruments (Continued)

Financial assets classified as amortized cost (Continued)

Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through the statement of profit or loss.

A debt instrument may be designated as at FVPL 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.

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the statement of profit or loss.

Commission income on debt instruments as at FVPL is included in the statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognized in the statement of profit or loss when the Company's right to receive the dividends is established in accordance with IFRS 15 Revenue from Contracts with Customers.

Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is 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 FVOCI 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 other reserves. Gain and losses on such equity instruments are never reclassified to statement of profit or loss, and no impairment is recognized in statement of profit or loss. The cumulative gain or loss will not be reclassified to statement of comprehensive income on disposal of the investments.

Dividends on these investments are recognized in the statement of profit or loss when the Company's has the right to receive the dividends unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 financial instruments (Continued)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI such as, trade receivables.

No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare 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 applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measurement and recognition of 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 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. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

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 companied on the following basis:

- Nature of financial instruments (i.e. the Company's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate Company. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Company recognizes an impairment gain or loss in the statement of 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 FVOCI, 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 statement of financial position.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 financial instruments (Continued)

De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and 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.

Financial liabilities

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, 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 statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to statement of profit or loss.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through Comprehensive Income that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to statement of profit or loss. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.5 Projects under Progress

Capital projects in progress represent all costs directly related to projects under Progress and are capitalized as property, plant, and equipment or intangible assets upon completion of the project. Projects under Progress are recorded at cost less impairment loss. Historical cost includes expenses directly related to the purchase of these items. These assets are depreciated on the same basis as other assets in the same category, with depreciation commencing when the asset is available for its intended use.

3.6 Inventory

Inventory is stated at the lower of cost and net realizable value. Costs of inventory is determined on a weighted average basis which includes all costs incurred to acquire the inventory, manufacturing or conversion costs, and any other expenses incurred to bring the inventory to its current condition and location. Net realizable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Property, Plant and Equipment

Property, Plant and equipment's are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, (if any) except for assets under construction which are stated at cost and are not depreciated. Assets under construction represent all costs relating directly to the projects in progress and are capitalized as property and equipment when the project is completed.

Costs includes all expenditures directly attributable to the construction or purchase of the item of property, plant and equipment. Such costs include the cost of replacing parts of the property, Plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful life and depreciates them accordingly. All repair and maintenance costs are recognized in the statement of Profit or loss and Comprehensive Income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets and any changes are accounted for prospectively. Lease hold improvements are depreciated at the lower of its useful life or lease term.

The residual values, useful life and methods of depreciation of property, Plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

The estimated useful life categories for property, machinery, and equipment during the current period are the same as those for the previous year, with details as follows:

<u>Item</u>	<u>Years</u>
Buildings, constructions, and leasehold improvements	10-20 Years
Machines and equipment's	7 Years
Furniture, furnishings, office supplies, tools and equipment	5 Years
vehicles and air conditioners	4 Years

- No depreciation is charged on the projects under Progress.

An item of property, Plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Comprehensive Income when the asset is derecognised.

3.8 Impairment of Non-Financial Assets

the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of Non-Financial Assets (Continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

3.9 Accounts Receivable

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

3.10 Right-of-Use Assets and Lease Liabilities

The Company has recognised new assets and liabilities for its operating leases of various types of contracts including warehouse and depot facilities, accommodation/office rental premises, commercial vehicles etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation

ii. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Right-of-Use Assets and Lease Liabilities (Continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset

3.11 Loans

Borrowings are initially recorded at fair value (represented by the proceeds received) less transaction costs incurred, if any. After initial recognition, these long-term loans are recognized at amortized cost using the effective interest rate method. Any differences between the proceeds (net of transaction costs) and the recoverable amount are recognized as a gain or loss over the term of the loan using the effective interest rate method.

Loans are classified as current liabilities as long as the company does not have a temporary right to delay settlement of the liability for a period of at least One month after the reporting date.

3.12 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to pay the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial statement period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the current obligation, its carrying value is the present value of those cash flows (when the effect of the time value of money is material). When the discount is used, the increase in the provision due to the passage of time is recorded as a finance cost.

3.13 Zakat provision

provision is made for Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("the Authority") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of profit or loss. Adjustments are made for differences, if any, resulting from making the final assessments during the year in which such assessments are issued. Zakat is calculated based on the zakat base and adjusted profit.

