COVER PAGE AND DECLARATION

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Introduction

1- Legal status and operations

We have included the information of a Saudi joint stock company with a commercial registry inside the worksheet. The company was founded in compliance with Saudi Arabian rules. The company's primary activities include the creation and management of restaurants, the provision of prepared meals to organizations, individuals, and others, and the manufacturing and retailing of pastries and baked goods. In order to fulfill its objectives for building and construction operations, this corporation also engages in the acquisition and selling of land. As of December 2020, it also rents and uses refrigerators and warehouses to store food. 40 restaurants are currently held by the firm, and there are furthermore340 eateries that it has leased and that run under its own name inside theKingdom of Saudi Arabia. Not to mention that the business also runs its own bakeries.

2-)Financial statements for the years (2017 – 2018 – 2019 – 2020

)2018 – 2017(

Balance sheet

Assets			
Non-Current Assets			
Property, Plant and Equipment	(5)	1 059 855 196	1 043 330 764
Intangible Assets	(6)	10 223 424	11 339 906
Investment Property	(7)	33 178 001	30 612 722
		1 103 256 621	**1 085 283 392**
Current Assets			
Inventories	(8)	115 372 732	126 846 007
Trade Receivables and Other Receivables	(9)	175 859 893	165 283 215
Investements at Fair Value through profit and	(10)	30 887 603	559 691
Cash and Bank Balances	(11)	17 023 147	12 704 582
		339 143 375	**305 393 495**
TOTAL ASSETS		**1 442 399 996**	**1 390 676 887**
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	(12)	646 800 000	646 800 000
Statutory Reserve		59 389 111	38 972 160
Retained Earnings		226 678 377	181 043 046
TOTAL EQUITY		**932 867 488**	**866 815 206**
Liabilities			
Non-Current Liabilities			
Long Term Borrowings	(13)	145 348 723	192 528 307
Employee Benefits	(14)	65 527 657	62 453 017
		210 876 380	**254 981 324**
Current Liabilities			
Current Portion of LongTerm Borrowings	(13)	100 002 605	137 281 964
Trade and Other Payables	(15)	188 939 705	123 201 354
Zakat	(16)	9 713 818	8 397 038
TOTAL LIABILITIES		**298 656 128**	**268 880 356**
		509 532 508	**523 861 681**
TOTAL EQUITY AND LIABILITIES		**1 442 399 996**	**1 390 676 887**

The accompanying notes (1) to (31) form an integral part of these financial statements

)2018 - 2017(

Income statement

	Notes	2018	2017
Revenue		1 227 269 910	1 157 792 995
Cost of Revenue	(17)	(882 199 546)	(816 047 711)
Gross Profit		345 070 364	341 745 284
Other Revenue (net)	(18)	11 713 768	11 334 283
Selling and Distribution Expenses	(19)	(61 110 835)	(64 597 664)
General and Administration Expenses	(20)	(75 072 947)	(73 163 916)
Operating Profit		220 600 350	215 317 987
Finance Cost	(21)	(12 765 416)	(11 775 847)
Profit before zakat		207 834 934	203 542 140
Zakat	(16)	(3 665 425)	(3 500 000)
Profit for the year		204 169 509	200 042 140
Other Comprehensive Income			
Items that will not be classified to profit or loss			
Remeasurement of defined Benefit liabilities	(14)	(439 227)	(155 869)
Total Other Comprehensive Income for the year		(439 227)	(155 869)
Total Comprehensive Income for the year		203 730 282	199 886 271
Earnings per Share (SAR), based on Profit for the year	(22)		
- Basic		3.16	3.09
- Diluted		3.16	3.09

The accompanying notes (1) to (31) form an integral part of these financial statements

