

FITAIHI HOLDING GROUP COMPANY
(A Saudi Joint-Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

FITAIHI HOLDING GROUP COMPANY
(A Saudi Joint-Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
FITAIHI HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
JEDDAH, SAUDI ARABIA

Opinion

We have audited the consolidated financial statements of Fitaihi Holding Group Company - a Saudi joint stock company - "the Company" and its subsidiaries (collectively referred to as the "Group"), which include the consolidated statement of financial position as of December 31, 2023, and consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements from (1) to (30), including material accounting policy 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("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 requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), 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.

Other matter - Comparative figures

The group's consolidated financial statements for the year ended December 31, 2022 have been restated. During the year ended December 31, 2023 the Group re-issued its consolidated Financial statements at 16 November 2023 with un-modified Audit opinion to adjust the group's share in the investment of the associate company due to the availability of the financial information of the associate company for the year ended December 31, 2022, which was not available when the consolidated financial statements were previously issued at 29 March 2023 with a modified opinion, that resulted in an increase in the group's net loss for the year ended December 31, 2022 by an amount of 14.6 million Saudi riyals and a decrease in assets and equity by the same amount (for more details, refer to Note 29).

Key audit matters

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY) JEDDAH, SAUDI ARABIA (Continued)**

Key audit matters (Continued)

Existence and valuation of inventory	
Key audit matter	How the matter was addressed in our audit
<p>The value of inventory amounted to 94.1 million Saudi riyals as of December 31, 2023 (2022: 97.6 million Saudi riyals), which represents approximately 19% (2022: 21%) of the group's total assets. Inventories are stated at cost or net realizable value, which is lower.</p> <p>The existence and evaluation of inventory were identified as a key matter for the audit for the year ending December 31, 2023, due to the materiality of the inventory balance in addition to the judgments and assumptions used by the group's management when determining the appropriate provision for inventory.</p> <p>The factors that are taken into consideration when determining the appropriate provision for inventory include the following:</p> <ul style="list-style-type: none"> - Evaluating the level of non-moving and slow-moving inventory based on the level of obsolescence of inventory items, taking into account their nature, age, and sales expectations using historical sales experience and other qualitative factors. - Determine the net realizable value based on future expectations and other factors. 	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> - We assessed the appropriateness of the Group's accounting policies for recognizing and measuring inventory in line with the requirements of the relevant accounting standard. - We observed a sample of the inventory counting process performed by the group. - We selected a sample of inventory items and compared the quantities we counted with the recorded quantities. - We Made inquiries regarding obsolete inventory items and examined the condition of a selected sample of stock items that were inventoried by us. - We tested the net realizable value of inventory by examining subsequent sales at the end of the year by examining a sample of items and comparing the net realizable value with the book value of inventory at the end of the year to verify the adequacy of the associated provision. - We evaluated the inventory allocation methodology and the key assumptions used by the group's management in measuring inventory at cost or net realizable value, which is lower, by conducting a retrospective test and comparing previous estimates with actual results. - We evaluated the adequacy and appropriateness of the disclosures related to the consolidated financial statements in line with the requirements of the relevant international financial reporting standards.
<p>Refer to note (4-17) for accounting policies and note (11) for related disclosures.</p>	

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FITAIHI HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY) JEDDAH, SAUDI ARABIA (Continued)

Other information mentioned in the annual report of the group

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's annual report for the year ended December 31, 2023 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. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to communicate that 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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FITAIHI HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY) JEDDAH, SAUDI ARABIA (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, 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.

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

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



25/09/1445 (H)
04/04/2024 (G)

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

	Note	2023	2022 Restated (Note 29)
ASSETS			
Non-CURRENT ASSETS			
Property and equipment	(7)	39,722,562	40,730,410
Right of use assets	(8)	3,334,446	4,655,946
Investment in associate company	(9)	177,152,860	170,386,933
Investments in equity instruments at fair value through other comprehensive income	(10)	170,016,947	131,664,575
Total non-current assets		390,226,815	347,437,864
Current assets			
Inventory	(11)	94,161,660	97,568,699
Trade and other receivables	(12)	2,489,788	5,934,127
Cash and cash equivalents	(13)	7,248,120	19,598,658
Total current assets		103,899,568	123,101,484
Total assets		494,126,383	470,539,348
EQUITY AND LIABILITIES			
Equity			
Share capital	(14)	275,000,000	275,000,000
Statutory reserve	(15)	68,676,942	68,156,170
Retained earnings		95,775,635	101,146,416
Valuation reserve of investments in equity instruments at fair value through other comprehensive income		33,302,252	(4,019,386)
Valuation reserve for investments in equity instruments at fair value through other comprehensive income of the associate company		6,347	38,297
Reserve for change in fair value to hedge cash flow risks of the associate company		3,888,738	5,337,778
Total equity		476,649,914	445,659,275
Non-current liabilities			
The non-current portion of liabilities for right to use assets	(8)	1,980,031	3,169,725
Employee defined benefit liabilities	(17)	1,671,740	1,585,593
Total non-current Liabilities		3,651,771	4,755,318
Current liabilities			
The current portion of liabilities for right to use assets	(8)	1,572,023	1,585,005
Trade and other payables	(18)	9,472,457	13,094,806
Zakat payable	(22)	2,780,218	5,444,944
Total current liabilities		13,824,698	20,124,755
Total liabilities		17,476,469	24,880,073
Total equity and liabilities		494,126,383	470,539,348

Chief Executive Officer
General Manager of Financial Department
Name: Yasser Yehia Abdelhamid
Signature: 

Authorized Board Member
Name: Ibrahim Hassan Almadhoon
Signature: 

Chairman of Board of directors
Name: Ahmed Hassan Fitaihi
Signature: 

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

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

	Note	2023	2022 <u>Restated</u> <u>(Note 29)</u>
Net sales		45,721,144	53,346,735
Cost of sales		(24,964,767)	(33,922,679)
Gross profit of sales		20,756,377	19,424,056
Selling and distribution expenses	(19)	(13,776,182)	(11,634,836)
General and administrative expenses	(20)	(12,739,810)	(12,201,877)
Loss from operation		(5,759,615)	(4,412,657)
Dividend from equity instrument at fair value		6,371,512	15,287,025
Net profit of investments at fair value through profit or loss	(24)	178,812	-
Group's share of the business result of the associate company	(9)	7,437,646	(39,434,146)
Gross profit / (loss)		8,228,355	(28,559,778)
Gain from the sales of property and equipment		-	2,174
Other (expenses) / income	(21)	(243,185)	127,516
Profit / (Loss) before Zakat		7,985,170	(28,430,088)
Zakat	(22)	(2,777,450)	(3,435,407)
Net profit / (loss) for the year		5,207,720	(31,865,495)
Earnings per share:			
Basic and diluted earnings / (losses) per share from net profit / (loss) for the year attributable to the owners of the parent company	(23)	0,02	(0,12)

Chief Executive Officer
General Manager of Financial Department
Name: Yasser Yehia Abdelhamid
Signature:

Authorized Board Member
Name: Ibrahim Hassan Almadhoon
Signature:

Chairman of Board of directors
Name: Ahmed Hassan Fitaihi
Signature:

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

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

	Note	2023	2022 <u>Restated</u> <u>(Note 29)</u>
Net profit / (loss) for the year		5,207,720	(31,865,495)
<u>Items that will not to be reclassified subsequently to profit or loss:</u>			
Change in value of investment in equity instruments at fair value	(10)	37,321,638	(38,946,028)
Re-measuring profit / (loss) of employee defined benefit plan	(17)	133,000	(43,520)
Group's share of Re-measuring profits of defined benefit plan of the associate company	(9)	809,271	3,606,273
Group's share in revaluation (loss) / profit of investment in equity instrument through other comprehensive income of the associate company	(9)	(31,950)	38,297
<u>Items that will be reclassified subsequently to profit or loss</u>			
Group's share in change of fair value for cash flow hedge of the associate company	(9)	(1,449,040)	5,337,778
Total items in the consolidated statement of other comprehensive income		36,782,919	(30,007,200)
Total comprehensive income / (loss)		41,990,639	(61,872,695)

Chief Executive Officer

General Manager of Financial Department

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

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

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

	Share capital	Statutory reserve	Retained earnings	Reserve for change in fair value of cash flow risks of the associate company	Valuation reserve for investments in equity instruments at fair value through other comprehensive income of the associate company	Valuation reserve of investments in equity instruments at fair value through other comprehensive income	Total equity
Balance as at January 1, 2022	275,000,000	68,156,170	129,449,158	-	-	34,926,642	507,531,970
Net (loss) for the year	-	-	(31,865,495)	-	-	-	(31,865,495)
Changes in other comprehensive income during the year	-	-	3,562,753	5,337,778	38,297	(38,946,028)	(30,007,200)
Total comprehensive loss	-	-	(28,302,742)	5,337,778	38,297	(38,946,028)	(61,872,695)
Balance at December 31, 2022 Restated - (Note 29)	275,000,000	68,156,170	101,146,416	5,337,778	38,297	(4,019,386)	445,659,275
Balance as at January 1, 2023	275,000,000	68,156,170	101,146,416	5,337,778	38,297	(4,019,386)	445,659,275
Net income for the year	-	-	5,207,720	-	-	-	5,207,720
Changes in other comprehensive income during the year	-	-	942,271	(1,449,040)	(31,950)	37,321,638	36,782,919
Total comprehensive income	-	-	6,149,991	(1,449,040)	(31,950)	37,321,638	41,990,639
Transfer to Statutory reserve	-	520,772	(520,772)	-	-	-	-
Profit distribution (note 16)	-	-	(11,000,000)	-	-	-	(11,000,000)
Balance at December 31, 2023	275,000,000	68,676,942	95,775,635	3,888,738	6,347	33,302,252	476,649,914