3.14 Value added tax

Expenses and assets are recognized net of the amount of value added tax ("VAT"), except when the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the acquisition cost. The original or as part of an expense item, as appropriate.

3.15 Accruals and other liabilities

The amounts of accruals and other liabilities to be paid in the future for goods/services are recognized when control of those goods/services is transferred to the Company or the services are received, whether invoiced to the Company or not.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Employees Benefits

End-of-service benefits are calculated using the projected unit credit method at the end of each statements period. Remeasured net defined benefit obligations, which include actuarial gains and losses, are recognized immediately in the statement of financial position with an expense or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are included immediately in retained earnings and are not included in profit or loss during subsequent periods. Changes in the present value of defined benefit obligations resulting from changes and reductions in plans are recognized directly in profit or loss as unrecorded past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net identifiable liabilities or assets. Defined benefit costs are classified as follows:

- Service costs (including current service cost and past service cost, as well as gains and losses from reductions and modifications);
- Interest expense;
- Remeasurement.

The Company presents the first two components of identifiable benefit costs in profit or loss in the related line items. The remeasurement is included in other comprehensive income.

3.17 Revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- The customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition (Continued)

Recognition of Sales revenue

Sales revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably, regardless of the date on which payment is made. Revenue is measured at the fair value of the amount received or receivable after taking into account the contractually specified payment terms. Specific evidentiary standards must also be met.

It represents the value of invoices for goods supplied and services provided by the company during the year. Revenue from the sale of goods is recognized when the significant benefits and risks associated with ownership of the goods have passed, usually when the goods are delivered.

Revenue from the sale of goods is measured at the fair value of the amount received or receivable, net of returns or provisions, discounts and trade discounts.

Other income

Other income is recognized as it accrues in the statement of profit or loss.

3.18 Transferring transactions in foreign currencies

Transactions in foreign currencies are converted into Saudi riyals at the exchange rates prevailing upon the transaction. Monetary assets and liabilities denominated in foreign currencies as at the date of the financial statements are converted into Saudi riyals at the rates prevailing on that date. Gains and losses arising from payments and foreign currency exchange transactions are included in the statement of profit or loss.

3.19 Offsetting

Financial liabilities are set off against financial assets, and the amount is shown in the financial position when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

3.20 General and Administrative Expenses

The expenses incurred by the company consist of selling and marketing expenses, general and administrative expenses, and operating expenses. Production costs are charged with the full cost of materials, direct labor and industrial indirect costs. The expenses resulting from the company's efforts related to marketing, selling and distributing finished products are classified under a separate line item under the name of selling and marketing expenses. Other direct and indirect expenses related to management that are not related to the production function are classified as general and administrative expenses. And joint expenses, if necessary, are distributed between administrative and general expenses and operating expenses on a fixed basis. The accrual principle is applied in charging the financial period with general and administrative expenses and selling and marketing expenses.

3.21 Statutory reserve

In accordance with the provisions of the Companies Law in the Kingdom of Saudi Arabia and the Articles of Association, the company must transfer at least 10% of the annual net profit to the statutory reserve. According to the bylaws, the company may decide to stop the transfer when the balance of the statutory reserve reaches 30% of the capital. Note that this reserve is not available for distribution to shareholders.

3.22 Basic earnings per share

Basic earnings per share and diluted earnings per share (if any) across common shares be calculated by dividing profit or loss attributable to ordinary equity holders of the entity by the weighted average number of ordinary shares outstanding during the year. For the purpose of calculating diluted earnings per share, an entity shall adjust profit or loss attributable to ordinary equity holders of the company, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

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4. USE OF JUDGMENTS AND UNCERTAINTY OF ESTIMATES

In applying the company's accounting policies, as described in Note No. (3), the company's management must make judgments, estimates and assumptions about the book value of assets, liabilities and accompanying disclosures that do not appear easily from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or the period of the revision and subsequent periods.

The following are the main assumptions about the future and other key sources view of the estimated uncertainties at the end of the reporting period, which may be These are significant risks related to a material adjustment to the carrying values of assets and liabilities during the financial year:

Provision for expected credit losses

The company maintains provision for doubtful receivables. In assessing the adequacy of the provision, the company bases its estimates on the firm's past experience in collecting payments, and any increase in the number of late payments of receivables after the average credit period. If clients' financial condition deteriorates, actual write-offs may be higher than expected. An estimate of the collectible amount of trade receivables is made when collection of the full amount is not probable. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, machinery and equipment

Depreciation expense is based on the estimated useful lives of each type of asset. Asset balances are evaluated annually and their useful lives are evaluated and changed as necessary to reflect current conditions taking into account technological change and the physical conditions of the underlying assets.

