

**ALMUNAJEM FOODS COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
AND REVIEW REPORT  
FOR THE THREE MONTHS PERIOD ENDED  
MARCH 31, 2023**

**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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## KPMG Professional Services

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P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

وأجفة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of AIMunajem Foods Company  
(A Saudi Joint Stock Company)

## Introduction

We have reviewed the accompanying condensed interim financial statements of **AIMunajem Foods Company** ("the Company"), which comprise:

- the condensed statement of financial position as at 31 March 2023,
- the condensed statement of profit or loss and other comprehensive income for the three-month ended 31 March 2023,
- the condensed statement of changes in equity for the three-month period ended 31 March 2023,
- the condensed statement of cash flows for the three-month period ended 31 March 2023,
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed interim financial statements of **AIMunajem Foods Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of AIMunajem Foods Company (Continued)  
(A Saudi Joint Stock Company)

## Other Matter

The condensed interim financial statements of the Company for the three-month period ended 31 March 2022 were reviewed by another auditor who expressed an unmodified conclusion on these condensed interim financial statements on 21 Shawwal 1443 corresponding to 22 May 2022.

## KPMG Professional Services

**Fahad Mubark Aldossari**  
**License No. 469**



Al Riyadh, 21 Shawwal 1444H  
Corresponding to: 11 May 2023

**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Notes	March 31, 2023 SAR (Unaudited)	December 31, 2022 SAR (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	4	265,840,834	272,307,365
Intangible assets		1,316,094	1,521,585
Right-of-use assets	5	41,841,170	46,629,990
<b>Total non-current assets</b>		<b>308,998,098</b>	<b>320,458,940</b>
<b>Current assets</b>			
Inventories	6	529,674,632	661,654,675
Trade receivables	7	372,228,057	246,382,666
Due from related parties	8-B	9,070,367	6,968,013
Prepayments and other assets	9	213,319,195	137,855,287
Cash and cash equivalents	10	214,173,600	111,029,404
<b>Total current assets</b>		<b>1,338,465,851</b>	<b>1,163,890,045</b>
<b>TOTAL ASSETS</b>		<b>1,647,463,949</b>	<b>1,484,348,985</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11-A	600,000,000	600,000,000
Statutory reserve	11-B	68,597,256	68,597,256
Actuarial valuation reserve		(4,972,434)	(4,972,434)
Retained earnings		318,768,275	236,886,901
<b>Total equity</b>		<b>982,393,097</b>	<b>900,511,723</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	5	35,010,948	40,749,176
Employees' benefit obligations		49,378,828	48,263,214
<b>Total non-current liabilities</b>		<b>84,389,776</b>	<b>89,012,390</b>
<b>Current liabilities</b>			
Lease liabilities	5	7,643,039	8,205,016
Zakat payable	13	25,127,408	18,840,788
VAT payable		44,515,491	24,279,790
Trade payables, accruals, and other liabilities	12	503,325,711	443,487,711
Due to related parties	8-C	69,427	11,567
<b>Total current liabilities</b>		<b>580,681,076</b>	<b>494,824,872</b>
<b>Total liabilities</b>		<b>665,070,852</b>	<b>583,837,262</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,647,463,949</b>	<b>1,484,348,985</b>

  
Mohammed Salman Mehmood  
CFO

  
Thamer Abdulaziz Abanumay  
CEO

  
Saleh Abdullah Almunajem  
Chairman

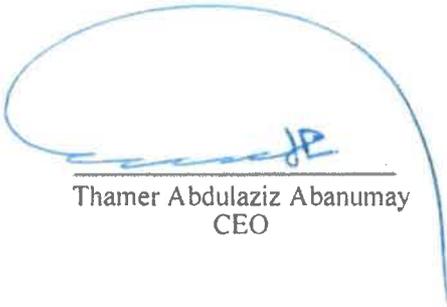
The accompanying notes from 1 to 23 form an integral part of these condensed interim financial statements.

