

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2023

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن ، 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 interim statement of financial position as of 30 September 2023,
- The condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023,
- The condensed interim statement of changes in equity for the nine-month period ended 30 September 2023,
- The condensed interim statement of cash flows for the nine-month period ended 30 September 2023,
- the notes to the condensed interim financial statements for the three-month and nine-month periods ended 30 September 2023.

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 30 September 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.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469



Al Riyadh, 21 Rabi' al Thani 1445 H
Corresponding to: 5 November 2023

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023

	Notes	September 30, 2023 SAR (Unaudited)	December 31, 2022 SAR (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment	4	265,616,071	272,307,365
Intangible assets		1,367,653	1,521,585
Right-of-use assets	5	40,271,434	46,629,990
Total non-current assets		307,255,158	320,458,940
Current assets			
Inventories	6	568,196,324	661,654,675
Trade receivables	7	300,478,441	246,382,666
Due from related parties	8-b	11,549,101	6,968,013
Prepayments and other assets	9	200,001,405	137,855,287
Cash and cash equivalents	10	116,268,425	111,029,404
Total current assets		1,196,493,696	1,163,890,045
TOTAL ASSETS		1,503,748,854	1,484,348,985
EQUITY AND LIABILITIES			
Equity			
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		302,476,169	236,886,901
Total equity		966,100,991	900,511,723
Liabilities			
Non-current liabilities			
Lease liabilities	5	34,847,801	40,749,176
Employees' benefit obligations		51,999,626	48,263,214
Total non-current liabilities		86,847,427	89,012,390
Current liabilities			
Lease liabilities	5	7,819,376	8,205,016
Zakat payable	13	16,425,058	18,840,788
VAT payable, net		35,229,387	24,279,790
Trade payables, accruals, and other liabilities	12	390,939,023	443,487,711
Due to related parties	8-c	387,592	11,567
Total current liabilities		450,800,436	494,824,872
Total liabilities		537,647,863	583,837,262
TOTAL EQUITY AND LIABILITIES		1,503,748,854	1,484,348,985

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 INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023**

	Note	For the three-month period ended		For the nine-month period ended	
		September 30, 2023 SAR (Unaudited)	September 30, 2022 SAR (Unaudited)	September 30, 2023 SAR (Unaudited)	September 30, 2022 SAR (Unaudited)
Revenue	14	810,874,725	730,200,582	2,485,224,974	2,230,683,347
Cost of sales	6	(675,963,966)	(606,420,129)	(2,059,384,880)	(1,738,415,464)
Gross profit		134,910,759	123,780,453	425,840,094	492,267,883
Selling and distribution expenses		(63,895,345)	(61,293,480)	(197,293,964)	(190,109,802)
General and administrative expenses		(6,176,426)	(6,671,707)	(19,742,861)	(20,680,778)
Impairment loss on financial assets	7	(183,128)	(587,638)	(1,671,274)	(3,315,934)
Other income	16	1,617,620	3,344,393	8,543,681	11,226,867
Operating income		66,273,480	58,572,021	215,675,676	289,388,236
Finance income, net	15	31,269	(308,572)	1,214,081	(120,441)
Profit before zakat		66,304,749	58,263,449	216,889,757	289,267,795
Zakat	13	(5,160,577)	(4,639,741)	(16,300,489)	(15,963,610)
NET PROFIT FOR THE PERIOD		61,144,172	53,623,708	200,589,268	273,304,185
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of employees' defined benefit liabilities		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		61,144,172	53,623,708	200,589,268	273,304,185
Basic and diluted earnings per share:					
Basic and diluted earnings per share from net profit	17	1.02	0.89	3.34	4.56