Employee benefit obligations

The Company operates a defined benefit plan that provides a total remuneration when an employee leaves service with the company, in line with the current labor law in the Kingdom of Saudi Arabia.

The amount of entitlement is calculated according to the labor laws in the Kingdom and is based on years of service and salary at the date of departure. Therefore, the plan and its obligations are more sensitive to changes in future salary increases, withdrawal rates and the discount rate used in assessing liability.

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5. PROPERTY, PLANT AND EQUIPMENT, NET

<u>Cost</u>	Buildings and constructions	Leaschold improvements	Machines and equipment's	Vehicles	Tools office equipment's	Computers and printers	Air conditioners	Furniture and fixture	Advertising board	Projects under progress	Total
Balance at January 1, 2022	11,378,996	922,291	23,345,143	2,133,571	2,461,160	467,661	484,272	543,918	18,571	37,900	41,793,483
Additions during the year	-	81,860	8,597	-	87,938	32,786	1,217	5,215	-	333,234	550,847
Transfer during the year	-	32,500	106,524	-	-	-	-	-	-	(139,024)	-
Reclassification	-	-	-	-	925,619	-	-	-	-	-	925,619
Balance at December 31, 2022	11,378,996	1,036,651	23,460,264	2,133,571	3,474,717	500,447	485,489	549,133	18,571	232,110	43,269,949
Additions during the year	-	39,200	22,595	90,652	34,406	1,675	3,867	660	-	4,680,795	4,873,850
Transfer during the year	-	41,736	2,530,906	-	-	-	-	-	-	(2,572,642)	-
Balance at December 31, 2023	11,378,996	1,117,587	26,013,765	2,224,223	3,509,123	502,122	489,356	549,793	18,571	2,340,263	48,143,799
<u>Accumulated depreciation</u>											
Balance at January 1, 2022	6,735,217	293,013	20,747,753	1,741,564	1,540,408	336,254	324,390	457,510	7,088	-	32,183,197
Depreciation for the year	277,629	96,494	689,546	200,366	320,380	54,842	63,483	32,245	4,643	-	1,739,628
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022	7,012,846	389,507	21,437,299	1,941,930	1,860,788	391,096	387,873	489,755	11,731	-	33,922,825
Depreciation for the year	276,545	110,701	620,099	139,617	293,017	46,441	51,754	28,390	4,643	-	1,571,207
Balance at December 31, 2023	7,289,391	500,208	22,057,398	2,081,547	2,153,805	437,537	439,627	518,145	16,374	-	35,494,032
<u>Net book value</u>											
December 31, 2023	4,089,605	617,379	3,956,367	142,676	1,355,318	64,585	49,729	31,648	2,197	2,340,263	12,649,767
December 31, 2022	4,366,150	647,144	2,022,965	191,641	1,613,929	109,351	97,616	59,378	6,840	232,110	9,347,124

- The propriety plant and equipment owned by the Company are mortgaged to the Saudi Industrial Development Fund (note 14).

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5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

Distribute the depreciation premium for the year

	December 31, 2023	December 31, 2022
Cost of sales (note 18)	1,385,549	1,564,460
General and administrative expenses (note 20)	185,658	175,168
	<u>1,571,207</u>	<u>1,739,628</u>

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

A) Right of use assets

Right of use assets represent leased buildings. The cost and related accumulated depreciation are presented below:

	December 31, 2023	December 31, 2022
Cost		
Balance at beginning of the year	612,130	612,130
Balance at ending of the year	<u>612,130</u>	<u>612,130</u>
Accumulated Depreciation		
Balance at beginning of the year	235,101	171,988
Additions during the year (note 18)	57,214	63,113
Balance at ending of the year	<u>292,315</u>	<u>235,101</u>
Net book value as at	<u>319,815</u>	<u>377,029</u>

B) Lease liabilities

	December 31, 2023	December 31, 2022
Balance at beginning of the year	426,791	471,328
Interest cost of lease liability (note 21)	15,225	17,007
Lease liability payment	(61,544)	(61,544)
Balance at ending of the year	<u>380,472</u>	<u>426,791</u>
Current portion of lease liability	61,544	61,544
Non-current portion of lease liability	<u>318,928</u>	<u>365,247</u>
Lease liabilities	<u>380,472</u>	<u>426,791</u>

The total interest expense from lease liability recognized during the year ended December 31, 2023: SAR 15,225 (December 31, 2022: SAR 17,007; note 21).