**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Notes	For the three months period ended	
		March 31, 2023 SAR (Unaudited)	March 31, 2022 SAR (Unaudited)
Revenue	14	901,964,465	788,007,431
Cost of revenue		(746,252,468)	(615,478,195)
<b>Gross profit</b>		<b>155,711,997</b>	<b>172,529,236</b>
Selling and distribution expenses		(66,688,718)	(63,115,500)
General and administrative expenses		(6,445,158)	(6,546,105)
Impairment loss on financial assets	7	(844,066)	(1,685,062)
Other income	16	6,783,741	1,930,588
<b>Operating profit</b>		<b>88,517,796</b>	<b>103,113,157</b>
Finance costs, net	15	(349,802)	(219,933)
<b>Profit before zakat</b>		<b>88,167,994</b>	<b>102,893,224</b>
Zakat	13	(6,286,620)	(5,336,215)
<b>NET PROFIT FOR THE PERIOD</b>		<b>81,881,374</b>	<b>97,557,009</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of employees' benefit obligations		-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>81,881,374</b>	<b>97,557,009</b>
<b>Basic and diluted earnings per share:</b>			
Basic and diluted earnings per share from net profit	17	1.36	1.63

  
Muhammed Salman Mehmood  
CFO

  
Thamer Abdulaziz Abanumay  
CEO

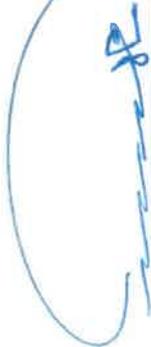
  
Saleh Abdullah Almunajem  
Chairman

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**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Share capital SAR	Statutory reserve SAR	Actuarial valuation reserve SAR	Retained earnings SAR	Total SAR
As at January 1, 2022 (Audited)	600,000,000	39,577,074	(5,545,632)	170,705,262	804,736,704
Net profit for the period	-	-	-	97,557,009	97,557,009
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	97,557,009	97,557,009
As at March 31, 2022 (Unaudited)	600,000,000	39,577,074	(5,545,632)	268,262,271	902,293,713
As at January 1, 2023 (Audited)	600,000,000	68,597,256	(4,972,434)	236,886,901	900,511,723
Net profit for the period	-	-	-	81,881,374	81,881,374
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	81,881,374	81,881,374
As at March 31, 2023 (Unaudited)	600,000,000	68,597,256	(4,972,434)	318,768,275	982,393,097

  
Mohammed Salman Mehmood  
CFO

  
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Chairman

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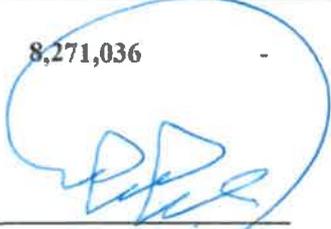
**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Notes	March 31, 2023 SAR (Unaudited)	March 31, 2022 SAR (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		88,167,994	102,893,224
<i>Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities</i>			
Depreciation on right-of-use assets	5	1,210,599	2,107,863
Depreciation on property, plant, and equipment	4	7,093,864	6,991,996
Amortization of intangible assets		218,628	383,277
Interest on lease liabilities	5	1,768,031	323,495
Allowance for expected credit losses	7	844,066	1,685,063
Provision for slow moving & obsolete inventories	6	-	500,000
Gain on disposal of property, plant, and equipment	16	(7,024,054)	(504,826)
Provision for employees' benefit obligations		1,440,627	1,326,091
		<u>93,719,755</u>	<u>115,706,183</u>
<i>Working capital adjustments:</i>			
Trade receivables		(126,689,457)	(66,900,818)
Prepayments and other assets		(67,192,872)	(14,842,596)
Inventories		131,980,043	84,787,790
Trade payables, accruals, and other liabilities		59,838,000	10,695,107
VAT payable		20,235,701	13,848,413
Due from / to related parties		(2,044,494)	(602,506)
		<u>109,846,676</u>	<u>142,691,573</u>
Finance costs paid		(447,212)	(137,080)
Employees' benefit obligations paid		(325,013)	(245,498)
<b>Net cash generated from operating activities</b>		<u>109,074,451</u>	<u>142,308,995</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant, and equipment	4	(3,507,001)	(2,954,518)
Proceeds from disposal of property, plant, and equipment	4	1,632,687	509,565
Payments for purchase of intangible assets		(13,137)	-
<b>Net cash used in investing activities</b>		<u>(1,887,451)</u>	<u>(2,444,953)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities	5	(4,042,804)	(3,740,807)
<b>Net cash used in financing activities</b>		<u>(4,042,804)</u>	<u>(3,740,807)</u>
Net increase in cash and cash equivalents		103,144,196	136,123,235
Cash and cash equivalents at the beginning of the period		111,029,404	85,525,433
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	10	<u>214,173,600</u>	<u>221,648,668</u>
<b>NON-CASH TRANSACTION</b>			
Compensation for the expropriation of land and a building	16	8,271,036	-