)2018 - 2017(

cash flow statement

Profit for the period		204 169 509	200 042 140
Depreciation and Amortization		78 735 805	69 556 575
Provision for Employee Benefits	(14)	12 508 997	12 079 267
Provision of Bad debt	(9)	-	1 500 000
(Gain) on sale of property, plant and equipment	(12)	(773 171)	1 068 512
Financial charges		12 765 416	11 775 847
Zakat	(11)	3 665 425	3 500 000
		311 071 981	**299 522 341**
Changes in			
Inventories	(8)	11 473 275	(25 083 973)
Trade, Other Receivables and Prepayments	(9)	(10 576 679)	(39 828 004)
Trade and Other Payables	(15)	65 738 351	14 429 523
Cash Used in Operating Activities		**377 706 928**	**249 039 887**
Employee Benefits Paid	(14)	(9 873 584)	(9 057 746)
Zakat payments	(16)	(2 348 645)	(2 050 184)
Net Cash Generated from Operating Activities		**365 484 699**	**237 931 957**
CASH FLOWS FROM I NVESTING ACTIVITIES			
Additions to Property, Plant and Equipment		(97 613 557)	(114 117 853)
Proceeds from sale from property, plant and equipment		1 804 152	252 568
Investements at Fair Value through profit and loss		(30 327 912)	(559 691)
Net Cash Used in Investing Activities		**(126 137 317)**	**(114 424 976)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Loans	(13)	39 199 508	109 996 812
Repayment of loans and borrowings	(13)	(136 550 325)	(158 245 010)
Dividends distributed		(137 678 000)	(135 780 000)
Net cash flows from / (used in) financing activities		**(235 028 817)**	**(184 028 198)**
Net increase / (decrease) in cash and cash equivalents		**4 318 565**	**(60 521 217)**
Cash and Cash Equivalents at 01 January	(11)	12 704 582	73 225 799
Cash and Cash Equivalents at 31 December	(11)	**17 023 147**	**12 704 582**

The accompanying notes (1) to (31) form an integral part of these financial statements

)2019(

Balance sheet

	Notes	31 December 2019	31 December 2018
Assets			
Non-Current Assets			
Property, Plant and Equipment	(5)	1,043,497,337	1,059,855,196
Right of Use Assets	(6-1)	582,864,247	-
Net Investment in finance lease	(7)	10,928,911	-
Intangible Assets	(8)	15,442,588	10,223,424
Investment Property	(9)	29,880,890	33,178,001
		1,682,613,973	1,103,256,621
Current Assets			
Inventories	(10)	156,765,511	115,372,732
Trade Receivables and Other Receivables	(11)	140,090,168	175,859,893
Net Investment in finance lease	(7)	1,534,095	-
Investements at Fair Value through profit and loss	(12)	26,515,939	30,887,603
Cash and Bank Balances	(13)	25,943,078	17,023,147
		350,848,791	339,143,375
TOTAL ASSETS		2,033,462,764	1,442,399,996
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	(14)	646,800,000	646,800,000
Statutory Reserve		80,498,899	59,389,111
Retained Earnings		270,687,385	226,678,377
TOTAL EQUITY		997,986,284	932,867,488
Liabilities			
Non-Current Liabilities			
Long Term Borrowings	(15)	57,493,089	145,348,723
Lease Laibilities	(6-2)	496,966,719	-
Employee Benefits	(16)	72,900,362	65,527,657
		627,360,170	210,876,380
Current Liabilities			
Current Portion of LongTerm Borrowings	(15)	137,810,657	100,002,605
Lease Laibilities	(6-2)	82,361,166	-
Trade and Other Payables	(17)	174,277,036	188,939,705
Zakat	(18)	13,667,451	9,713,818
		408,116,310	298,656,128
TOTAL LIABILITIES		1,035,476,480	509,532,508
TOTAL EQUITY AND LIABILITIES		2,033,462,764	1,442,399,996

The accompanying notes (1) to (32) form an integral part of these financial statements

)2019(

Income statement

	Notes	2019	2018
Revenue		1,288,310,097	1,227,269,910
Cost of Revenue	(19)	(895,673,109)	(882,199,546)
Gross Profit		392,636,988	345,070,364
Other Revenue (net)	(20)	16,866,631	11,713,768
Selling and Distribution Expenses	(21)	(87,572,897)	(61,110,835)
General and Administration Expenses	(22)	(83,476,299)	(75,072,947)
Operating Profit		238,454,423	220,600,350
Finance Cost	(23)	(37,309,083)	(12,765,416)
Profit before zakat		201,145,340	207,834,934
Zakat	(18)	(5,057,700)	(3,665,425)
Profit for the year		196,087,640	204,169,509
Other Comprehensive Income			
Items that will not be classified to profit or loss			
Remeasurement of defined Benefit liabilities	(16)	(335,883)	(439,227)
Total Other Comprehensive Income for the year		(335,883)	(439,227)
Total Comprehensive Income for the year		195,751,757	203,730,282
Earnings per Share (SAR), based on Profit for the year	(24)		
- Basic		3.03	3.16
- Diluted		3.03	3.16