Expenses related to short-term and low-value leases included in operating costs for the year ended December 31, 2023 amounted to SAR 113,500 (December 31, 2022: SAR 81,200).

7. INVENTORY

Inventory Consists of the flowing as of Dec, 31:

	December 31, 2023	December 31, 2022
Raw materials	5,210,231	4,000,593
Finished goods	599,611	706,717
Spare parts	527,908	445,081
	<u>6,337,750</u>	<u>5,152,391</u>

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8. ACCOUNTS RECEIVABLE, NET

	December 31, 2023	December 31, 2022
Total receivables	6,820,944	6,573,095
Provision of expected credit loss *	(2,156,194)	(1,774,365)
	<u>4,664,750</u>	<u>4,798,730</u>

* The movement of expected credit loss allowance is as follows:

	December 31, 2023	December 31, 2022
Balance at beginning of the year	1,774,365	1,634,302
Additions during the year	381,829	356,929
Write off during the year	-	(216,866)
Balance at the end of the year	<u>2,156,194</u>	<u>1,774,365</u>

- The aging of accounts receivable as follows:

	Less or more than 90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
2023	<u>3,595,293</u>	<u>767,566</u>	<u>321,303</u>	<u>49,837</u>	<u>2,086,945</u>	<u>6,820,944</u>
2022	<u>4,132,609</u>	<u>380,420</u>	<u>146,037</u>	<u>170,300</u>	<u>1,743,729</u>	<u>6,573,095</u>

9. PREPAID EXPENSES AND OTHER DEBIT BALANCES

Prepayments and other debit balances consists of the flowing as of Dec, 31 2023:

	December 31, 2023	December 31, 2022
Prepaid expenses and other	442,093	1,225,563
Advances and employee receivables	304,796	224,656
Other receivables	196,619	300,360
	<u>943,508</u>	<u>1,750,579</u>

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the flowing as of Dec, 31:

	December 31, 2023	December 31, 2022
Cash at Banks	2,327,911	2,074,223
Cash on hand	73,959	52,032
Cheques under collection for less than 90 days	34,030	20,000
	<u>2,435,900</u>	<u>2,146,255</u>

11. SHARE CAPITAL

The company's capital amounted to SAR 11,300,000 divided into 1,130,000 nominal shares of equal value, the nominal value of each share is 10 Saudi Riyals, all of which are ordinary shares as of 31 December 2022.

The Extraordinary General Assembly in its meeting on 4 Dhu al-Hijjah 1444H (corresponding to 22 June 2023) has approved the split of the company's shares resulting in a total number of shares of 11,300,000 shares, each with a nominal value of 1 Saudi Riyal, all of which are ordinary shares.

12. STATURY RESERVE

In accordance with the provisions of the company by law, the company must transfer at least 10% of the annual net profit to the statutory reserve. According to the bylaws, the company may decide to suspend the transfer when the balance of the statutory reserve reaches 30% of the capital. Note that this reserve is not available for distribution to shareholders.

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13. EMPLOYEES' BENEFITS OBLIGATIONS

Employees' benefits obligations movement summarized as the following:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance at the beginning of the year	1,081,785	853,027
Current service cost	206,390	196,282
Interest cost (note 21)	43,503	24,215
Paid during the year	(111,433)	(91,725)
Re-measurement of employees' benefits obligations	206,855	99,986
Balance at end of the year	<u>1,427,100</u>	<u>1,081,785</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount Rate	4.60%	5.15%
Salaries Increase Rate	3.50%	3.50%

All transactions related to defined employee benefit obligations are recognized in the statement of profit or loss, except for the results of remeasurement of employee benefit obligations, which are recognized in the statement of other comprehensive income.

Sensitivity analysis

The sensitivity analysis mentioned below is based on potential changes to assumptions that may occur at the end of the financial reporting period while keeping other assumptions constant.