  
Mohamed Salman Mahmoud  
CFO

  
Thamer Abdulaziz Abanumay  
CEO

  
Saleh Abdullah Almunajem  
Chairman

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**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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## **1. CORPORATE INFORMATION**

Almunajem Foods Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (KSA) under commercial registration numbered 1010231822, dated 7 Rabie Al Thani 1428H (corresponding to 24 April 2007). The registered address of the Company is located at Riyadh, P O Box 1544, Riyadh 11441, KSA.

The Company is a subsidiary of Abdullah Al Ali Almunajem Sons Company (the “Ultimate Parent”) which is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010000565 dated 11 Dhu Al-Qidah 1376H (corresponding to 10 June 1957). The registered address of the Parent is located at Riyadh, P O Box 2395, Riyadh 11451, KSA.

On 11 October 2020, the shareholders decided to go for an IPO. Also, the shareholders decided in their meeting dated 2 November 2020 to convert the Company from Limited Liability Company to a Closed Joint Stock Company. In addition, the Company’s name was changed from “Almunajem Cold Stores Company” to “Almunajem Foods Company” (A Saudi Closed Joint Stock Company). Legal formalities were completed on 17 February 2021.

As of 20 December 2021, 30% of the company’s shares are listed at Saudi Stock Exchange (Tadawul). Moreover, 69.3% of the Company is owned by a main shareholder (Abdullah Al Ali Almunajem Sons Company) and 0.7% by another shareholder (AlKafaa Real Estate Company).

The Company is engaged in wholesale and retail trading in fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff, through its following branches:

<b>Commercial registration</b>	<b>Branch location</b>
1131026002	Buraydah
2050059043	Dammam
4030176226	Jeddah
5855030212	Khamis Mushait
4650046753	Medina
3550027505	Tabuk
3350031238	Hail
2250045420	Al-Ahsa
4031067309	Makkah
4032032800	Taif
5900017953	Jizan
1010401313	Riyadh
1010465454	Riyadh
4030291805	Jeddah
1010653210	Riyadh
3400119907	Sakaka

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of preparation**

These condensed interim financial statements for the three months period ended March 31, 2023 have been prepared in accordance with International Accounting Standard (34) “Interim Financial Reporting” that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants.

- The condensed interim financial statements should be read in conjunction with the Company’s annual financial statement as at December 31, 2022 (“last annual financial statements”). These condensed interim financial statements do not include all the information and disclosures required to prepare a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements. In addition, the results for the three months periods ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ended December 31, 2023.

**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except for employees' benefit obligations which are recognized at the present value of future obligations using the projected credit method. Further, the condensed interim financial statements are prepared using accrual basis of accounting and the going concern basis of assumption.

**b) Functional and presentation currency**

The condensed interim financial statements are presented in Saudi Arabian Riyals ("SAR") which is also the functional currency of the Company.

**c) Use of estimates and judgements**

The preparation of Company's condensed interim financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by Saudi Organization for Chartered and Professional Accountants require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Company's accounting policies and the significant sources of uncertainties were similar to those shown in the Company's latest annual financial statements.

**2.2 Summary of significant accounting policies**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 31,2022.

There are no new standards issued. However, there are a number of amendments to standards that are effective from January 1, 2023. These do not have a significant impact on the financial statements.