Chief Executive Officer

General Manager of Financial Department

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature:

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

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

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed In Saudi Riyals

	<u>2023</u>	<u>2022</u>
		<u>Restated</u>
		<u>(Note 29)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit / (Loss) before zakat	7,985,170	(28,430,088)
Adjustments to reconcile (loss) / profit before zakat to net cash flows from operating activities:		
Depreciation of property and equipment	1,266,309	1,199,051
Amortization of right of use assets	1,321,500	1,265,656
Employees defined benefit liabilities	671,342	404,490
Gains on disposal of property and equipment	-	(2,174)
Finance charge of the right of use assets	191,158	109,880
Group's share of result of associate company	(7,437,646)	39,434,146
Dividend from investment at fair value	(6,371,512)	(15,287,025)
Net profit on investments at fair value through profit or loss	(178,812)	-
	<u>(2,552,491)</u>	<u>(1,306,064)</u>
Changes in working capital:		
Trade and other receivables	(165,581)	692,657
Inventory	3,407,039	5,742,713
Trade and other payables	(3,622,349)	2,863,269
	<u>(2,933,382)</u>	<u>7,992,575</u>
Zakat paid	(5,442,176)	(3,964,010)
Employees defined benefit liabilities paid	(452,195)	(389,518)
Net cash (used in) / generated from operating activities	<u>(8,827,753)</u>	<u>3,639,047</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Payments for additions to property and equipment	(258,461)	(197,690)
Payments for additions to investments in equity instruments at fair value through other comprehensive income	(1,030,734)	(17,074,720)
Payments for additions to an investment at fair value through profit or loss	(15,000,000)	-
Proceeds from the sale of investments at fair value through profit or loss	15,178,812	-
Proceeds from dividends from investments in associated companies	3,609,920	3,609,920
Proceeds from dividends from investments at fair value	6,371,512	15,287,025
Proceeds from the sale of property and equipment	-	2,174
Net cash generated from investing activities	<u>8,871,049</u>	<u>1,626,709</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Dividends paid	(11,000,000)	-
Liabilities and debit interest paid for lease contracts	(1,393,834)	(1,375,536)
Net cash (used in) financing activities	<u>(12,393,834)</u>	<u>(1,375,536)</u>
Net (decrease) / increase in cash and cash equivalents	(12,350,538)	3,890,220
Cash and cash equivalents at the beginning of the year	19,598,658	15,708,438
Cash and cash equivalents at the end of the year	<u>7,248,120</u>	<u>19,598,658</u>
<u>Non-cash transactions</u>		
Changes in investments in equity instruments at fair value	37,321,638	(38,946,028)
Unreceived portion of dividends from investment in associate company	-	3,609,920

Chief Executive Officer
General Manager of Financial Department

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

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

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

1. ORGANIZATION AND ACTIVITIES:

1.1 General Information

Fitaihi Holding Group Company (“the Company” or “the Parent Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Ministerial Resolution No. 1058 dated Ramadan 9, 1418(H) and commercial registration number 4030085128 issued in Jeddah on Shaaban 2, 1412 H (corresponding to February 5, 1992).

The main activities of the Group and its subsidiaries are as follows:

- a) The activities of the holding company (Management of subsidiaries of holding companies, investment of the funds of subsidiaries of holding companies, ownership of real estate and transfers necessary for holding companies, provision of loans, guarantees, and financing to subsidiaries of holding companies, ownership of industrial property rights of holding companies, lease of industrial property rights to holding companies).
- b) Wholesaling of gold and precious Metal, retail sale of precious metals and gemstones.
- c) Buying and selling precious metals and gemstones.
- d) Import, sale, and purchase of precious metals and gemstones.
- e) Welding and polishing workshops (jewelers).
- f) Electronic trade.
- g) Wholesale of carpets and rugs.
- h) Retail trade in sweets, chocolate
- i) Retail trade of blankets, sheets, linens, and bedspreads.
- j) Retail for home appliances and various handicrafts cutting tools, ceramics, and household utensils
- k) Retail trade of business and handicrafts, antiques, and gifts.
- l) Wholesale of bags.
- m) Wholesale of household utensils and table accessories.
- n) Wholesale of gifts and luxuries.
- o) Auctions are not in stores.
- p) Cleaning new buildings after construction, cleaning buildings with steam and sand heating, activities for general cleaning services for buildings, building maintenance services activities, cleaning and maintenance of swimming pools, care and maintenance of parks and gardens for public housing purposes, care and maintenance of building scenery, home gardens, roof gardens and private building facades and others, care and maintenance of highway parks.

The registered address of the Company is the building of the Fitaihi Holding Group Company, Madinah Road, north of the Emirate of Makkah Al-Mukarramah Region, PO Box 2606, Jeddah 21461, Kingdom of Saudi Arabia, the main center of the Company is located in Jeddah.

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

1. ORGANIZATION AND ACTIVITIES (Continued):

1.2 Subsidiaries

<u>Company name</u>	<u>Country of incorporation</u>	<u>Ownership percentage as of December 31, 2023</u>	<u>Ownership percentage as of December 31, 2022</u>	<u>Activity</u>
Fitaihi Retail Company One person company	Jeddah- KSA	Direct 100%	Direct 100%	Buying and selling precious metals and gemstones, Welding and polishing workshops (jewelers), and electronic trade. Retail trade-in perfumes, cosmetics, gifts (lighters, buttons, pens, watches), wholesale trade in Chinese crystal, antiques, household utensils required, leather products, towels, linens, and clothes also wholesale trade in all kinds of foodstuffs and establishment and management of business centers.
Saudi Tawteen for Maintenance & Operation	Jeddah- KSA	Direct 100%	Direct 100%	Cleaning new buildings after construction, cleaning buildings with steam and sand heating, activities for general cleaning services for buildings, building maintenance services activities, cleaning and maintenance of swimming pools, care and maintenance of parks and gardens for public housing purposes, care and maintenance of building scenery, home gardens, roof gardens and private building facades and others, care and maintenance of highway parks.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The approved International Standards are the International Standards as issued by the International Council in addition to the requirements and disclosures that SOCPA authority added to some of these standards, according to what was mentioned in the document of approval of the international standards for the financial reporting. Standards and other pronouncements are intended to be the standards and technical opinions adopted by the Saudi Organization for Chartered and Professional Accountants “SOCPA” for topics not covered by the International Financial Reporting Standards (IFRS).

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT-STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
Expressed in Saudi Riyals

2. BASIS OF PREPARATION (Continued)

2.2 Functional and Presentation Currency

The consolidated financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Group.

2.3 Basis of Measurement

The consolidated financial statements have been prepared on historical cost basis, except for, if mentioned otherwise.

3. BASIS OF CONSOLIDATION

The Group's consolidated financial statements include the financial statements of the parent company and its Subsidiaries as set out in Note (1-2) "the Group" as of December 31, 2023.

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 influence those returns by exercising its influence over the entity. In particular, the Group controls the entity if - and only if - the Group has:

- Control over the entity (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
- The ability to use its control over the investee to affect its returns

In general, there is an assumption that the majority of voting rights will lead to control. In order to reinforce this assumption and when the Group has a level below the majority of voting rights or similar rights in the investee company, the Group takes into account all relevant facts and circumstances when assessing whether the Group has influence over the investee, and these facts and conditions include the following:

- Contractual arrangements with others who are entitled to vote in the investee company.
- Rights arising from other contractual arrangements.
- Group voting rights and potential voting rights.

The Group reassesses whether it is still exercising control over the investee, or not, when facts and circumstances indicate that there is a change in one or more of the three elements of control. The consolidation of the subsidiary begins from the date on which the Group controls the subsidiary and continues until the removal of the controls. The assets, liabilities, income, and expenses of the subsidiary acquired or sold during the period are included in the consolidated financial statements from the date the Group acquires control until the date the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income is distributed between the shareholders of the Group's parent company and the non-controlling interests, even if this distribution may lead to a deficit balance in the non-controlling interests. If necessary, adjustments are made to the financial statements of subsidiaries in the event that there are significant differences between the parent company and the subsidiary in order to reconcile its accounting policies with the financial policies of the Group. All assets, liabilities, equity, income, expenses, and cash flows relating to transactions between Group companies are eliminated in full when the financial statements are consolidated.

Proper accounting treatment has been done for any change in ownership interest in a subsidiary that does not result in a loss of control equity.

If the Group loses control of a subsidiary, it excludes the assets (including goodwill if any), liabilities, and any other components of the subsidiary's equity, and any gain or loss resulting from loss of control is recorded in the consolidated statement of profit or loss. Any share of the investment is recognized at fair value.