)2019(

cash flow statement

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2019	2018
Profit for the period		196,087,640	204,169,509
Depreciation and Amortization		87,512,537	78,735,805
Provision for Employee Benefits	(16)	11,246,520	12,508,997
Provision of Bad debt	(11)	2,000,000	-
(Gain) on sale of property, plant and equipment	(5)	(1,496,618)	(773,171)
Financial charges	(23)	8,119,829	12,765,416
Zakat	(18)	5,057,700	3,665,425
		308,527,608	**311,071,981**
Changes in			
Inventories	(10)	(41,392,779)	11,473,275
Trade, Other Receivables and Prepayments	(11)	33,769,723	(10,576,679)
Right of Use Assets	(6)	(3,536,362)	-
Trade and Other Payables	(17)	(14,662,669)	65,738,351
Cash Used in Operating Activities		**282,705,521**	**377,706,928**
Employee Benefits Paid	(16)	(4,209,698)	(9,873,584)
Zakat payments	(18)	(1,104,067)	(2,348,645)
Net Cash Generated from Operating Activities		**277,391,756**	**365,484,699**
CASH FLOWS FROM I NVESTING ACTIVITIES			
Additions to Property, Plant and Equipment	(5)	(76,222,560)	(97,613,557)
Additions to Investment Properties	(9)	(877,711)	-
Net Investment in finance lease	(7)	(12,463,006)	-
Proceeds from sale from property, plant and equipment	(5)	5,520,157	1,804,152
Investements at Fair Value through profit and loss	(12)	4,371,664	(30,327,912)
Net Cash Used in Investing Activities		**(79,671,456)**	**(126,137,317)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Loans	(15)	112,713,970	39,199,508
Repayment of loans and borrowings	(15)	(170,881,378)	(136,550,325)
Adjustment for the Right of Use Assets		6,928,369	-
Dividends distributed		(137,561,330)	(137,678,000)
Net cash flows from / (used in) financing activities		**(188,800,369)**	**(235,028,817)**
Net increase / (decrease) in cash and cash equivalents		**8,919,931**	**4,318,565**
Cash and Cash Equivalents at 01January	(13)	17,023,147	12,704,582
Cash and Cash Equivalents at 31 December	(13)	**25,943,078**	**17,023,147**

The accompanying notes (1) to (32) form an integral part of these financial statements

)2020(

Balance sheet

	Note	As at 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	**999,147,629**	1,043,497,337
Right-of-use assets	7.1	**536,621,492**	582,864,247
Net investment in finance lease	8	**8,252,527**	10,928,911
Intangible assets	9	**11,075,199**	15,442,588
Investment properties	10	**26,676,726**	29,880,890
		1,581,773,573	1,682,613,973
Current assets			
Inventories	11	**104,944,226**	156,765,511
Trade, other receivables and prepayments	12	**137,952,417**	134,471,185
Net investment in finance lease – current portion	8	**2,685,880**	1,534,095
Investment carried at FVTPL	13	**2,791,364**	26,515,939
Cash and cash equivalents	14	**118,930,514**	25,943,078
		367,304,401	345,229,808
TOTAL ASSETS		**1,949,077,974**	2,027,843,781
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**646,800,000**	646,800,000
Statutory reserve	16	**85,782,785**	80,498,899
Retained earnings		**226,812,051**	270,687,385
TOTAL EQUITY		**959,394,836**	997,986,284
LIABILITIES			
Non-current liabilities			
Long-term borrowings	17	**36,780,108**	57,493,089
Lease liabilities	7.2	**457,385,932**	496,966,719
Employees' post-employment benefits	18	**93,527,855**	72,900,362
		587,693,895	627,360,170
Current liabilities			
Long-term borrowings – current portion	17	**24,317,472**	67,810,657
Lease liabilities – current portion	7.2	**92,517,463**	82,361,166
Short-term borrowing	19	**100,278,955**	70,000,000
Trade and other payables	20	**171,207,902**	168,658,053
Provision for zakat	21.1	**13,667,451**	13,667,451
		401,989,243	402,497,327
TOTAL LIABILITIES		**989,683,138**	1,029,857,497
TOTAL EQUITY AND LIABILITIES		**1,949,077,974**	2,027,843,781
Contingencies and Commitments	22		