<b>Effective for annual periods beginning on or after</b>	<b>New standards and amendments</b>
1 January 2023	IFRS 17 Insurance Contracts*, including amendments Initial Application of IFRS 17
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements
	Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

*There are standards issued but not yet effective as following:*

The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

<b>Effective for annual periods beginning on or after</b>	<b>New standards and amendments</b>
1 January 2024	Non-Current Liabilities with Covenant - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments IAS1
	Lease Liability in a Sale and Leaseback-Amendments to IFRS 16
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

**ALMUNAJEM FOODS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

**4. PROPERTY, PLANT, AND EQUIPMENT**

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
<b>Cost:</b>		
At the beginning of the period/year	540,692,547	536,621,255
Additions during the period/year	3,507,001	14,298,657
Disposals during the period/year **	<u>(11,182,903)</u>	<u>(10,227,365)</u>
At the end of the period/year	<u>533,016,645</u>	<u>540,692,547</u>
<b>Accumulated depreciation:</b>		
At the beginning of the period/year	268,385,182	249,884,681
Charge during the period/year	7,093,864	28,518,970
Disposals during the period/year**	<u>(8,303,235)</u>	<u>(10,018,469)</u>
At the end of the period/year	<u>267,175,811</u>	<u>268,385,182</u>
<b>Net book value:</b>		
At the end of the period/year *	<u>265,840,834</u>	<u>272,307,365</u>

\*The Property, plant, and equipment balance as of March 31, 2023 includes construction work in progress related to an expansion of meat factory located in Jeddah city with an amount of SAR 4.1 million (December 31, 2022: 1.4 million).

\*\* This item includes the disposal of a land and building in the city of Jeddah as a result of expropriation, with the net book value of SAR 2.7 million as of March 31, 2023.

**5. LEASES**

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period/year:

<b>Right-of-use assets</b>	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	46,629,990	48,433,604
Additions	972,545	7,227,340
Adjustments	<u>(3,545,394)</u>	-
Depreciation charge	<u>(2,215,971)</u>	<u>(9,030,954)</u>
At the end of the period/year	<u>41,841,170</u>	<u>46,629,990</u>
<b>Lease liabilities</b>		
At the beginning of the period/year	48,954,192	50,102,840
Additions	972,545	7,227,340
Adjustments	<u>(3,179,890)</u>	-
Accretion of interest	397,156	1,301,176
Payments	<u>(4,490,016)</u>	<u>(9,677,164)</u>
At the end of the period/year	<u>42,653,987</u>	<u>48,954,192</u>

**ALMUNAJEM FOODS COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

**5. LEASES (continued)**

Lease liabilities are classified in the condensed interim statement of financial position as follows:

	<b>31 March, 2023</b>	31 December, 2022
	<b>(Unaudited)</b>	(Audited)
Current	<b>7,643,039</b>	8,205,016
Non-current	<b>35,010,948</b>	40,749,176
	<b>42,653,987</b>	48,954,192

**6. INVENTORIES**

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Goods for resale	<b>331,333,849</b>	416,542,016
Goods in transit	<b>166,714,891</b>	217,495,175
Spares and consumables	<b>32,625,892</b>	28,617,484
Less: Allowance for slow-moving and obsolete items*	<b>(1,000,000)</b>	(1,000,000)
	<b>529,674,632</b>	661,654,675

During the period ended March 31, 2023, SAR 748.7 million (March 31, 2022: SAR 615.5 million) of the Inventory was recognized as an expense in the cost of revenue. Cost of revenue also includes compensations and volume rebates from suppliers amounting to SAR 3.3 million (March 31, 2022: SAR 0.6 million)

\*The movement of allowance for slow-moving and obsolete inventories is as follows:

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
At the beginning of period/year	<b>1,000,000</b>	500,000
Provided during the period/year*	<b>-</b>	500,000
At the end of period/year	<b>1,000,000</b>	1,000,000

\*This pertains to specifically identified spares that are no longer useable.

**7. TRADE RECEIVABLES**

	<b>31 March, 2023</b>	31 December, 2022
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>386,853,553</b>	260,164,096
Less: Allowance for expected credit losses	<b>(14,625,496)</b>	(13,781,430)
	<b>372,228,057</b>	246,382,666

Trade receivables are non-interest bearing and are generally on terms from 15 to 60 days, it is not the company's policy to obtain collateral for receivables.