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4. MATERIAL ACCOUNTING POLICY INFORMATION

The following is a summary of significant accounting policies applied by the Group in preparing the consolidated financial statements. The accounting policies below have been applied consistently to all periods presented in the consolidated financial statements:

4.1 Business Combination and Goodwill

These consolidated financial statements include consolidated statement of financial position, consolidated statement of profits or losses, consolidated other comprehensive income statement, consolidated statement of changes in equity, consolidated cash flow statement, and note to the consolidated financial statements of the Group, as they include the assets, liabilities, and results of the company and its subsidiaries (The company and its subsidiaries are collectively referred to as the Group).

Subsidiaries

Subsidiaries are companies controlled by the Group. The Group controls the company when it is exposed or has the right to various returns as a result of its participation in the company and has the ability to influence those returns through its control of the company.

Subsidiaries are consolidated from the date on which control commences and until the control of that control ceases, as the Group uses the acquisition method of accounting when control is transferred to the Group.

The acquisition cost is measured at the fair value of the determined assets acquired and the fair value of the equity interest previously held by the subsidiary. The increase in the acquisition cost plus the fair value of the non-controlling interests over the net value of the determined assets acquired and recognized as goodwill is recorded in the consolidated statement of financial position.

Non-controlling interests

Non-controlling interests are measured by their percentage of the net assets of the company acquired at the date of acquisition. If the business combination is achieved in stages, the carrying value at the date of acquisition of the previously held shares of the company acquired in the acquired company is re-measured at fair value on the date of the acquisition and any profits or losses arising from the re-measurement are recognized in profit or loss. Both transactions and unrealized profit or loss resulting from transactions between Group companies are eliminated. Accounting policies of subsidiaries are adjusted as necessary to ensure consistency with the policies adopted by the Group.

Shares in companies using the equity method

The group's shares in equity-invested companies consist of shares in associated companies. Associates are those entities over which the group has a significant influence. An important influence is the ability to participate in decisions regarding the financial and operating policies of the investee, but it is not joint control or control of these policies.

The Group's investments in the associate are accounted for using the equity method. Under this method, investment in associates is recognized at cost. Subsequent to initial recognition, these financial statements include the group's share of the profits or loss and other comprehensive income of the investee companies accounted for using the equity method until the ceases date of the significant effect.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.2 Standards, interpretations, and amendments to existing standards

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

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

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
<i>Lease Liability in a Sale and Leaseback</i> (Amendment to IFRS 16)	<p>The IFRS Interpretations Committee issued an agenda decision in June 2020 - <i>Sale and leaseback with Variable Payments</i>. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.</p> <p>The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.</p>	1 January 2024
<i>Supplier Financing Arrangements</i> (Amendment to IAS 7 and IFRS 7)	<p>On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (the Amendments).</p> <p>These Amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the presentation requirements for liabilities and associated cash flows arising out of supply chain financing arrangements and related disclosures. In December 2020, the Committee published an Agenda Decision Supply Chain Financing Arrangements—Reverse Factoring that addressed this submission based on the requirements in IFRS Accounting Standards existing at that time.</p> <p>During this process, the feedback from stakeholders indicated limitations of the then existing requirements to address important information needs of users to understand the effects of supplier finance arrangements on an entity's financial statements and to compare one entity with another. In response to this feedback, the IASB undertook a narrow-scope standard setting, leading to the Amendments.</p> <p>The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.</p>	1 January 2024
<i>Amendment - Non-current Liabilities with Covenants</i> (Amendment to IAS 1)	<p>Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022.</p> <p>If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period.</p> <p>The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.</p>	1 January 2024

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

a. New standards, interpretations, and amendments not yet effective (Continued)

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
<i>Classification of Liabilities as Current or non-Current</i> (Amendment to IAS 1)	<p>The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022.</p> <p>The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.</p> <p>As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.</p>	1 January 2024
Lack of Exchangeability (Amendment to IAS 21)	<p>On 15 August 2023, the IASB issued Lack of <i>Exchangeability</i> which amended IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice.</p> <p>The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023.</p> <p>The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.</p>	1 January 2025

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

The following are the new standards, interpretations, and amendments to standards that are effective in the current year which have not given rise to changes in the group's accounting policies and have no impact on its financial statements:

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 17 <i>Insurance Contracts</i>	<p>IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes.</p> <p>The new standard takes the view that insurance contracts combine features of a financial instrument and a service contract, and that many generate cash flows that vary substantially over time. It therefore takes the approach of:</p> <ul style="list-style-type: none"> • Combining current measurement of future cash flows with recognising profit over the period that services are provided under the contract • Presenting insurance service results (including insurance revenue) separately from insurance finance income or expenses, and • Requiring an entity to make an accounting policy choice for each portfolio whether to recognise all insurance finance income or expenses for the reporting period in profit or loss, or to recognise some in other comprehensive income. Subsequent to the issue of IFRS 17, amendments to the standard and deferral of effective dates have been made. 	1 January 2023
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)	<p>In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.</p>	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	<p>In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.</p>	1 January 2023

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

b. New standards, interpretations, and amendments effective in the current year (Continued)

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.	1 January 2023
International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)	<p>In December 2021, the Organisation for Economic Co-operation and Development (OECD) published Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two model rules). In March 2022, the OECD released commentary and illustrative examples that elaborate on the application and operation of the rules and clarify certain terms.</p> <p>Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The stakeholders emphasised an urgent need for clarity given the imminent enactment of tax law to implement the rules in some jurisdictions. In response to stakeholder concerns, the IASB proposed amendments to IAS 12 Income Taxes. It issued Exposure Draft International Tax Reform—Pillar Two Model Rules (Proposed Amendments to IAS 12) on 9 January 2023. Given the urgent requirement for clarity, a shorter comment period of 60 days was provided. The IASB issued the final Amendments (the Amendments) International Tax Reform - Pillar Two Model Rules on 23 May 2023. The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.</p>	1 January 2023

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.3 Classification of assets and liabilities as current or non-current

The Group presents the assets and liabilities in the consolidated financial statements on a current or non-current basis.

The asset is classified under current assets in the case of:

- Expect the asset to be realized or there is an intention to sell or consume it during the Group's normal operating cycle, or
- The asset is held principally for trading, or
- It is expected that the asset will be realized within 12 months after the date of the consolidated statement of financial position, or
- Being in cash or cash equivalents, unless it is prohibited to exchange the asset or use it to settle an obligation within at least 12 months from the date of the consolidated statement of financial position.

All other assets are classified as non-current assets.

The obligation is considered as a current liability in the case of:

- The obligation is expected to be settled during the Group's normal operating cycle, or
- Maintaining the obligation mainly for the purpose of trading, or
- It is expected that the obligation will be settled within 12 months after the date of the consolidated statement of financial position, or
- The absence of an unrelated right, with a condition to postpone settlement of the obligation, for a period of at least 12 months after the date of the consolidated statement of financial position.

All other liabilities are classified as non-current liabilities.

4.4 Fair value measurement

The Group measures financial instruments such as investment in equity instruments at fair value at each consolidated financial statement.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the assets or liabilities, or
- In the absence of the principal market, in the most advantage market for the assets or liabilities.

The principal market or most advantage one must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

The ability of market participants to generate economic benefits through the best and maximum use of the asset or its sale to other market participants that would use the asset in its best and maximum use when measuring the fair value of non-financial assets.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.4 Fair value measurement (Continued)

All assets and liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized into a hierarchy of fair value levels listed below and on the basis of significant lower-level inputs to measure the fair value as a whole:

Level 1: Quoted prices (unadjusted) in an active market for similar 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.

With respect to the assets and liabilities that are recognized in the consolidated financial statements at fair value frequently, the Group determines whether the transfer between the hierarchical levels to measure the fair value has been done by reassessing the classification (based on significant lower-level inputs to measure the fair value as a whole) at the end of each financial year.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of assets and liabilities and a hierarchy of levels of fair value measurement mentioned above. The disclosures related to the fair value of financial instruments and non-financial assets that are measured at fair value, or their fair value are disclosed in the relevant notes.

4.5 Revenue recognition

Revenue arises mainly from the sale of gold and revenue from operations. To determine whether revenue is to be recognized, the Group follows a five-step process that is as follows:

- 1- Determine the contract concluded with the customer.
- 2- Determine the performance obligations.
- 3- Determine the transaction price.
- 4- Allocation of the transaction price to performance obligations.
- 5- Revenue is recognized when performance obligations are satisfied.

The group often enters into transactions that involve a group of the group's products and services. In all cases, the total transaction is determined for the contract between the various performance obligations based on the relative selling prices.

The transaction price for the contract excludes any amounts collected on behalf of other parties.

Revenue is recognized at a specific point in time when the Group fulfills its performance obligations by transferring the promised goods or services to its customers.

The following are the specifications that must be fulfilled before revenue is achieved:

Selling of Goods

Revenue from selling of goods is recognized when the potential risks and expected gains of these sales are transferred from the Group's responsibility to the buyer's responsibility, with the possibility of realizing the revenue, usually when the goods are delivered to the buyer.