The accompanying notes 1 to 36 form part of these financial statements

)2020(

Income statement

	Note	2020	2019
Revenue	23	1,076,083,334	1,288,310,097
Cost of revenue	24	(826,494,361)	(895,673,109)
GROSS PROFIT		249,588,973	392,636,988
Other income, net	25	23,936,094	16,787,419
Realized gain on investments carried at FVTPL	13	802,888	576,805
Unrealized gain on investments carried at FVTPL	13	195,942	51,531
Provision for impairment on net investment in finance lease	8	(1,116,707)	-
Provision for impairment on trade and other receivables	12.5	(11,296,189)	(2,000,000)
Selling and distribution expenses	26	(84,003,368)	(85,572,897)
General and administrative expenses	27	(86,776,599)	(83,476,299)
OPERATING PROFIT		91,331,034	239,003,547
Finance cost	28	(33,132,376)	(37,858,207)
NET PROFIT BEFORE ZAKAT		58,198,658	201,145,340
Zakat	21.1	(5,359,797)	(5,057,700)
NET PROFIT FOR THE YEAR		52,838,861	196,087,640
Earnings per share (SR)	29		
-Basic		0.82	3.03
-Diluted		0.82	3.03

)2019(

cash flow statement

	Note	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat		58,198,658	201,145,340
Adjustments for:			
Depreciation on property, plant and equipment	6	92,583,622	80,834,632
Depreciation on right-of-use assets	7	73,586,464	76,978,699
Amortization of intangible assets	9	2,893,819	2,503,083
Depreciation on investment property	10	3,515,137	4,174,822
Provision for slow-moving items	11.1	14,684,582	-
Provision for impairment on trade and other receivables	12.5	11,296,189	2,000,000
Provision for impairment on net investment in finance lease	8	1,116,707	-
Provision for impairment on intangible assets	9	3,627,242	-
Provision for impairment on property, plant and equipment	6	3,275,633	-
Provision for employees' post-employment benefits	18	10,163,940	11,246,520
Unrealized gain on investments carried at FVTPL, net	13	(195,942)	(51,531)
Realized gain on investments carried at FVTPL	13.1	(802,888)	(576,805)
Loss / (gain) on disposal of property, plant and equipment	25	1,905,285	(1,496,618)
Interest income	8	(323,398)	(549,124)
Finance cost	28	33,132,376	37,858,207
Movement in working capital			
Inventories		37,136,703	(41,392,779)
Trade, other receivables and prepayments		(11,325,517)	46,317,077
Trade and other payables		(4,077,937)	(20,281,652)
Cash generated from operating activities		330,390,675	398,709,871
Zakat paid	21.1	(5,359,797)	(1,104,067)
Employees' post-employment benefits paid	18.2	(4,042,874)	(4,209,698)
Net cash generated from operating activities		320,988,004	393,396,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(54,766,631)	(68,500,312)
Purchase of intangible assets	9	(2,153,672)	(7,722,247)
Purchase of investment property	10	(310,973)	(877,711)
Purchase of investments carried at FVTPL	13.1	(195,000,000)	(235,000,000)
Sale proceeds of investments carried at FVTPL	13.1	220,000,000	240,000,000
Purchase of equity investment carried at FVTPL	13.2	(276,595)	-
Lease rental received	8	731,290	1,852,500
Proceeds from the sale of property, plant and equipment		1,351,799	5,520,157
Net cash used in investing activities		(30,424,782)	(64,727,613)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		-	42,713,970
Repayment of long-term borrowings		(67,404,264)	(170,881,381)
Movement in short-term borrowings, net		28,227,408	70,000,000
Lease liabilities paid	7.2	(84,650,930)	(124,019,821)
Board of directors' remuneration paid	5	(2,600,000)	(1,733,330)
Dividend paid	34	(71,148,000)	(135,828,000)
Net cash used in financing activities		(197,575,786)	(319,748,562)
Net change in cash and cash equivalents		92,987,436	8,919,931
Cash and cash equivalents at beginning of the year	14	25,943,078	17,023,147
Cash and cash equivalents at end of the year	14	118,930,514	25,943,078

The accompanying notes 1 to 36 form part of these financial statements

.Financial analysis: Next, we'll examine the rate of sales turnover

:)Sales Turnover (Analysis of Sales Value versus Volume

The expansion and growth of sales is the primary factor in any business's success, however in this
:case, we must differentiate between two types of
growthNominal value analysis •
Real Volume Analysis •

:Nominal value analysis

It uses the value shown in the income statement to determine changes in sales; however, we discover that this does not reveal the percentage changes in the company's market share, also .known as real growth

:Real-world volume analysis

With it, the process of monitoring variations in the actual volume sold, whether from a rise ordecrease, in order to accomplish

.the speed at which the brand's products are becoming available on the market

When evaluating a sales company's success from 2017 to 2019. The following agreement was :reached