**ALMUNAJEM FOODS COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

**7. TRADE RECEIVABLES (continued)**

Movement in the allowance for expected credit losses is as follows:

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	13,781,430	11,131,637
Provided during the period/year	844,066	2,658,491
Written-off	-	(8,698)
At the end of the period/year	<b>14,625,496</b>	13,781,430

**8. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, director, and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

**a) Related parties' transactions**

<i>For the three months period ended March 31, 2023</i>	<i>Relationship</i>	<i>Sales</i>	<i>Purchases</i>	<i>Expenses</i>	<i>PPE purchase/ Selling</i>
France Poultry	Affiliate	-	114,468,440	-	-
Shawaya House Company	Affiliate	7,202,327	-	41,731	-
Gulf Catering Company	Affiliate	1,951,243	-	144,233	-
Nutrition and Diet Center Company	Affiliate	1,710,349	2,396,840	226,255	-
Az-Zad Saudi Company	Affiliate	182,386	-	11,115	-
Thati Limited Company	Affiliate	9,270	-	4,367	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	85,624	140,000
Al-Kafa'a Real State Company	Affiliate	-	-	882,824	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	2,113,467	-
Four Steps International	Owned by a member of the BOD	-	-	25,000	-

<i>For the three months period ended March 31, 2022</i>	<i>Relationship</i>	<i>Sales</i>	<i>Purchases</i>	<i>Expenses</i>	<i>PPE purchase/ Selling</i>
France Poultry	Affiliate	-	113,410,093	-	-
Shawaya House Company	Affiliate	10,381,776	-	8,933	-
Gulf Catering Company	Affiliate	3,272,334	-	418,365	-
Nutrition and Diet Center Company	Affiliate	1,233,439	-	329,725	-
Az-Zad Saudi Company	Affiliate	156,398	-	11,298	-
Thati Limited Company	Affiliate	45,405	-	39,628	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	57,184	560,000
Al-Kafa'a Real State Company	Affiliate	-	-	639,000	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	494,881	-
Four Steps International	Owned by a member of the BOD	-	-	18,000	-

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**8. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

Related parties balances included in the condensed interim statement of financial position are as follows:

**b) Due from related parties**

	<i>Relationship</i>	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Shawaya House Company	Affiliate	6,942,967	2,314,984
Gulf Catering Company	Affiliate	1,580,801	4,309,310
Nutrition and Diet Center Company	Affiliate	426,632	229,986
Az-Zad Saudi Company	Affiliate	119,967	32,591
Thati Limited Company	Affiliate	-	10,565
Bureida Trading and Refrigeration Company	Affiliate	-	70,577
		<b>9,070,367</b>	<b>6,968,013</b>

The above balances are unsecured, interest-free, and settlement term within 30-45 days. The management estimates the allowance on due from the related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balances from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate. Management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

**c) Due to related parties**

	<i>Relationship</i>	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Bureida Trading and Refrigeration Company	Affiliate	62,539	-
Thati Limited Company	Affiliate	6,888	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	11,567
		<b>69,427</b>	<b>11,567</b>

Outstanding balances at the period end are unsecured, interest free and settlement within 30-45. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at period/year-end arise in the normal course of business.

**d) Key management compensation**

Key management personnel of the Company comprise of key members of the management having authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation to key management is shown below:

	<b>For the three months period ended</b>	
	<b>March 31, 2023 (Unaudited)</b>	March 31, 2022 (Unaudited)
Short-term employee benefits *	1,992,979	1,621,087
Post-employment benefits	86,572	98,126
	<b>2,079,551</b>	<b>1,719,213</b>

\*Short-term employee benefits include SAR 0.5 million (March 31, 2022: SAR 0.3 million) pertaining to the board of directors' remuneration.

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**9. PREPAYMENTS AND OTHER ASSETS**

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Advance to a related party*	177,187,489	115,599,815
Advances to suppliers and contractors	11,606,519	6,882,726
Prepayments	11,881,531	12,486,367
Employee receivables	722,949	873,359
Right of return assets	1,543,802	1,155,481
Others	10,376,905	857,539
	<b>213,319,195</b>	<b>137,855,287</b>

\*This represents advance payments to France Poultry (a subsidiary to the parent Company) for future deliveries of goods. refer note 8.

**10. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Cash at banks	36,350,926	65,798,554
Short-term deposits*	175,000,000	40,000,000
Cash on hand	2,822,674	5,230,850
	<b>214,173,600</b>	<b>111,029,404</b>

\*Cash and cash equivalents include Murabaha Islamic short-term deposits with a maturity of three months.