Dividend

Revenue is recognized when the Group is entitled to receive these distributions, and this is usually done when shareholders in the investee companies approve it.

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4. MATERIAL ACCOUNTING POLICY INFORMATION Continued)

4.6 Expenses

All expenses, including operating expenses, general and administrative expenses, and other expenses, are recognized and included in the consolidated statement of profits or losses in the financial period in which those expenses were realized.

Selling and distribution expenses are those expenses that relate to sales and distribution staff and other incidental expenses related there to, and all other expenses are classified as general and administrative expenses.

4.7 Zakat

The Parent Company measures and verifies the zakat provision for each financial year separately in accordance with the regulations of the General Authority of Zakat and Tax (“ZATCA”) on the basis of the accrual principle. The zakat provision is charged separately in the consolidated statement of profit or loss. Any additional amounts payable, if any, will be recorded in the same year upon completion of the final assessment.

4.8 Foreign currencies

The Group’s consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company’s functional currency. For each entity, The Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in foreign currency are initially recorded by the entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profits or losses with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in foreign operations. These are recognized at other comprehensive income consolidated statement until the net investment is disposed of, at which time, the cumulative difference amount resulted is reclassified to profit or loss in the consolidated statement of profit or loss. The burdens and changes resulting from the differences in the change in those monetary items are dealt with in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

4.9 Cash Dividends and Non-Cash Distributions to Shareholders of The Parent Company

Cash or non-cash distributions to shareholders of the Parent Company are recognized as liabilities upon approval of the distribution. As per by company laws in kingdom of Saudi Arabia, a distribution is authorized when it is approved by the shareholders. The amount distributed is deducted directly from shareholders’ equity and recognized as a liability.

Non-cash dividends, if any, are measured at the fair value of the assets to be distributed and a fair value re-measurement is recognized directly in the consolidated equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liabilities and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.10 Property and equipment

Items of property and equipment are initially recorded at cost less accumulated depreciation and accumulated impairment losses. Work in progress is not depreciated.

The cost includes the cost of the part of the property and equipment and borrowing costs of long-term construction projects if recognition requirements are met. When significant parts of property and equipment are replaced at specified intervals, the Group recognizes those parts as individual assets with a specific useful life and consumption. Likewise, when a thorough examination is performed, its costs are recognized in the carrying value of property and equipment as a replacement cost if the recognition conditions are met. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss when incurred

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

<u>Property and equipment</u>	<u>Annual depreciation rate</u>
Buildings	3% - 5%
Decoration	15%-50%
Control devices, elevators, and air conditioners	20%-33%
Furniture and fixture	12.5% - 25%
Vehicles	20% - 25%
Equipment	20% - 25%
Leasehold improvements	20%

The recognition of any item of property and equipment (“the asset”) is canceled upon its disposal or when no economic benefit is expected from its use or sale in the future. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in the consolidated statement of profit or loss upon disposal.

The residual value, useful lives, and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjustments are made on a prospective basis, if necessary.

4.11 Work in progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalized as property and equipment when ready for the intended use. Work in progress is not depreciated.

4.12 Right of use assets and Leases obligations

The group evaluates whether the contract is rent or contains rent, at the beginning of the contract the group will prove the right-of-use asset and the corresponding lease obligation in relation to all lease agreements in which the tenant is, except for short-term leases and low-value asset rentals.

a) Right-of-use assets

The lease is recognized as a right-of-use asset with its corresponding obligations on the date when the leased assets are ready for use by the Group. Each lease payment is allocated between the commitment and the cost of financing. The cost of financing is recognized in the consolidated profit or loss statement over the lease term. The assets of the right of use are depreciated over the productive life of the asset and the duration of the lease, whichever is shorter, and on a straight-line basis.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.12 Right of use assets and Leases obligations (Continued)

a) Right-of-use assets (Continued)

The right-of-use assets are measured initially at the cost and consist of:

- The amount of the initial measurement of the lease obligation,
- Any lease payments made in or prior to the start date of the lease minus the rental incentives received;
- Any initial direct costs, and
- Recovery costs, where applicable.

b) Lease obligations

On the date of commencement of the lease, the group records rental obligations measured in the current value of rental payments made over the duration of the lease. Rental payments include fixed payments (including core fixed payments) minus any receivable rental incentives, variable rental payments based on an indicator or rate, and amounts expected under residual value guarantees. Rental payments include the price of exercising the purchase option when there is reasonable certainty that the group will exercise this right in addition to penalty payments for the cancellation of the lease if the terms of the lease provide for the group's practice of cancellation. For variable rental payments that do not depend on an index or rate, they are recorded as an allowance in the period during which they are paid. Rental payments are deducted using the interest rate included in the lease or the group's increased borrowing rate.

c) Short-term leases and leases with low-value assets

Short-term leases are leases with a lease of 12 months or less. Low-value assets are items that do not meet the group capitalization limits and are considered to be not material to the group's financial position statement as a whole. Short-term lease payments and low-value asset leases are recognized on a straight-line basis in the consolidated profit or loss statement.

4.13 Intangible assets

Intangible assets acquired individually are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of profit or loss at the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of amortization of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.13 Intangible assets (Continued)

Amortization is calculated on a straight-line basis over the estimated useful life of the intangible assets as follows:

<u>Intangible assets</u>	<u>Annual amortization rate</u>
Programs	20%
others	25%

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the consolidated statement of profit or loss when the intangible asset is disposed.

4.14 Investment in associates

An associate is an entity over which the Group has significant influence 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 over those policies.

The group's investments in the associate company are accounted for using the equity method. Under this method, investment in associate companies is recognized at cost. The investment book value is adjusted to determine the changes in the group's share of the company's net assets on the date of the acquisition. The goodwill or joint ventures are included in the investment book value and are not tested separately to ensure that there is no impairment in its value.

The consolidated comprehensive income statement reflects the group's share of the results of the associate company's operations. Any change in the other comprehensive income of those investments is presented as part of the group's other comprehensive income. In addition, when there is a direct fixed change in the ownership equity of the associate company, the Group records its share of any changes, when applicable, in the statement of changes in equity. Unrealized profit and loss resulting from transactions between the group and the associate company is excluded based on the group's share in the associate company.

The total share of the group in the earnings or losses of the associate company is recognized in the consolidated profit or loss statement separated of operating profit and represents the profit or loss and non-controlling interest in the subsidiaries of the associates.

The financial statements of the associate company are prepared in the same period as the group's consolidated financial statements. If necessary, adjustments are made to bring accounting policies in line with those of the group.

After applying the equity method, the Group determines whether it is necessary to prove the loss of the impairment in the investment of the associate company. The Group determines on the date of each report whether there is any objective evidence that investment in the associate company has impaired its value. When this is the case, the Group calculates the amount of impairment as the difference between the recoverable value of the associate company and its book value, and the loss is recognized as "impairment losses in the associate company", in the consolidated statement of profit or loss.

At the end of each reporting period, the Group's management assesses whether there is any indication that an impairment loss recognized in prior periods for investment may no longer exist or may have decreased, and if any such indication exists, the recoverable amount is estimated. In all cases, the carrying amount to be determined (the net amount after amortization or depreciation) should not increase if no impairment loss had been recognized for the investment in previous years; The impairment loss is immediately reversed in the consolidated statement of profit or loss.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.14 Investment in associates (Continued)

When the significant impact on an associate company is lost, the Group measures and demonstrates any investments held at fair value. Any difference between the book value of the associate company when the significant impact loss and the fair value of the retained investments and the earnings of the disposed is recognized in profit or loss.

4.15 Financial Instruments

Financial assets

The Group classifies financial assets according to the following categories:

- Those that are subsequently measured at fair value (whether through other comprehensive income, profits, or losses), and
- Those that are measured at amortized cost.

The classification depends on the group's business model of managing its financial assets and the contractual terms of cash flows.

All financial assets that are not classified as measured at amortized cost or fair value through other comprehensive income, as described below, are measured at fair value through profit or loss. Net gains and losses, which include any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

A financial asset is measured at amortized cost, using the effective interest method, if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- 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.

When assessing whether an asset is held within a business model with the objective to hold assets to collect contractual cash flows, the group takes into account:

- Management policies, Group objectives, and the performance of those policies in practice.
- Risks that affect the performance of the business model (and the financial assets held within the business model), and in particular, the way those risks are managed.
- How management evaluates the performance of the portfolio.
- Whether the management strategy focuses on earning contract commission income.
- The degree of recurrence of any sales of expected assets.
- The reason for any asset sales.

Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss arising from discontinued operation is recognized in the profit or loss.

Financial assets classified as loans and receivables are measured at amortized cost in accordance with IFRS 9 Financial Instruments, as they are held in the business model for collecting contractual cash flows. These cash flows consist of principal and interest payments only.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.15 Financial Instruments (Continued)

Investments in Debt Instruments at Fair Value Through Other Comprehensive Income

Investments in debt instruments that meet the following conditions are measured at fair value through other comprehensive income:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates a cash flows that are solely payments of principal and interest on the principal amount outstanding

Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. All other changes in the carrying amount of these instruments are recognized in other comprehensive income and accumulated under the investment valuation reserve in equity instruments. When these instruments are disposed of, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the statement of profit or loss.