When comparing the rise in sales throughout the given time frame, we see that 2018 had an • .increase in sales of 6% over 2017, and 2019 saw an increase in sales of 5% over 2018

.Financial analysis: Next, we'll examine the rate of sales turnover
In the wake of the COVID-19 outbreak, which the World Health Organization deemed an epidemic •

due to its quick international spread. We discover that, in contrast to 2019, the company had a notable 17% drop in sales volume in 2020. The Gulf Cooperation region, in addition to the firm, was

.also impacted by this outbreak

which includes the Kingdom of Saudi Arabia within it, has implemented all feasible measures to tryand stop the virus. We discover that the Kingdom of Saudi Arabia has implemented curfews and closures across the nation, closed its borders, and approved social distancing guidelines and

.principles

1-Profitability Analysis

Profitability Ratios Analysis	2020	2019	2018	2017
Gross Profit Margin	23.19%	30.48%	28.12%	29.52%
EBIT Margin	7.04%	22.46%	23.56%	24.94%
Net Profit Margin	4.91%	15.22%	16.64%	17.28%
Return on Assets (ROA)	2.65%	11.28%	14.41%	14.64%
Return on Equity (ROE)	5.40%	20.31%	22.69%	23.96%

The aforementioned ratios, when viewed in this light, demonstrate the extent of the company's profitability, as evidenced by the positive and reasonable ratios pertaining to cash flows, revenues, and profitability. However, in 2020, the company's obligations resulting from its financing lease
.operations caused a significant decline in the numbers

Total earnings: The business saw an increase in total profits from 2017 to 2019. Based on the fact that it achieved about 392 million Saudi riyals in 2019 as opposed to 345 million in 2018, we can observe that the company's profits increased by 14% from 2018 to 2019. This was made possible by
.a rise in sales

in 2019 of 5% in comparison with 2018. Moreover, as a result of the drop in the cost of goods sold
.(GOGS), which in 2018 accounted for 71% of sales but only 69% of sales in 2019

gross profit margin: From 2017 to 2019, we observe that the company's gross profit margin varies byroughly the same percentages. According to the percentages, we can conclude that the company is profitable enough and that the executive teams are excellent at managing the

1-Profitability Analysis

company's assets and generating revenues in a way that gives shareholders confidence and satisfaction knowing that their

.money is being invested wisely

Operating profit: The business saw a noticeable rise in operating profits, totaling 238

saw a total of 220 million Saudi riyals, as opposed to 220 million in 2018. There was a 25% 2019

increase in 2019 compared to 136 million Saudi riyals in 2018. Senior management representatives need to look into this issue immediately. It should be emphasized that the significant increase in thispercentage had no effect on sales records, which showed a 5% gain and continued to rise until 2020,

.when sales fell by 17% from 2019 to 2020

Suggestions: • Reworking the price policy • Concentrating on growing sales • Being mindful of the

cost review procedure SG&A

2-Efficiency Analysis: Here, the effectiveness of acquiring the greatest possible quantity of the .business's fixed assets will be evaluated

	2020	2019	2018	2017
Return on Assets (ROA)	2.65%	11.28%	14.41%	14.64%
Return on Equity (ROE)	5.40%	20.31%	22.69%	23.96%

Because of the significant growth in fixed assets in 2019 and 2020, we observe that the overall •

asset turnover has decreased from 2017 to 2020. This number definitely does not indicate disease. Regardless, sometime in 2020. This is because the company's weight of current liabilities from the

.financing leasing investment has resulted in a drop in net income

Between 2017 and 2019, we observe that the rate of stock turnover has been declining in a • systematic manner. which, on average, looks to be roughly 21% throughout the course of the three years; nevertheless, we discover that this value appeared in 2020 at a completely inadequate rate,

.leading us to conclude that t dropped to 5% as a result of the decline in net income

3-Short-term solvency analysis: At this stage, we'll examine the company's financial status and its

:capacity to handle the receivables associated with day-to-day operations. We'll accomplish this by

•Ratios of Liquidity

•Ratios of Conversion Cash Cycle Liquidity

2-Efficiency Analysis: Here, the effectiveness of acquiring the greatest possible quantity of the

Liquidity Ratios Analysis	2020	2019	2018	2017
Working Capital	-34,684,842	-57,267,519	40,487,247	36,513,139
Current Ratio	0.91	0.86	1.14	1.14
Quick Ratio	0.65	0.48	0.75	0.66

The table leads us to the conclusion that the corporation is having liquidity issues. It is apparent thatthe ratios—whether current or fast—decline annually, but not within the bounds of the standard
.ratios. Working capital was directly impacted, both negatively and adversely