**11. SHARE CAPITAL AND STATUTORY RESERVE**

**(a) Share Capital**

The Company's share capital of SAR 600 million consisted of 60 million issued and fully paid shares of SAR 10 each on March 31, 2023 (December 31, 2022: 60 million shares of SAR 10 each).

**(b) Statutory Reserve**

In accordance with Saudi Arabian Regulations for Companies and the Company's by-law, the Company must transfer 10% of its net profit by the end of each year, until this reserve reaches 30% of the capital. This reserve is not available for distribution.

**12. TRADE PAYABLES, ACCRUALS, AND OTHER LIABILITIES**

	<b>March 31, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Trade payables	452,047,824	403,763,951
Accrued expenses	43,251,541	35,038,720
Refund liabilities	1,515,984	1,530,766
Advances from customers	1,852,828	1,325,171
Other payables	4,657,534	1,829,103
	<b>503,325,711</b>	<b>443,487,711</b>

Trade and other payables are non-interest bearing and have a term of 30 to 90 days.

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**13. ZAKAT**

Abdullah Al Ali Almunajem Sons Company (the “Parent Company”) and the Company initially filed their zakat declaration on a standalone basis until the year ended on 31 December 2016. On 23 Muharram 1439 H (corresponding to 13 October 2017), the Parent Company obtained approval from the Zakat, Tax and Customs Authority (ZATCA) to submit its zakat returns on a combined basis, including the Company and therefore, from 2008 and onwards, the Parent Company started filing the combined zakat declarations for all wholly owned subsidiaries, including the Company. Declarations the years ended 31 December 2008 through 2016 have been already resubmitted with ZATCA. The Parent Company also submitted the combined zakat declarations for all wholly owned subsidiaries, including the Company, for the years from 2017 to 2020. The Parent Company has obtained the zakat certificate until 31 December 2022. Zakat expense used to be calculated by the Parent Company at the group level and allocated to the Company.

In view of the approval of IPO process (note 1) and change in the legal status of the Company during the year 2020, the Parent Company has pledged that any additional liability that may arise upon the finalization of zakat assessments that may arise in the future related to the years from 2008 until 2020 will be settled by the Parent Company.

Movement in the zakat provision is as follows:

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
At the beginning of the period/year	<b>18,840,788</b>	14,802,310
Provided during the period/year	<b>6,286,620</b>	19,031,300
Paid during the period/year	-	(14,992,822)
At the end of the period/year	<b>25,127,408</b>	18,840,788

Status of assessments:

Combined Zakat returns have been filed by the Parent Company, including the Company, with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2008 to 2020.

The Company filed the Zakat declaration for the year 2022, the Zakat payable has been paid based on this declaration. A Zakat certificate was issued for the year 2022, during April 2023.

**14. REVENUE**

	<b>For the three months period ended</b>	
	<b>March 31, 2023 (Unaudited)</b>	March 31, 2022 (Unaudited)
<b>Revenue recognized at a point in time</b>		
Non-retail - goods transferred	<b>485,632,234</b>	458,197,409
Retail - goods transferred	<b>412,856,532</b>	326,494,915
<b>Revenue recognized over-time</b>		
Storage rent revenue	<b>3,475,699</b>	3,315,107
	<b>901,964,465</b>	788,007,431

Revenue is generated inside the Kingdom of Saudi Arabia.

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**15. FINANCE COSTS, NET**

	<b>For the three months period ended</b>	
	<b>March 31, 2023 (Unaudited)</b>	<b>March 31, 2022 (Unaudited)</b>
Interest on lease liabilities	1,768,031	323,495
Income from short-term deposits	<b>(1,418,229)</b>	<b>(103,562)</b>
	<b>349,802</b>	<b>219,933</b>

**16. OTHER INCOME**

	<b>For the three months period ended</b>	
	<b>March 31, 2023 (Unaudited)</b>	<b>March 31, 2022 (Unaudited)</b>
Gain on disposal of property, plant, and equipment*	7,024,054	504,826
Foreign currencies difference	<b>(428,633)</b>	1,227,939
Other income	<b>188,320</b>	197,823
	<b>6,783,741</b>	<b>1,930,588</b>

\*During the period ending March 31, 2023, the Company booked a net gain of SAR 5.5 million relating to expropriation of land and a building located in the city of Jeddah. The land and a building were having the net book value of SAR 2.7 million and its estimated fair value amounting to SAR 8.2 million. The procedures of completing the transaction are still in progress. Refer to note 4.