	<u>December 31, 2023</u>	<u>December 31 2022</u>
Increase in the discount rate by 1%	(1,362,292)	(1,037,622)
Decrease in the discount rate by 1%	1,500,494	1,132,609
Increase in the salary rate by 1%	1,505,551	1,136,471
Decrease in the salary rate by 1%	(1,356,713)	(1,033,455)
Increase in the mortality rate by 10%	(1,427,159)	(1,082,406)
Decrease in the mortality rate by 10%	1,427,039	1,082,180
Increase in the withdrawal rate by 10%	(1,424,970)	(1,081,889)
Decrease in the withdrawal rate by 10%	<u>1,429,348</u>	<u>1,082,695</u>

14. LONG TERM LOAN

- A) It has been agreed with the Saudi Industrial Development Fund to obtain a loan in the amount of SAR 4.5 million to finance the purchase of machinery and equipment. on 25 Jumada Al-Awwal 1440 H, corresponding to 31 January 2019 The loan is to be repaid in 12 consecutive semi-annual unequal installments. The first installment was paid on 15 Shawwal 1443 H, equivalent to 16 May 2022. The company received an amount of SAR 2.3 million during the year ending December 31, 2023, The company insured the factory through an insurance policy with coverage of 55.3 million Saudi Riyals . The policy has been pledged as a guarantee for the loan and all property and equipment of the project were mortgaged as security for that loan, in addition to personal guarantees from the shareholders. The loan agreement includes commitments to maintain certain financial ratios:
- B) The company bears financing costs of 180,000 Saudi Riyals, deducted proportionally from the entire loan amount.
- C) The company bears monitoring costs up to a maximum amount of 19,000 Saudi Riyals throughout the term of this agreement.

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14. LONG TERM LOAN (CONTINUED)

D) The long-term loan movement as on December 31 is summarized as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	1,888,024	1,397,697
Additions during the year	2,315,497	663,214
Capitalized loan interest on plant and equipment	60,467	27,113
Loan interest charged to profit or loss (note 21)	36,012	-
Paid during the year	(400,000)	(200,000)
Balance at end of the year	3,900,000	1,888,024
Current Portions	600,000	400,000
Non-Current Portions	3,300,000	1,488,024
Total	3,900,000	1,888,024

15. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

Accrued Expenses and Other credit balances consists of the flowing as of Dec, 31 2023:

	December 31, 2023	December 31, 2022
Accrued bounces	1,104,900	645,900
Other credit balances	705,849	712,865
Value added tax	541,533	534,779
Provision for sales allowances *	265,336	-
Other Accrued expenses	139,976	100,625
Balance at end of the year	2,757,594	1,994,169

* This balance represents an incentive allocation for customers and is calculated based on a percentage of sales collected during the year.

16. ZAKAT PROVISION

a) Zakat Provision movement

The movement in Zakat provision is as follows:

	December 31, 2023	December 31, 2022
Balance at beginning of the year	244,338	177,472
Additions during the year	247,383	246,309
Paid during the year	(246,309)	(179,443)
Balance at end of the year	245,412	244,338

b) Zakat base

The estimated zakat provision was calculated based on the following:

	December 31, 2023	December 31, 2022
Book value of long-term assets	(13,497,490)	(10,274,730)
Added items	19,775,361	19,901,334
Adjusted net income for the year	3,422,383	2,360,834
Zakat base	9,700,254	11,987,438
Calculated zakat	247,383	246,309

Zakat was calculated at 2.5% of the adjusted net profit and 2.57768% of the zakat base after deducting the adjusted profit.

c) Adjusted net income for the year

The reconciliation of adjusted net income for the year is as following:

	December 31, 2023	December 31, 2022
Profit for the year before zakat	2,790,660	1,783,408
Added Provisions	631,723	577,426
Adjusted profit for the year	3,422,383	2,360,834

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16. ZAKAT PROVISION (CONTINUED)

d) Zakat Assessments

The company obtained the final zakat certificate from the Zakat, Tax and Customs Authority "the Authority" for the year ending December 31, 2023.

During the year 2021, the company obtained a zakat assessment for the years 2019 and 2020 in the amount of 11,555 SAR and 78,815 SAR, respectively. The company paid the zakat dues, and the company is still awaiting the issuance of the final assessments for the remaining years.