Muhammed Salman Mehmood
CFO

Thamer Abdulaziz Abanumay
CEO

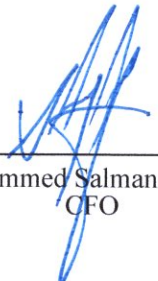
Saleh Abdullah Almunajem
Chairman

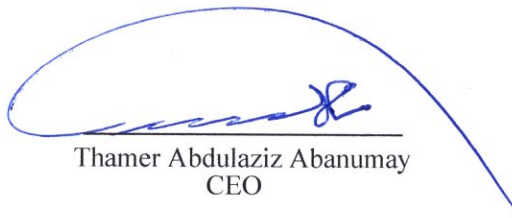
The accompanying notes from 1 to 23 form an integral part of these condensed interim financial statements

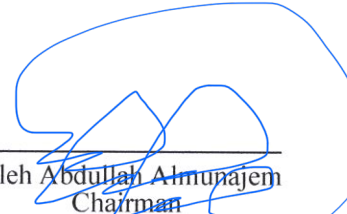
ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	Share capital SAR	Statutory reserve SAR	Actuarial valuation reserve SAR	Retained earnings SAR	Total SAR
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	-	-	-	200,589,268	200,589,268
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	200,589,268	200,589,268
Dividends (Note 18)	-	-	-	(135,000,000)	(135,000,000)
As at September 30, 2023 (Unaudited)	600,000,000	68,597,256	(4,972,434)	302,476,169	966,100,991
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	-	-	-	273,304,185	273,304,185
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	273,304,185	273,304,185
Dividends (Note 18)	-	-	-	(195,000,000)	(195,000,000)
As at September 30, 2022 (Unaudited)	600,000,000	39,577,074	(5,545,632)	249,009,447	883,040,889


Mohammed 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 CASH FLOWS
FOR THE-NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023 SAR (Unaudited)	September 30, 2022 SAR (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
Profit before zakat		216,889,757	289,267,795
Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities			
Depreciation of right-of-use assets	5	5,789,926	6,600,997
Depreciation of property, plant, and equipment	4	20,737,707	21,272,549
Amortization of intangible assets		595,992	1,102,783
Interest on lease liabilities	15	2,590,977	969,348
Interest charged on short-term loans		763,895	142,760
Allowance for expected credit losses	7	1,671,274	3,307,236
Provision for slow moving & obsolete inventories	6	-	500,000
Gain on disposal of property, plant, and equipment	16	(7,540,208)	(1,777,352)
Provision for employees' benefit obligations		5,247,587	5,413,792
		<u>246,746,907</u>	<u>326,799,908</u>
Working capital adjustments:			
Trade receivables		(55,767,049)	(43,606,279)
Prepayments and other assets		(53,875,082)	(7,765,041)
Inventories		93,458,351	(181,752,010)
Trade payables, accruals, and other liabilities		(52,548,688)	51,248,970
VAT payable, net		10,949,597	4,826,512
Due from / to related parties		(4,205,063)	2,540,739
		<u>184,758,973</u>	<u>152,292,799</u>
Finance costs paid		(1,838,646)	(943,509)
Employees' benefit obligations paid		(1,511,175)	(1,019,549)
Zakat paid		(18,716,219)	(14,955,928)
Net cash generated from operating activities		<u>162,692,933</u>	<u>135,373,813</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant, and equipment	4	(17,171,307)	(10,876,275)
Proceeds from disposal of property, plant, and equipment	4	2,394,065	1,970,765
Payments for purchase of intangible assets		(442,060)	-
Net cash used in investing activities		<u>(15,219,302)</u>	<u>(8,905,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	5	(7,234,610)	(6,650,430)
Proceeds from short-term loans		30,000,000	225,000,000
Repayments of short-term loans		(30,000,000)	(200,000,000)
Dividends Paid		(135,000,000)	(195,000,000)
Net cash used in financing activities		<u>(142,234,610)</u>	<u>(176,650,430)</u>
Net increase / (decrease) in cash and cash equivalents		5,239,021	(50,182,127)
Cash and cash equivalents at the beginning of the period		<u>111,029,404</u>	<u>85,525,433</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	<u>116,268,425</u>	<u>35,343,306</u>

NON-CASH TRANSACTION

Compensation for the expropriation of land and a building	16	8,271,036	-
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Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Salah Abdullah Almunajem
Chairman

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

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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 April 24, 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 June 10, 1957). The registered address of the Parent is located at Riyadh, P O Box 2395, Riyadh 11451, KSA.