Even in 2019 and 2020, the working capital was negative. This can occur when the company's current assets significantly decline due to large one-time cash payments or when its current liabilities rise as a result of a large credit extension that ultimately triggers a strike. This is what wediscover in accounts payable as the business takes on more commitments because

to the financial leasing investment. Working capital serves to indicate what the company must finance from the immediate operational needs, so its presence may be insufficient to affect the effectiveness of long-term investments within the company and also affect the company's financial .stability when working to cover short-term obligations

Cash Cycle for Conversion

Activity Ratio Analysis	2020	2019	2018	2017
Inventory Turnover	6.32	6.58	7.28	7.14
Account Receivable Turnover	7.74	8.16	7.2	7.92
Account Payable Turnover	4.78	4.93	5.65	7.04
Cash Conversion Cycle (CCC)	65.65	63.31	65.19	46.82
Days Inventory Outstanding (DIO)	57.79	55.45	50.11	51.13
Days Sales Outstanding (DSO)	47.16	44.76	50.73	46.06
Days Payable Outstanding (DPO)	76.29	74.01	64.57	51.88

When compared to the market standard, the company's cash transfer cycle is reasonable, as can be

:seen by looking at the preceding table

•Almost seven inventory turnovers are documented annually.

•Compared to typical sales days due, which are 50 days, average payment days are 60 days.

However, in order to address these, the business should concentrate on the following: CCC Or, cut it down as much as possible:

Enhance the production process to decrease the number of days inventory is outstanding. Increase the number of days payable by negotiating extended credit agreements with suppliers.

•Monitoring overdue receivables on fixed furniture and establishing credit limitations that expedite the collection of receivables.

Undoubtedly, the company's inadequate liquidity ratio resulted from the higher load on current liabilities, however when we look

We can see the following on the cash flow statement:

effectiveness of long-term investments within the company and also affect the company's financial
Funds Flow 2020 2019 2018 2017

Cash Flow	2020	2019	2018	2017
Cash Flow from Operating Activities	320,988,004	277,391,756	365,484,699	237,931,957
Cash Flow used in Investing Activities	-30,424,782	-79,671,456	-126,137,317	-114,424,976
Cash Flow used in Financing Activities	-197,575,786	-188,800,369	-235,028,817	-184,028,198

The cash generated from all of the company's core business (operating activities) is found to be recorded with positive and increasing values on an annual basis for the years starting in 2017 and2020. This indicates that these core businesses offer the ability to finance themselves, but also represent the process of utilizing credit facilities. The main source of funding is available from .banks

The positive numbers that were examined lead us to conclude that there are reliable markers for:

•New investors: as a result of raising the company's worth, this in turn attracts more new investors

•Creditors of the company: For instance, if the business decided to carry out its expansion plans andrequired long-term funding from the

banks, after which it might acquire resources to raise working capital.

The following are the recommendations: • Reevaluate the benefits of the financial leasinginvestment; • Put more effort into reducing existing liabilities.

4-Analysis of long-term solvency

At this juncture, we will talk about how to evaluate the effectiveness of financing strategies in

meeting monetary commitments. Even though the fundamental elements we'll examine are assetsand equity

Regarding debt, there are numerous variations in ratios

Solvency Ratios Analysis	2020	2019	2018	2017
Debt to Assets Ratio	0.51	0.51	0.35	0.38
Debt to Equity Ration	1.03	1.04	0.55	0.6
Interest Coverage Ratio	1.76	5.39	16.28	17.28
Total Debt to Equity	6.37%	19.57%	26.30%	38.05%
Total Debt to Total Assets	3.13%	9.60%	17.01%	23.72%

:We are able to make the following clear with this table

•When the company began investing in the finance lease and, in return, significantly reduced represent the process of utilizing credit facilities. The main source of funding is available from the number of borrowings from banks, it achieved a decrease in both total debt and equity over the period. • The company's capital structure is improving during the period starting from 2017 to 2020, due to the capital structure's reliance on loans obtained from banks to finance the company's operations as well as the return on investment in leasing investment. This accomplished the dual goals of lowering the company's credit risk and fostering trust in the shareholders' strong commitment to conducting business with the creditors.

•The time benefits are satisfactorily covered over the course of the study duration (years.)

•that the profits were earned for

business (profits before taxes and interest) Show up in nice condition. I have the company's financial creditors, such as banks, and that's when you perform an operation settlement to settle thecharges for operations finance. Who would that be?