17. SALES, NET

	<u>2023</u>	<u>2022</u>
Sold goods	34,581,336	32,286,410
Deduct:		
Sales returns	(174,035)	(288,043)
Sales discount	(426,014)	(543,602)
	<u>33,981,287</u>	<u>31,454,765</u>

18. COST OF SALES

	<u>2023</u>	<u>2022</u>
Beginning inventory (note 7)	4,707,310	4,181,062
Net purchases	16,343,893	15,459,714
Operating costs (note 18-1)	8,714,578	8,398,637
Ending inventory (note 7)	(5,809,842)	(4,707,310)
	<u>23,955,939</u>	<u>23,332,103</u>

18-1 Operating costs

	<u>2023</u>	<u>2022</u>
Direct labor costs	4,173,039	3,755,110
Manufacturing expenses	1,989,364	2,024,962
Depreciation of property, plant and equipment (note 5)	1,385,549	1,564,460
Hired labor costs	967,645	861,342
Employees' benefits obligations (note 13)	141,767	129,650
Depreciation of right of use assets (note 6)	57,214	63,113
	<u>8,714,578</u>	<u>8,398,637</u>

19. SELLING AND DISTRIBUTION EXPENSES

	<u>2023</u>	<u>2022</u>
Salaries and other benefits	1,338,636	1,348,319
Collection and marketing commission	549,890	55,176
Advertising	288,513	263,595
Vehicles Expenses	263,998	202,585
Temporary labor	233,209	197,232
Transportation	175,144	136,394
Medical Expenses	142,722	115,143
Remunerations	95,000	-
Iqama expenses	86,496	112,939
GOSI	76,100	82,570
Employees' benefits obligations (note 13)	45,476	46,553
Tickets	45,124	49,976
Other	186,215	148,896
	<u>3,526,523</u>	<u>2,759,378</u>

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20. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2023</u>	<u>2022</u>
Employee and senior management remuneration	1,104,100	1,360,819
Consultation fees	602,426	270,500
Salaries and other benefits	563,600	581,561
Subscription	195,586	261,669
Depreciation of property, plant and equipment (note 5)	185,658	175,168
Medical Expenses	137,359	158,299
GOSI	66,039	76,150
Government services	57,212	9,018
Transportation	55,045	50,519
Phone	43,808	32,807
Bank Charge	29,576	44,819
Stationery and printings	27,990	27,454
Tickets	24,713	6,733
Employees' benefits obligations (note 13)	19,147	20,079
Vehicles Expenses	115	45,459
Temporary labor	-	17,774
Other	182,232	111,751
	<u>3,294,606</u>	<u>3,250,579</u>

21. FINANCE COSTS

	<u>2023</u>	<u>2022</u>
Bank financing costs (note 14)	36,012	-
Interest cost of employee benefit obligations (note 13)	43,503	24,215
Interest cost of lease liability (note 6)	15,225	17,007
Other finance costs	21,003	-
	<u>115,743</u>	<u>41,222</u>

22. TRANSACTIONS WITH RELATED PARTIES

The Company's key management personnel consist of key members of management who have authority and responsibility for planning, directing and controlling the Company's transactions. The prices and terms of these transactions are approved by the company's management.

The following is a summary of the balances with the related party appearing in the statement of financial position:

<u>Name</u>	<u>Relation</u>
Tarmeem Team Est. for General Contracting	Owned by the Managing Director's brother "CEO"

The following are the significant transactions that occurred with related parties:

<u>Name</u>	<u>Nature of the transaction</u>	<u>Transaction amount</u>	
		<u>2023</u>	<u>2022</u>
Tarmeem Team Est. for General Contracting	Capital works	<u>2,127,734</u>	<u>230,000</u>

Due from related party

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tarmeem Team Est. for General Contracting	<u>557,174</u>	<u>43,642</u>

Compensation of senior management

Senior management personnel include members of the Company's Board of Directors, Board Committees and senior management personnel of the Company. The following table details the remuneration and compensation paid to the Board of Directors and senior management personnel.

	<u>2023</u>	<u>2022</u>
Salaries, Remuneration and short-term benefits	1,180,000	719,000
Long-term benefits	<u>71,697</u>	<u>63,397</u>

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23. SEGMENT INFORMATION

The company operates in a single segment related to the sale of food products manufactured from potatoes, and the factory operates entirely within the borders of the Kingdom of Saudi Arabia. Accordingly, financial information has not been divided into different geographical or business sectors.