**17. EARNING PER SHARE**

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit for the period attributable to equity holders with the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as the basic earnings per share as the Company does not have any convertible securities or diluted instruments to exercise.

The following table reflects the profit for the period attributable to equity holders and weighted average number of ordinary share outstanding during the period used in the basic and diluted EPS computations:

	<b>For the three months period ended</b>	
	<b>March 31, 2023 (Unaudited)</b>	<b>March 31, 2022 (Unaudited)</b>
Net profit for the period	<b>81,881,374</b>	97,557,009
Weighted average number of ordinary shares	<b>60,000,000</b>	60,000,000
Basic and diluted earnings per share	<b>1.36</b>	1.63

**18. DIVIDENDS**

The Extraordinary General Assembly meeting held on May 8, 2023G (corresponding to 18 Shawwal 1444 H) based on the recommendation of the Company's Board of Directors meeting held on March 23, 2023G, (Corresponding to 1 Ramadan 1444 H) approved to distribute dividends for the second half of the year 2022 amounting to SAR 60 million to the company's shareholders at 1 riyal per share, or 10% of the capital.

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**19. SEGMENT INFORMATION**

The Senior Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company operates in three regions in the Kingdom of Saudi Arabia, which are its reportable segments. These regions are identified as a separate reportable segment because the company managed them separately. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

For management purposes, the Company is into business units based on its geographical regions, as follows:

<i>For the three-months period ended</i> <i>31 March 2023 (Unaudited)</i>	<b>Central region</b>	<b>Eastern region</b>	<b>Western region</b>	<b>Total</b>
Revenue	381,808,219	187,336,982	332,819,264	901,964,465
Cost of revenue	316,977,462	154,248,670	275,026,336	746,252,468
Depreciation and amortization	3,735,473	1,750,211	4,042,779	9,528,463
Segment profit before zakat	30,727,924	20,353,508	37,086,562	88,167,994
Total assets as of March 31, 2023 (Unaudited)	960,411,331	261,492,838	425,559,780	1,647,463,949
Total liabilities as of March 31, 2023 (Unaudited)	621,591,593	13,137,342	30,341,917	665,070,852
<i>For the three-month period ended</i> <i>31 March 2022(Unaudited)</i>	<b>Central region</b>	<b>Eastern region</b>	<b>Western region</b>	<b>Total</b>
Revenue	341,355,898	161,806,994	284,844,539	788,007,431
Cost of revenue	269,596,930	125,473,278	220,407,987	615,478,195
Depreciation and amortization	3,653,576	1,805,666	4,023,894	9,483,136
Segment profit before zakat	41,330,586	23,789,813	37,772,825	102,893,224
Total assets as of March 31, 2022 (Unaudited)	872,789,258	201,183,903	353,243,524	1,427,216,685
Total liabilities as of March 31, 2022 (Unaudited)	487,584,983	13,201,287	24,136,702	524,922,972

All the operating segments revenue and non-current assets are generated and based in the Kingdom of Saudi Arabia. There is no customer contributing 10% or more of the total revenue.

**20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Company has no outstanding letters of guarantee as of March 31, 2023 (December 31, 2022: Nil), in respect of contract performance.

The Company has letters of credit as of March 31, 2023 amounting to SAR 6.8 million (December 31, 2022: SAR 12.6 million).

There are capital commitments as of March 31, 2023 amounting to SAR 1.7 million (December 31, 2022: SAR 5.9 million) related to property, plant, and equipment.

**21. SUBSEQUENT EVENTS**

No other matter has occurred up to and including the date of the approval of these financial statements by the management which could materially affect these financial statements and the related disclosures for the year ended 31 March 2023.

**22. CHANGE IN COMPARATIVE FIGURES**

The prior period's comparative figures have been reclassified to ensure the correct classification and presentation as per IFRS standards. As a result, certain line items have been reclassified in the statement of profit or loss and other comprehensive income, condensed statements of cash flow, and the related notes to the condensed interim financial statement.

**23. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved for issuance by the Board of Directors on May 9 2023G (corresponding to 19 Shawwal 1444H).