Suggestions:

We stress again that the firm needs to strive to either reassess the finance lease contract's investment or work to alter it in a way that lessens the burden the company bears in relation to itspresent responsibilities. Additionally, the business raised its net margin to the benchmark

Given that this investment will undoubtedly have a detrimental effect on net income in 2020

5-Ratio analysis based on the market .

The market capitalization ratios that were employed to assess the current share price will be .examined

	2020	2019	2018	2017
Number of Shares	64,680,000	64,680,000	64,680,000	64,680,000
Earnings per Share	0.82	3.03	3.16	3.09
Dividends Per Share	1.1	2.13	2.13	2.1
Total Dividends	71,148,000	137,561,330	137,678,000	135,780,000

Based on the above-mentioned data, the corporation retains the remaining net income after paying dividends on an annual basis. Investors value dividends from shares because they provide assurance about the company's financial stability. Since any business that wants to encourage investors to buy its shares must take care of settling its earnings, we typically discover that during the previous few
.decades, trustworthy corporations are the ones with consistent paid profits

Suggestions to enhance the commercial operations of the company

Upon examining the company's financial data from 2017 to 2020, we discover that every single one of them manifests as a disease. We discover that over time, the corporation has maintained the same percentages and rates of advancement. It appears that the company is adhering to a policy meant to sustain the capital base in an efficient manner, enabling it to secure investor preservation and win over the market and creditors in an endeavor to sustain the growth of its entire operation inthe future. As a result, the business can keep giving its investors respectable returns. We can plainly
.see that, starting in 2017, GoGSIt accounts for almost 70% of overall revenue

up until 2019. We may also observe the net margin at this moment, which is roughly 16% of the entire revenue. Additionally, during that time, the operational profit was consistently positive, demonstrating the company's ability to pay its expenses. But in spite of this, the business took on more liabilities and responsibilities as a result of its financing leasing investment. These costs had anegative impact on net profit and operating profit, which in turn had an impact on the share's profitability. At the same time, the business was taking steps to become less dependent on bank
.loans, but financing costs were still striking a maximum value

Given that the value nearly doubled in 2017 and 2018, my recommendations are as follows:

- The business should look for new investments.

•The company has to examine each of its S&A expenses since they have climbed over the last twoyears without showing a positive return on revenues in order to boost its net income.

•The emergence of a negative indicator through the working capital during 2019 and 2020, which indicates that the company does not have sufficient funding to cover its needs; this calls for a reviewof the pricing policy because, starting in 2020, the cost of goods sold has increased without a positive return on sales.immediate operating needs, hence working cash management is crucial for the business .

The significance of this is demonstrated by how it will affect the company's core operations overall,particularly over the long term

as well as the business's capacity to fulfill its immediate responsibilities. In addition, the business must quickly assess the effects of its financial leasing investment and the ensuing negative values. Italso determines potential avenues for recovery of this loss

Project testator for investments to the company

•Overview of the Project

The company's goal should be to lower the cost of the goods it sells to its primary business in order to increase net income. It should also endeavor to lessen the burden of additional obligations the company bears as a result of its investment in the financial lease contract. Our recommendation is for the company to start a poultry and livestock production project. This will help the company meet its needs for meat and poultry products in the current branches. It will also help the company supply
.cooked meals to different organizations and businesses

- The instruments utilized for investing
- Both are going to be utilized. NPV
- &WACC It is frequently utilized since there is a relationship between them

WACC as a discount factor in the NPV computation. NPV stands for net present value.It is the currently discounted value of the project's net cash flows, from which the project's original cash flow is deducted, for any investment project. The corporation uses the weighted average cost of capital (WACC) to reduce cash flow in calculations of net present value (NPV) for the entire company.
.WACC and NPV are connected The minimal NPV is equal to the maximum WACC, and vice versa

•Project specifics

Along with 40 million Saudi riyals for operating capital, the project will initially cost 150 million Saudiriyals to implement. will be taken into account When using streamlined straight-line depreciation

For a period of six years, with an expected average salvage value of 70 million SR in year six based onmarket and equipment conditions. When considering that the marginal tax rate in Saudi Arabia is 20%, the country's risk-free rate is 7%, and the bonus for bond risk is 6%

so be it The initiative is expected to generate 80 million SAR in revenue yearly. Revenue costs areanticipated to be more than 41 million SR

capital arrangement

We can see from the company's own data that they consistently maintain earnings to a specific level,similar to the account.Profit margin. They distribute it to stockholders as dividends each year since 190 million SR is the necessary capital. It will be uploaded in the following shape:

Saudi riyals million similar to a bank loan

•Retained earnings of fifty million Saudi
riyalsWorksheets
• 25million SR is the annual average depreciation.