24. EARNINGS PER SHARE BASIC AND DILUTED

Earnings per share are calculated based on the net profit for the year divided by the weighted average number of shares issued.

	2023	2022
Net profit for the year	2,543,277	1,537,099
Weighted average number of shares	11,300,000	11,300,000
Earnings per share	0.23	0.14

The Extraordinary General Assembly in its meeting on 4 Dhu al-Hijjah 1444H (corresponding to 22 June 2023) has approved the split of the company's shares resulting in a total of 11,300,000 shares, with a nominal value of 1 each share in Saudi riyals, all of which are ordinary shares.

The number of shares has been adjusted, retrospectively, for the previous year in order to reflect the effect of the shares split.

25. FINANCIAL INSTRUMENTS

Fair value measurement

The fair value represents the amount that may be collected from the sale of an asset or a payment to transfer a liability between informed parties under the same terms and conditions as dealing with third parties. The fair value measurement depends on the following conditions:

- 1-The principal market for the assets or liabilities.
- 2-The most advantageous market for assets and liabilities, and in the absence of a major market, the company must be able to deal through the most beneficial market.

When measuring the fair value of assets and liabilities, the company uses observable market inputs as far as possible. The company determines fair value using valuation techniques.

The company also uses the following levels, which reflect the significance of the inputs used in determining the fair value:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an assets.

The company recognizes transfers between fair value levels at the end of the reporting period at the same time that the change occurs.

Management believes that its estimates and assumptions are reasonable and sufficient.

We believe that the book value of the financial assets and financial liabilities shown in the financial statements of the company approximate their fair value because the company's management believes that the book value is approximately equal to its fair value and this is due either to its short-term maturity or that its interest rates are re-priced within The year.

Financial Risk Management

The company has exposure to the following risks from its use of financial instruments.

- Credit risk.
- Liquidity risk.
- Market risk.
- Foreign Currency risk.

This note provides information about the company's exposure to each of the above risks, the company's objectives, policies and methods of measuring and managing risks and the company's management of capital.

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25. FINANCIAL INSTRUMENTS (CONTINUED)

General framework for risk management

The entire responsibility for setting up and monitoring risk management rests with the company's management.

The company's risk management policies are designed to identify and analyze the risks that the company faces, and to set appropriate controls and limits for the extent of exposure to those risks, and then monitor them to ensure that the set limits are not exceeded.

Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the company's activities. The company's management aims, through training, standards and procedures set by the administration, to develop a constructive and organized control environment so that every employee understands his role and duties assigned to him.

The company's audit committee monitors the management's performance in monitoring the extent of compliance with the company's policies and procedures in risk management. It also reviews the adequacy of the risk management framework in relation to the risks facing the company.

Financial instruments included in the statement of financial position mainly include cash and cash equivalents, receivables and other debit balances, creditors and other credit balances, loans and lease liabilities.

Credit Risk

Credit risk represents the risk of the company being exposed to a financial loss due to the failure of the customer or the party dealing with the company with a financial instrument to fulfill its contractual obligations. This risk results mainly from its bank balances, trade and other receivables.

A company's exposure to credit risk is mainly influenced by the privacy of each customer. The demographic nature of the company's customers including the default risk of the activity and the country in which the customer operates, has a lesser impact on credit risk.

The carrying value of financial assets represents the maximum amount to which the financial assets are exposed to credit risk as of the date of the statement of financial position and is as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Accounts receivables, net	4,664,750	4,798,730
Cash at banks	2,327,911	2,074,223
Prepaid expenses and other debit balances	943,508	1,750,579
	<u>7,936,169</u>	<u>8,623,532</u>

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25. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk arising from the Company's inability to meet its financial obligations as they fall due associated with its financial liabilities that are settled by providing cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company is keen to have enough cash to cover expected operational expenses, including covering financial obligations, but without including any potential impact of harsh conditions that are difficult to predict such as natural disasters.