Investments in equity Instruments at Fair Value Through Other Comprehensive Income

Upon initial recognition, the Group can make an irreversible selection (as per each instrument) to determine that the investment in equity instruments will be treated at fair value through other comprehensive income. This is not permitted if the investment is held for the purpose of trading.

A financial asset is held for trading if:

- It is acquired primarily for the purpose of selling or repurchasing in the near term.
- The investment is part of a profit-taking portfolio in the short term. or
- If it is a derivative instrument.

Investments in equity instruments are measured through other comprehensive income, initially at fair value, in addition to transaction costs. Thereafter, they are measured at fair value, recognizing the gains and losses resulting from changes in the fair value in the other comprehensive income. It is never reclassified to profit or loss and there is no impairment will be recorded in the statement of profit or loss.

Dividend income is recognized in the statement of profit or loss when the group has the right to receive the dividend, unless the dividend clearly represents a recovery of part of the investment cost.

The investment revaluation reserve includes the net cumulative change in the fair value of the investment in equity measured at fair value through other comprehensive income. When these financial instruments are disposed of, the amount accumulated in the fair value is transferred from the reserve to the retained earnings.

The Group has elected to present changes in the fair value in other comprehensive income for all equity investments previously classified as available for sale financial investments, as these investments are not held for trading.

Impairment of financial assets

The Impairment of financial assets is measured using the "expected credit losses" model. The "expected credit losses" model is applied to financial assets measured at amortized cost and to debt instruments measured at fair value through other comprehensive income and not to investments in equity instruments.

The Group applies the simplified approach in calculating the Impairment. expected credit losses are estimated on the financial assets using the experience of the historical credit loss of the group, while adjusting them to general economic conditions and evaluating both the current trend and expectations of conditions at the date of the report, including the time value of money wherever it is appropriate.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.15 Financial Instruments (Continued)

Impairment of financial assets (Continued)

The measurement of expected credit losses is evidence of the probability of default, or the default given loss (i.e. the size of the loss if there is a default). The assessment of the probability of default is based on historical data that is modified by information that expected the future as described above.

The Group recognizes profit or loss in the impairment separately in the statement of profit or loss, and provisions for losses for financial assets that are measured at amortized cost are deducted from the total carrying amount of the financial assets.

Disposal of the Financial Assets

The Group de-recognizes the financial asset only when the contractual rights to cash flows from the asset expire or transfer the financial asset and the risks and rewards of ownership to another entity. If the Group does not transfer or substantially retain all the risks and rewards of ownership of the asset, the Group continues to recognize its held share in the assets and liabilities associated with the financial asset to the amounts it may have to pay.

Financial liabilities

Initial Recognition and Measurement

Financial liabilities are classified as either at amortized cost or fair value through profit or loss. All of the Group's financial liabilities are classified and measured at amortized cost, using the effective interest method. The Group does not have financial liabilities at fair value through profit or loss.

De-recognition of Financial Obligations

The Group removes the recognition of financial liabilities only when these liabilities are fulfilled, canceled, or expired.

4.16 Offset

The financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only when a legal right exists and the Group has the intention to settle the assets and liabilities recorded on a net basis to achieve the assets and settle the liabilities at the same time.

4.17 Inventory

Inventory is stated at lower of cost and net realizable value and the cost is calculated according to the following principles:

- Diamond jewelry at the actual cost price per piece.
- Goldsmiths and raw materials of gold by weight and gemstones based on weighted average.
- Clothing, shoes, antiques, gifts, perfumes, cosmetics, and other goods on a weighted average basis.

The net realizable value is the estimated selling price less all costs that may be incurred to get the product disposed of.

4.18 Impairment of non-financial assets

At the date of preparing the consolidated financial statements, the Group assesses whether there is an indication that the value of an asset is impaired. If there is any indication of this, or when there is a need to conduct an annual impairment test for the asset, the group estimates the recoverable value of the asset.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.18 Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use, and is determined for the single asset unless the asset generates cash flows that are largely independent of expenditures generated from other assets or groups of assets. 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. 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices, or other available fair value indicators.

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

Impairment losses of continuing operations, including depreciation of inventory, are recognized in the consolidated statement of profit or loss, in the expense category consistent with the function of the impaired asset.

For assets, excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

4.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation amount. In cases where the Group expects to recover some or all of the provisions, i.e. under an insurance contract, the recoveries are recognized as a separate asset only when the recovery process is confirmed. The expense related to the provision is presented in the consolidated statement of profit or loss after deducting any recoverable amounts.

If the effect of time value of money is material, provisions are deducted using the current pre-tax rate, which, when appropriate, reflects the risks associated with that obligation. When the discount is used, the increase in the provision due to the passage of time is recognized as finance costs.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.20 Employee Benefits obligations

The present value of the defined benefit cost to employees is determined by an actuary, and it is paid at the end of the service in accordance with the law applied in the Kingdom of Saudi Arabia.

The re-measurement of defined benefit liability, which comprise of actuarial gains and losses, the effect of the asset level (excluding the amounts included in the net returns on the net defined benefit obligations), and the returns on the plan assets (excluding the amounts involved in the net returns on the net defined benefit obligations), are immediately recognized in the consolidated statement of financial position and within the retained earnings through the consolidated statement of other comprehensive income. The re-measurement is not reclassified to profit or loss in subsequent periods.

Post-employment costs are recorded in the consolidated statement of profit or loss at either:

- The date the plan was modified, or the date the plan was reduced, or
- On the date that the Group records the related restructuring costs - whichever occurs first.

Net interest is calculated by applying the discount rate to the net liability or principal of the defined benefit obligation. The Group records the following changes in the net benefit obligation defined under "cost of sales", "general and administrative expenses" and "selling and distribution expenses" in the consolidated statement of profit or loss (according to position):

- Service costs which consists of service costs, Post-employment costs, and profits and losses related to reducing the duration of the Plan or routine adjustments.
- Net interest expense or income.

5. CRITICAL JUDGMENT, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUPMTION

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on available information when the consolidated financial statements were prepared. Existing information and assumptions about future, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A) Useful lives of Property and Equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

5. CRITICAL JUDGMENT, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUPMTION (Continued)

Estimates and Assumptions (Continued)

B) Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset)

C) Impairment of Non-Financial Assets

Impairment occurs when the carrying amount 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 of sell calculation is based on available data from binding sales transactions, conducted at arms' length, for similar assets or observable market prices less incremental costs of sell of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are extracted from its budget for the next five years and do not include restructuring activities that the Group is not yet committed to significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-flows and the growth rate used for extrapolation purposes.

D) Zakat

When the group estimates the amount of zakat due, the group's management takes into consideration the applicable laws and previous decisions and provisions of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.

E) Defined Benefit Plan

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management takes into account interest rates on corporate bonds registered in currencies consistent with the currencies in which the specified post-employment benefit obligation is at least and with a rating of (AA) or higher according to what is defined by recognized international rating agencies. It is estimated, when necessary, with the rate of return to match the expected duration of the defined benefit obligation. The quality of the bonds in question is also reviewed. Those bonds with high credit margins are excluded from the bond analysis on which the discount rate was determined, as they do not represent high-quality bonds.

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5. CRITICAL JUDGMENT, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUPMTION (Continued)

E) Defined Benefit Plan (Continued)

The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

F) Measuring the fair value of financial instruments

When the fair value of the financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on the prices traded in active markets, the fair value is determined by using valuation methods including the discounted cash flow method. Inputs to these methods are made through observable markets where possible, and when this is not feasible, a degree of diligence is required to determine the fair value. The judgments include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in the assumptions relating to these factors can affect the fair value of the financial instruments.

G) Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on net realizable value, representing the estimated selling price net of the estimated costs to perform the sale.

H) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

I) Going concern

The Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

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6. SEGMENT REPORTING

The segment is considered an essential part of the group that provides specific products or services (business segment) or provides products or services in a specific economic environment (geographic segment) and its profits and losses differ from the profits and losses of other segments. The group presents the business segment due to conducting most of its activity within the Kingdom of Saudi Arabia. Saudi Arabia.