•At year six, the average salvage value was 70 million SR.

•Tax on gain= 70,000,000 * 20% = 14 million SR

•Net Salvage Value= 56
million SRWACC Calculations
O/E “Retained Earnings” = 50 million SR
RRR=Rf + Bond Risk Premium = 7% +
6% = 13%Debt= 140 million SR
Debt rate “Rd” = 7%

Rd after tax= 7% * (1-20%) = 5.6%

WACC= (50,000,000 x 13%) + (140,000,000 x 5.6%) = 14,340,000

WACC = (14,340,000 / 190,000,000) = 7.55%

	Y0	Y1	Y2	Y3	Y4	Y5	Y6
Investment Cost	-150,000,000						
WC	-40,000,000						
Revenues		80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
COGS		-41,600,000	-41,600,000	-41,600,000	-41,600,000	-41,600,000	-41,600,000
Depreciation		-25,000,000	-25,000,000	-25,000,000	-25,000,000	-25,000,000	-25,000,000
EBT		13,400,000	13,400,000	13,400,000	13,400,000	13,400,000	13,400,000
Tax (20%)		-2,680,000	-2,680,000	-2,680,000	-2,680,000	-2,680,000	-2,680,000
Net Income = EAT		10,720,000	10,720,000	10,720,000	10,720,000	10,720,000	10,720,000
Depreciation		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Operating Cash Flow		35,720,000	35,720,000	35,720,000	35,720,000	35,720,000	35,720,000
NWC Recovery							40,000,000
Net Salvage Value							56,000,000
Total	-190,000,000	35,720,000	35,720,000	35,720,000	35,720,000	35,720,000	131,720,000

NPV Calculations

Column1	CF	PVIF	PVCF
Y0	-190,000,000	1	-190,000,000
Y1	35,720,000	0.929800093	33,212,459
Y2	35,720,000	0.864528213	30,880,948
Y3	35,720,000	0.803838413	28,713,108
Y4	35,720,000	0.747409031	26,697,451
Y5	35,720,000	0.694940986	24,823,292
Y6	131,720,000	0.646156194	85,111,694
NPV			39,438,952

This project will be profitable and appealing based on the net present value calculations and the
.demonstrated positive results

The rationale behind using retained earnings rather than company funds

Retained earnings are a portion of overall profits that are set aside for internal company .reinvestment; the remaining portion of profits is not given to shareholders

It is discovered that this corporation has a hybrid policy for profit distribution, which combines theprocess of sharing the remaining and stable profits, thereby giving the company a certain level of financial confidence. It's true that retained earnings are a less expensive source of funding than loans. No one

The ability to employ retained earnings quickly and with flexibility may be denied if compared the

.procedure for obtaining credit from lenders

Retaining profits has the potential to boost earnings in the future. Unlike when you borrow money,where expenditure is done to increase profit, interest payments do not lower future profits

andConversely, if it has been issued More shares to generate revenue Consequently, the present
.owners' equity is doubled

Earnings Return for the Company

Any corporation that has appropriately retained earnings will undoubtedly be well-positioned to expand, buy new assets, pay out larger dividends to shareholders, introduce new products, or use
.the money to settle any outstanding debts

It is an undeniable fact that a company's worth will ultimately rise if it chooses to reinvest its profitsrather than distribute them to shareholders. Therefore, the following are other ways to prevent
:having to pay extra in dividends

•The propensity to take on additional initiatives

•The trend toward owning both new businesses and lucrative assets; the repurchase of thecompany's shares

•The propensity to put money into a collection of prosperous and diverseResources

It is undeniable, however, that investors are drawn to acceptable profit distributions since they canprofit from their investments in the short term and in the long run, from the retained earnings that
.have been reinvested in the expanding company

In summary

.In conclusion, we arrive at the company's financial standing from 2017 to 2020 satisfactory because net profit, operational profit, and gross profit are all positive. The company haskept earnings that amount to a respectable sum, and it is eager to pay dividends to shareholders each year, which attracts investors. It is imperative that the business evaluates each new investmentit makes because

It adds to their existing responsibilities, creates a significant strain, and will have a negative impact on their net income in 2020.leads to a decrease in working capital in 2020 and 2019. These hazardsneed to be addressed seriously, and there need to be access to workable, viable solutions that help
.to reduce the risks

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