The following are the contracted maturities of non-derivative financial liabilities:

December 31, 2023

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>Less than a year</u>	<u>More than one year and less than five years</u>	<u>More than five years</u>
Employees' benefits obligations	1,427,100	(1,427,100)	-	(446,319)	(980,781)
Lease Liabilities	380,472	(380,472)	(61,544)	(318,928)	-
Long term loans	3,900,000	(3,900,000)	(600,000)	(3,300,000)	-
Accrued expenses and other credit balances	2,757,594	(2,757,594)	(2,757,594)	-	-
Accounts payable	4,239,273	(4,239,273)	(4,239,273)	-	-
	<u>12,704,439</u>	<u>(12,704,439)</u>	<u>(7,658,411)</u>	<u>(4,065,247)</u>	<u>(980,781)</u>

December 31, 2022

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>Less than a year</u>	<u>More than one year and less than five years</u>	<u>More than five years</u>
Employees' benefits obligations	1,081,785	(1,081,785)	-	(370,164)	(711,621)
Lease Liabilities	426,791	(426,791)	(61,544)	(365,247)	-
Long term loans	1,888,024	(1,888,024)	(400,000)	(1,488,024)	-
Accrued expenses and other credit balances	1,994,169	(1,994,169)	(1,994,169)	-	-
Accounts payable	3,663,461	(3,663,461)	(3,663,461)	-	-
	<u>9,054,230</u>	<u>(9,054,230)</u>	<u>(6,119,174)</u>	<u>(2,223,435)</u>	<u>(711,621)</u>

Market risk

Market risks arise from fluctuations in market prices such as foreign currency exchange rates, Murabaha rates, and equity instrument prices, which impact the company's profits or the value of financial instruments held by the company.

The aim of market risk management is to control the extent of the company's exposure to market risks within acceptable limits while maximizing returns.

Foreign Currency risk

Most of the company's assets and financial obligations are in Saudi Riyals. Additionally, most of the company's transactions are generally conducted in Saudi Riyals and US Dollars. Due to the stability of the US Dollar exchange rate against the Saudi Riyal, the company's management believes that it is not significantly exposed to foreign exchange rate fluctuations.

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25. FINANCIAL INSTRUMENTS (CONTINUED)

Capital management

The company's policy with regard to capital management is to maintain a strong capital base to maintain partners, creditors and market confidence, as well as the continued development of the company's activity in the future. Capital consists of ordinary shares, non-refundable preference shares, retained earnings and non-controlling interests of the company.

Management monitors the return on capital, which is determined by dividing the net operating profit by the shareholders' equity.

The company seeks to maintain a balance between the highest return that can be achieved in the event of borrowing to the highest possible extent and the preference and security of a strong capital position.

26. DIVIDENDS

The General Assembly in its meeting on 12 Dhul-Qi'dah 1444H (corresponding to 1 June 2023) has approved to distribution of cash dividends to shareholders at a rate of SAR 1.5 per share, with a total amount of SAR 1,695,000 representing 15% of the company's capital.

the Ordinary General Assembly held a meeting on Shaaban 10, 1443H (corresponding to May 19, 2022), and approved the distribution of cash dividends to shareholders at the rate of 1 Saudi riyal per amounting to a total of 1,129,961 Saudi riyals, representing 10% of the company's capital.

27. COMPARATIVE FIGURES

The management has reclassified the presentation of the comparative numbers to be consistent with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and publications endorsed by the Saudi Organization for Chartered and Professional Accountants and to be consistent with the current year's numbers. The following are the material reclassifications to the figures for the comparative year ending December 31, 2022:

<u>Statement of financial position</u>	<u>Balance before Reclassification</u>	<u>Reclassification</u>	<u>Balance after Reclassification</u>
Property, plant and equipment	8,421,505	925,619	9,347,124
Inventory	6,078,010	(925,619)	5,152,391
Prepaid expenses and other debit balances	1,794,221	(43,642)	1,750,579
Due from related party	-	43,642	43,642

- The classification of spare parts with value of SAR 925,619 were reclassified from inventory to property, plant and equipment in accordance with IFRS No. (16), as they met the definition of property and equipment.

- The Prepaid expenses and other debit balances was reclassified to a related party in order to meet the conditions of IAS No. (24).

28. DIVIDENDS PROPOSED

The Board of Directors proposed a recommendation to the General Assembly to distribute dividends in the amount of SAR 2,034,000 (0.18 halala per share) for the year ending December 31, 2023.

29. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the year-end until the date of issuance of the financial statements that require disclosure or adjustment in these financial statements.

30. APPROVAL ON THE FINANCIAL STATEMENTS

The Financial Statements have been approved by the board of directors on 18 Ramadan 1445H (corresponding to March 28, 2024).