The activities of the Parent Company (Fitaihi Holding Group Company), and the subsidiary company (Fitaihi Retail Company), are concentrated in the trade of gold, jewelry, precious commodities, clothing, furnishings, and accessories. The company's segment consists of the following:

<u>2023</u>	<u>Commercial activity</u>	<u>Investing activity</u>	<u>Total</u>
Revenue	45,721,144	13,987,970	59,709,114
Gross profit	20,756,377	13,987,970	34,744,347
Net profit for the year	55,868	5,151,852	5,207,720
Assets	105,441,114	388,685,269	494,126,383
Liabilities	13,106,515	4,369,954	17,476,469
<u>2022 - Restated (Note 29)</u>	<u>Commercial activity</u>	<u>Investing activity</u>	<u>Total</u>
Revenue	53,346,735	(24,147,121)	29,199,614
Gross profit	19,424,056	(24,147,121)	(4,723,065)
Net Profit / (Loss) for the year	1,150,239	(33,015,734)	(31,865,495)
Assets	113,669,487	356,869,861	470,539,348
Liabilities	17,094,302	7,785,771	24,880,073

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7. PROPERTY AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Decoration</u>	<u>Control devices, elevators, and air conditioners</u>	<u>Furniture and fixture</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
<u>Cost</u>								
As of January 1, 2022	21,479,493	94,254,822	54,570,611	31,897,891	17,786,350	1,366,989	3,498,609	224,854,765
Additions during the year	-	-	-	86,250	111,440	-	-	197,690
Disposals during the year	-	-	-	-	-	(48,000)	-	(48,000)
As of December 31, 2022	21,479,493	94,254,822	54,570,611	31,984,141	17,897,790	1,318,989	3,498,609	225,004,455
Additions during the year	-	-	-	-	128,186	-	130,275	258,461
As of December 31, 2023	21,479,493	94,254,822	54,570,611	31,984,141	18,025,976	1,318,989	3,628,884	225,262,916
<u>Accumulated depreciation</u>								
As of January 1, 2022	-	74,235,457	54,570,611	31,772,472	17,678,856	1,366,989	3,498,609	183,122,994
Charged for the year	-	1,118,628	-	53,568	26,855	-	-	1,199,051
Disposals during the year	-	-	-	-	-	(48,000)	-	(48,000)
As of December 31, 2022	-	75,354,085	54,570,611	31,826,040	17,705,711	1,318,989	3,498,609	184,274,045
Charged for the year	-	1,118,628	-	74,312	51,284	-	22,085	1,266,309
As of December 31, 2023	-	76,472,713	54,570,611	31,900,352	17,756,995	1,318,989	3,520,694	185,540,354
<u>Net book value</u>								
As of December 31, 2023	21,479,493	17,782,109	-	83,789	268,981	-	108,190	39,722,562
As of December 31, 2022	21,479,493	18,900,737	-	158,101	192,079	-	-	40,730,410

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7. PROPERTY AND EQUIPMENT (Continued)

The depreciation is allocated among expenses as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Selling and distribution expenses (Note 19)	234,280	215,446
General and administrative expenses (Note 20)	1,032,029	983,605
	<u>1,266,309</u>	<u>1,199,051</u>

8. RIGHT OF USE ASSETS

8.1 Right of use assets - movement during the year ended 31 December as follows:

	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
As at 1 January	5,210,198	3,983,070
Disposal	-	(3,983,070)
Addition	-	5,210,198
As at 31 December	<u>5,210,198</u>	<u>5,210,198</u>
<u>Accumulated amortization</u>		
As at 1 January	554,252	3,271,666
Amortization for the year	1,321,500	1,265,656
Disposal	-	(3,983,070)
As at 31 December	<u>1,875,752</u>	<u>554,252</u>
<u>Net book value as at 31 December</u>	<u>3,334,446</u>	<u>4,655,946</u>

The Amortization is allocated among expenses as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Selling and distribution expenses (Note 19)	1,321,500	1,265,656
	<u>1,321,500</u>	<u>1,265,656</u>

8.2 Lease liabilities for the right of use are as follows:

	<u>2023</u>	<u>2022</u>
Non-current portion of liabilities for right to use assets	1,980,031	3,169,725
Current portion of liabilities for right to use assets	1,572,023	1,585,005
Total lease liabilities	<u>3,552,054</u>	<u>4,754,730</u>

Right-of-use assets represent lease contracts for the selling branches of one of the subsidiaries. The total interest expense from the lease liabilities recognized during the year ending December 31, 2023 amounted to 191.2 thousand Saudi riyals (2022: 109.8 thousand Saudi riyals). (Note No. 21).

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9. INVESTMENTS IN ASSOCIATE COMPANY

Investments in associates consist of the following:

	<u>Country of incorporation</u>	<u>Main Activity</u>	<u>Ownership %</u>		<u>2023</u>	<u>2022</u> <u>Restated</u> <u>(Note 29)</u>
			<u>2023</u>	<u>2022</u>		
International Medical Center Company	Kingdom of Saudi Arabia	Management and operation of hospitals	%19,2529	%19,2529	177,152,860	170,386,933
					<u>177,152,860</u>	<u>170,386,933</u>

9-1 The movement in the investment balance as follows:

	<u>2023</u>	<u>2022</u> <u>Restated</u> <u>(Note 29)</u>
Balance at the beginning of the year	170,386,933	208,058,571
Group's share of the business results of the associate company	7,437,646	(39,434,146)
Group's share of Re-measuring profits of defined benefit plan of the associate company	809,271	3,606,273
Group's share in change of fair value for cash flow hedge of the associate company	(1,449,040)	5,337,778
Group's share in revaluation (loss) / profit of investment in equity instrument through other comprehensive income of the associate company	(31,950)	38,297
Dividends during the year	-	(7,219,840)
Balance as at the end of the year	<u>177,152,860</u>	<u>170,386,933</u>

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9. INVESTMENTS IN ASSOCIATE COMPANY (Continued)

9-2 The following is the details of the results of the International Medical Center Company's for the year ended December 31:

	<u>2023</u>	<u>2022</u>
		<u>Restated</u> <u>(Note 29)</u>
Revenue	1,524,208,145	1,320,204,325
Cost of revenue	(1,157,534,830)	(1,106,367,452)
Selling and distribution expenses	(8,120,946)	(11,558,751)
General and administrative expenses	(308,953,784)	(408,418,098)
Other income, net	22,227,893	17,662,675
Finance costs	(17,688,239)	(6,544,013)
Net Profit / (Loss) before zakat and non-controlling interests	54,138,239	(195,021,314)
Zakat	(15,620,559)	(9,809,719)
Deduct: Non-controlling interests	(113,624)	(9,182)
Net income / (loss) attributable to the parent company	38,631,304	(204,821,851)
Other comprehensive income that will not be reclassified to income in subsequent period:		
Gains of re-measurement the defined benefit plans	4,305,287	18,753,100
(Loss) \ Gains on equity investment at fair value through other comprehensive income	(165,949)	198,914
Other comprehensive income that will be reclassified to income in subsequent period:		
Change in fair value of cash flow hedge	(7,526,350)	27,724,542
Total statement of other consolidated comprehensive income items before non-controlling interest	(3,387,012)	(216,676,556)
Deduct: Non-controlling interests	110,915	22,036
Net comprehensive income / (loss) for the year attributable to the parent company	35,142,377	(158,167,331)
The share of the net change in the equity of the associate	6,765,927	(30,451,798)

9-3 The following is the statement of financial position of the International Medical Center Company as of December 31:

	<u>2023</u>	<u>2022</u>
		<u>Restated</u> <u>(Note 29)</u>
Non-current assets	1,115,129,490	993,484,828
Current assets	631,714,827	646,554,671
Non-Current liabilities	(582,686,843)	(484,350,675)
Current liabilities	(321,756,660)	(348,418,679)
Non-controlling interests	(98,863)	(110,572)
The net assets of the associate	842,301,951	807,159,573
The share in the net assets of the associate	162,167,552	155,401,625
Amounts paid in excess of the share of the company assets when purchasing the investment	14,985,308	14,985,308
Book value as of December 31	177,152,860	170,386,933

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10. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2023</u>	<u>2022</u>
Cost		
Balance as at the beginning of the year	135,683,961	118,609,241
Additions during the year	1,030,734	17,074,720
Balance as at the end of the year	<u>136,714,695</u>	<u>135,683,961</u>
Unrealized gains on investments in equity instruments at fair value through other comprehensive income		
Balance as at the beginning of the year	(4,019,386)	34,926,642
Net movement during the year	37,321,638	(38,946,028)
Balance as at the end of the year	<u>33,302,252</u>	<u>(4,019,386)</u>
Net book value as at the end of the year	<u>170,016,947</u>	<u>131,664,575</u>

All investments as at the end of the year are listed on the stock exchange.

11. INVENTORY

	<u>2023</u>	<u>2022</u>
Jewelry and gold	85,870,874	87,370,883
Gold and jewelry materials	6,053,753	8,309,694
Accessories and others	2,183,995	1,839,095
Boxes and packaging tools	53,038	49,027
	<u>94,161,660</u>	<u>97,568,699</u>

12. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Dividend's receivable (Note 9)	-	3,609,920
Trade receivables	15,089	15,089
Prepayments expenses	805,235	805,479
Advances to suppliers	264,344	155,517
Due from sale of subsidiary *	935,477	935,477
Other receivables	486,090	429,092
	<u>2,506,235</u>	<u>5,950,574</u>
Less: Expected credit loss	(16,447)	(16,447)
	<u>2,489,788</u>	<u>5,934,127</u>

The movement in expected credit loss in value is as follows:

	<u>2023</u>	<u>2022</u>
Balance as at the beginning of the year	16,447	16,447
Balance as at the ending of the year	<u>16,447</u>	<u>16,447</u>

* On June 10, 2020, the company's board of directors decided to sell the group's 80% ownership stake in the capital of its subsidiary "Luxury Precious Goods Company Limited".

13. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash on hand	87,398	36,530
Cash at banks	7,160,722	19,562,128
	<u>7,248,120</u>	<u>19,598,658</u>

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14. SHARE CAPITAL

	<u>2023</u>	<u>2022</u>
Ordinary shares par value per share 1 Saudi riyals (2022: 10 Saudi riyals)	275,000,000	275,000,000

On 01 Muharram 1444H corresponding to 08 August 2023, the Extraordinary General Assembly approved the recommendation of the Group's Board of Directors to split the par value of the share from SAR 10 per share to SAR 1 per share, while keeping the company's capital unchanged, bringing the number of shares after the split to 275,000,000 shares instead of 27,500,000 shares.

15. STATUTORY RESERVE

In accordance with the Saudi Companies law and the Group's company's law, The Group shall transfer 10% of the annual net profit to the statutory reserve and the ordinary general assembly may decide to discontinue setting aside such percentage when the reserve reaches 30% of paid-in capital.

16. DIVIDENDS DISTRIBUTION

On January 1, 2023, corresponding to Jumada al-Akhir 8, 1444, the Board of Directors recommended distributing cash dividends to shareholders for the financial year ending on December 31, 2022, from the balance of retained earnings in the amount of 11,000,000 Saudi riyals (0.40 Saudi riyals per share).

17. EMPLOYEE DEFINED BENEFIT LIABILITIES

	<u>2023</u>	<u>2022</u>
Balance as at the beginning of the year	1,585,593	1,527,101
Net benefit expense recognized in the consolidated statement of profit or loss	671,342	404,490
Actuarial (gain) / loss recognized in the consolidated statement of other comprehensive income for the year	(133,000)	43,520
Paid during the year	(452,195)	(389,518)
Balance as at the end of the year	<u>1,671,740</u>	<u>1,585,593</u>

Net benefit expense (recognized in the consolidated statement of profit or loss) is as shown below:

	<u>2023</u>	<u>2022</u>
Current service cost	601,411	360,875
Finance costs	69,931	43,615
	<u>671,342</u>	<u>404,490</u>

Actuarial (Gains) / loss recognized in other comprehensive income during the year comprises of:

	<u>2023</u>	<u>2022</u>
Actuarial (Gains) resulted from changes in financial assumptions	(31,652)	(150,211)
Actuarial (Gains) / losses resulted from changes in experience	(101,348)	193,731
	<u>(133,000)</u>	<u>43,520</u>

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17. EMPLOYEE DEFINED BENEFIT LIABILITIES (Continued)

The principle actuarial assumptions used in the calculation of the employees' current defined benefit obligations are as follows:

	<u>2023</u>	<u>2022</u> <u>Restated</u> <u>(Note 29)</u>
Discount rate	4.68%	4.35%
Salary increase rate	3%	3%
Mortality rate	From 0.000594 To 0.024783	From 0.000594 To 0.024783
Employees turnover rate	From 5% To 25%	From 5% To 25%

The effect of change in one of the actuarial assumptions that has reasonable change in the rate in the defined benefit obligation, with all other variable assumptions constant is presented as follows:

	<u>2023</u>	<u>2022</u>
Discount rate +1%	1,580,914	1,436,658
Discount rate -1%	1,768,748	1,612,838
Salary increase +1%	1,777,801	1,620,749
Salary increase -1%	1,571,166	1,428,050

The above sensitivity analysis has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following payments are expected in future years in respect of defined benefit plan:

	<u>2023</u>	<u>2022</u>
Within the next 12 months (next annual reporting period)	268,379	255,636
Between 2 and 5 years	1,030,508	979,628
Between 6 and 10 years	1,451,548	1,392,634
Over 10 years	2,346,962	2,285,446

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (2022: 6 years).

18. TRADE AND OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
Trade payables	5,187,328	7,566,609
Accrued expenses	635,527	1,635,959
Advances from customers	1,786,444	1,911,826
VAT payables	397,715	379,541
Other credit balances	1,465,443	1,600,871
	<u>9,472,457</u>	<u>13,094,806</u>

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19. SELLING AND DISTRIBUTION EXPENSES

	<u>2023</u>	<u>2022</u>
Salaries, wages, and other benefits	5,520,330	5,270,649
Depreciation of property and equipment (Note 7)	234,280	215,446
Amortization of right-of-use assets (Note 8-1)	1,321,500	1,265,656
Advertising and marketing	3,309,782	1,923,698
Electricity and water	1,178,712	844,342
Bank charges	290,087	250,234
Mail and phone	88,300	140,440
Cleaning and errands	240,891	278,738
Maintenance expenses	397,492	207,966
Insurance	161,150	172,426
Subscriptions fees	77,605	116,479
Security expenses	625,240	611,845
Others	330,813	336,917
	<u>13,776,182</u>	<u>11,634,836</u>

20. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2023</u>	<u>2022</u>
Salaries, wages, and other benefits	8,780,397	8,559,726
Depreciation of property and equipment (Note 7)	1,032,029	983,605
Board of directors and committee remunerations	1,200,000	1,224,667
Professional and consulting fees	620,000	530,000
Subscription fees	475,927	493,967
Others	631,457	409,912
	<u>12,739,810</u>	<u>12,201,877</u>

21. (EXPENSES) / OTHER INCOME

	<u>2023</u>	<u>2022</u>
Financing interest - Contract lease (Note 8-2)	(191,158)	(109,880)
Other income	52,551	394,081
Other expenses	(104,578)	(156,685)
	<u>(243,185)</u>	<u>127,516</u>

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22. ZAKAT PAYABLE

1) The movement in zakat payable for the Group as follows:

	<u>2023</u>	<u>2022</u>
Balance as at the beginning of the year	5,444,944	5,973,547
Charged during the year	2,777,450	3,435,407
Paid during the year	(5,442,176)	(3,964,010)
Balance as at the end of the year	<u>2,780,218</u>	<u>5,444,944</u>

2) Zakat status

1. Years from the date of establishment until December 31, 2020:

The company terminated its zakat status for the years from the date of incorporation until December 31, 2020.

2. The years ending on December 31, 2021 and 2022:

The company submitted the zakat declaration for the years ending on December 31, 2021 and 2022, and paid the zakat due on it and obtained an unrestricted zakat certificate for the years mentioned. The Zakat, Tax and Customs Authority has not issued the zakat assessment for the years mentioned to date.

23. EARNINGS PER SHARE

The basic and diluted earnings per share from net income / (loss) are calculated by dividing net income / (loss) for the year attributable to the shareholders of the parent company by the weighted average number of ordinary shares at year-end. The diluted earnings per share is equal to the basic earnings per share.

The number of shares for the year ended 31 December 2023 has been adjusted to reflect the split of shares shown in Note 14. Since this split represents an increase in the number of underlying shares without a corresponding change in resources, the reference average of the number of outstanding underlying shares during all periods offered has been revised retrospectively.

The following table reflects the net income data for the year and the number of shares used to calculate the basic and diluted earnings per share:

	<u>2023</u>	<u>2022</u> <u>Restated</u> <u>(Note 29)</u>
Profit / (loss) for the year	5,207,720	(31,865,495)
Weighted average number of ordinary shares outstanding (share)	<u>275,000,000</u>	<u>275,000,000</u>
Basic and diluted earnings / (loss) per share from the net profit for the year attributable to shareholders of the parent company	<u>0,02</u>	<u>(0,12)</u>

24. NET PROFIT FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u>	<u>2022</u>
The cost of purchasing financial investments at fair value through profit or loss	(15,000,000)	-
Proceeds from the sale of financial investments at fair value through profit and loss -	15,178,812	-
	<u>178,812</u>	<u>-</u>

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25. RELATED PARTIES' TRANSACTIONS

The related parties represent major shareholders, board of director members, and key management of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties.

25.1 Transactions with related parties

The following are the main transaction to related parties without preferential terms during the year ended on 31 December 2023 and 31 December 2022 and related party balances as on 31 December 2023 and 31 December 2022:

Description	Nature of the relationship	Nature of the transaction	Transactions during the year ending December 31		Balance as of 31 December	
			2023	2022	2023	2022
International Medical Center Company	Associate Company	Sales of goods	-	2,720,395	-	-
Chairman of Board of Directors			308,211	510,258	-	-
Oriental Weavers Carpet	Investee Company	Purchase of goods	363,606	271,408	75,000	28,124

25.2 Allowances and rewards for members of the Board of Directors and senior executives

The compensation of key executive management employees and the Board of Directors during the year is as follows:

	2023	2022
Salaries and other benefits	2,521,611	2,627,430
End of service benefits	92,750	92,750
Rewards and allowances for attending Board of Directors sessions	1,200,000	1,224,667
	3,814,361	3,944,847

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Group's use of financial instruments exposes to a variety of financial risks. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The board of directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies in close co-operation with the Group's operating units. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, the Group is exposed through its operations to the following financial risks:

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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximize the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The Group's capital structure consists of equity and debt comprising share capital, the statutory reserve, and retained earnings.

Categories of financial instruments

	<u>2023</u>	<u>2022</u>
Financial assets		
Amortized cost		
Cash and cash equivalents	7,248,120	19,598,658
Trade and other receivables	2,489,788	5,934,127
Financial liabilities		
At amortized cost		
Trade and other payables	9,472,457	13,094,806
Lease liabilities	3,552,054	4,754,730

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Foreign Currency risk

The Group's significant transactions are done in Saudi riyals, US dollars, British pounds, euros, and Egyptian pounds. The US dollar is pegged against the Saudi Riyal at a fixed exchange rate. Management monitors fluctuations in currency exchange rates and manages their effects on the consolidated financial statements. Currency risk is the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the risks of currency exchange fluctuations in its normal business cycle. The risks related to currency fluctuations associated with financial instruments are concentrated in currency fluctuations of the Group's foreign investments, as the main Group's investments in the stock market are concentrated on the Egyptian Stock Exchange, and therefore their fair value is affected by the exchange rate of Egyptian pound from one period to another. According to the economic and political conditions in Egypt, the Group considers that most of its investments are for long-term strategic purposes.

The carrying values of monetary liabilities denominated in foreign currencies of the Group at the end of the fiscal year are as follows:

<u>As of December 31, 2023</u>	<u>Foreign Currency</u>	<u>Foreign Currency Balance</u>	<u>Exchange rate</u>	<u>Total</u>
Investments in equity instruments at fair value through other comprehensive income	EGP	1,403,596,439	0,12113	170,016,947
Cash and bank balances	EUR	1,209	3,79	4,588
Cash and bank balances	GBP	847	4,04	3,424
Cash and bank balances	CHF	447	3,78	1,690
				<u>170,026,649</u>

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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Foreign Currency risk (Continued)

<u>As of December 31, 2022</u> <u>Restated (Note 29)</u>	<u>Foreign</u> <u>Currency</u>	<u>Foreign</u> <u>Currency</u> <u>Balance</u>	<u>Exchange</u> <u>rate</u>	<u>Total</u>
Investments in equity instruments at fair value through other comprehensive income	EGP	869,512,854	0,15142	131,664,575
Cash and bank balances	EUR	1,209	3,79	4,588
Cash and bank balances	GBP	847	4,04	3,424
Cash and bank balances	CHF	447	3,78	1,690
				<u>131,674,277</u>

Stock price Risk

The Group is exposed to market price risks on its investments in shares traded and arising from the uncertainty in the future value of shares traded. Reports on investment in shares traded are regularly reported to Top management.

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, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The group is not exposed to interest rate risk, as the group's management relies fundamentally on providing liquidity through the group's operational and investment operations, and it does not rely on facilities and loans. Therefore, sensitivity interest rate analysis has not been presented.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments or the associated cash flows will fluctuate due to changes in interest rates. The Group does not have a significant variable of interest.

Fair value of financial instruments

For financial reporting purposes, the Group has used the fair value hierarchy categorized in levels 1, 2, and 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, and describe as follows:

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date.
- **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).

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less the discount if the security is restricted

Fair values of investments in unquoted equity shares classified in Level 3 are determined based on the investees' latest reported net asset values as at the date of the consolidated statement of financial position.

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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value of financial instruments (Continued)

Details of financial instruments carried at fair value are as below:

<u>Nature of financial instrument</u>	<u>Carrying value SAR</u>	<u>Level 1 SAR</u>	<u>Level 2 SAR</u>	<u>Level 3 SAR</u>
As at 31 December 2023				
Investments in quoted equity shares	<u>170,016,947</u>	<u>170,016,947</u>	<u>-</u>	<u>-</u>
As at 31 December 2022				
Investments in quoted equity shares	<u>131,664,575</u>	<u>131,664,575</u>	<u>-</u>	<u>-</u>

Other financial instruments have been carried at amortized cost. At the respective reporting dates, the fair value for these instruments approximates the amortized cost considered for financial reporting and disclosed in the respective schedules.

There have been no transfers between levels during the reporting periods.

The Group does not have unquoted investment, therefore sensitivity analysis has not been presented

27. GROUP BRANCHES

<u>Branch name</u>	<u>Branch commercial registration number</u>	<u>Date</u>	<u>City</u>
Branch of Fitaihi Holding Group	4030174070	11/11/1428 H	Jeddah
Saudi Tawteen for Maintenance & Operation	4030231204	17/8/1433 H	Jeddah
Fitaihi Retail Company, One person company	4030174452	24/11/1428 H	Jeddah
Branch of Fitaihi Retail Company	4030085129	2/8/1412 H	Jeddah
Branch of Fitaihi Retail Company	4030085130	2/8/1412 H	Jeddah
Branch of Fitaihi Retail Company	4030085131	2/8/1412 H	Jeddah
Branch of Fitaihi Retail Company	4030145447	11/9/1424 H	Jeddah
Branch of Fitaihi Retail Company	4030173628	25/10/1428 H	Jeddah
Branch of Fitaihi Retail Company	4030252765	21/9/1434 H	Jeddah
Branch of Fitaihi Retail Company	4030272500	11/8/1435 H	Jeddah
Branch of Fitaihi Retail Company	4030287194	7/4/1437 H	Jeddah
Branch of Fitaihi Retail Company	4030292611	29/3/1438 H	Jeddah

28. SUBSEQUENT EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

On March 6, 2024, with the aim of achieving stability in the exchange market and eliminating the gap between the official and parallel market exchange rates, the Central Bank of Egypt took a decision to allow the exchange rate of the Egyptian pound to be determined according to market mechanisms. This step comes in response to the economic challenges that the Arab Republic of Egypt has recently faced, which were in the lack of resources of foreign currencies, the shortage of foreign currencies has led to the emergence of a parallel market for the exchange rate of the Egyptian pound due to the accumulation of demand for foreign exchange.

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29. COMPARATIVE FIGURES

The associate company International Medical Center Company has completed the preparation of its financial statements for the fiscal year ending 31 December 2022 and the Group has adjusted its share in the results of the associate's business and related balances in the previously issued consolidated financial statements for the year ended 31 December 2022. The effect of these adjustments is to increase the net loss for the year ended 31 December 2022 by SAR 14.6 million, bringing the net loss for that year to SAR 31.8 million.

The reissued consolidated financial statements for the year ended 31 December 2022 were previously issued on 21 March 2023 and referred to in the group's announcement on Tadawul website on 22 March 2023, and accordingly, the reason for the qualification in the auditor's report has been completed.

The tables below show the impact on the reissued consolidated financial statements for the year ended 31 December 2022:

Statement of consolidated financial position for the year ended 31 December 2022:

	<u>Balance in the previously issued financial statements</u>	<u>Amendments</u>	<u>Balance in the reissued financial statements</u>
ASSETS			
Non-current assets			
Investment in associate company	185,012,242	(14,625,309)	170,386,933
Total non-current assets	362,063,173	(14,625,309)	347,437,864
Total assets	485,164,657	(14,625,309)	470,539,348
OWNER EQUITY			
Retained earning	115,771,618	(14,625,202)	101,146,416
Valuation reserve for investments in equity instruments at fair value through other comprehensive income of the associate company	38,313	(16)	38,297
Reserve for change in fair value to hedge cash flow risks of the associate company	5,337,869	(91)	5,337,778
Total owner equity	460,284,584	(14,625,309)	445,659,275

Statement of consolidated profit or Loss for the year ended 31 December 2022:

	<u>Balance in the previously issued financial statements</u>	<u>Amendments</u>	<u>Balance in the reissued financial statements</u>
Group's share of the business results of associate company	(24,813,186)	(14,620,960)	(39,434,146)
Total (Loss)	(13,938,818)	(14,620,960)	(28,559,778)
(Loss) before Zakat	(13,809,128)	(14,620,960)	(28,430,088)
Net (loss) for the year	(17,244,535)	(14,620,960)	(31,865,495)
Basic and diluted losses per share and reduced from net profit	(0,63)	(0,53)	(1,16)

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29. COMPARATIVE FIGURES (Continued)

Statement of other comprehensive income statement for the year ended 31 December 2022:

	Balance in the previously issued financial statements	Amendments	Balance in the reissued financial statements
Net (loss) for the year	(17,244,535)	(14,620,960)	(31,865,495)
Group's share of Re-measuring profits of defined benefit plan of the associate company	3,610,515	(4,242)	3,606,273
Group's share in change of fair value for cash flow hedge of the associate company	5,337,869	(91)	5,337,778
Group's share in revaluation profit of investment in equity instrument through other comprehensive income of the associate company	38,313	(16)	38,297
Total comprehensive (loss)	(47,247,386)	(14,625,309)	(61,872,695)

Statement of changes in consolidated equity for the year ended 31 December 2022:

	Balance in the previously issued financial statements	Amendments	Balance in the reissued financial statements
Retained earnings	115,771,618	(14,625,202)	101,146,416
Valuation reserve for investments in equity instruments at fair value through other comprehensive income of the associate company	38,313	(16)	38,297
Reserve for change in fair value to hedge cash flow risks of the associate company	5,337,869	(91)	5,337,778
Total Equity	460,284,584	(14,625,309)	445,659,275

Statement of Consolidated Cash Flows for the year ended 31 December 2022:

	Balance in the previously issued financial statements	Amendments	Balance in the reissued financial statements
Net (loss) before zakat	(13,809,128)	(14,620,960)	(28,430,088)
Group's share of the business results of associate company	24,813,186	14,620,960	39,434,146

30. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 28 March 2024.