On October 11, 2020, the shareholders resolved to listed 30% of its shares through on initial public offering in Saudi exchange. Also, the shareholders decided in their meeting dated November 2, 2020, to convert the Company from Limited Liability Company to a Closed Joint Stock Company, additionally, 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 February 17, 2021.

On December 20, 2021, 30% of the company’s shares were listed on Saudi Stock Exchange (Tadawul). currently, 69.3% of the Company is owned by Abdullah Al Ali Almunajem Sons Company (the main shareholder) and 0.7% by (AlKafaa Real Estate Company).

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023).

The management is in process of assessing the impact of the new Companies Law and will amend its Articles of Association for any changes.

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

Commercial registration	Branch location
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-month and nine month periods ended September 30, 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 nine month period ended September 30, 2023, are not necessarily indicative of the results that may be expected for the year ended December 31, 2023.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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 and consist to those adopted and presented 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 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.

Effective for annual periods beginning on or after	New standards and amendments
January 1, 2023	IFRS 17 Insurance Contracts.
	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.
	International Tax Reform—Pillar Two Model Rules – amendments to IAS 12.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

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:

Effective for annual periods beginning on or after	New standards and amendments
January 1, 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.
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 .
January 1, 2025	Lack of Exchangeability – Amendments to IAS 21.
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-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

4. PROPERTY, PLANT, AND EQUIPMENT

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost:		
At the beginning of the period/year	540,692,547	536,621,255
Additions during the period/year	17,171,307	14,298,657
Disposals during the period/year *	(13,125,255)	(10,227,365)
At the end of the period/year	<u>544,738,599</u>	<u>540,692,547</u>
Accumulated depreciation:		
At the beginning of the period/year	268,385,182	249,884,681
Charge during the period/year	20,737,708	28,518,970
Disposals during the period/year*	(10,000,362)	(10,018,469)
At the end of the period/year	<u>279,122,528</u>	<u>268,385,182</u>
Net book value:		
At the end of the period/year	<u>265,616,071</u>	<u>272,307,365</u>

* This item includes the disposal of land and building in the city of Jeddah as a result of expropriation, with a net book value of SAR 2.7 million as at September 30, 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:

Right-of-use assets	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	46,629,990	48,433,604
Adjustments *	(3,545,394)	-
Additions	3,982,135	7,227,340
Depreciation charge	(6,795,297)	(9,030,954)
At the end of the period/year	<u>40,271,434</u>	<u>46,629,990</u>
Lease liabilities		
At the beginning of the period/year	48,954,192	50,102,840
Adjustments *	(3,179,890)	-
Additions	3,982,136	7,227,340
Accretion of interest	1,220,100	1,301,176
Payments	(8,309,361)	(9,677,164)
At the end of the period/year	<u>42,667,177</u>	<u>48,954,192</u>

*The effect of adjustments was allocated in the statement of profit or loss and other comprehensive income between the depreciation charge of the right-of-use assets and the interest on lease liabilities with the amount of SAR 1.01 million and SAR 1.37 million, respectively.

ALMUNAJEM FOODS COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current	7,819,376	8,205,016
Non-current	34,847,801	40,749,176
	42,667,177	48,954,192

6. INVENTORIES

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Goods for resale	327,739,119	416,542,016
Goods in transit	203,427,347	217,495,175
Raw materials and consumables	33,643,123	24,503,210
Spare parts and consumables	4,386,735	4,114,274
Less: Allowance for slow-moving and obsolete items*	(1,000,000)	(1,000,000)
	568,196,324	661,654,675

During the period ended September 30, 2023, SAR 2,067 million (September 30, 2022: SAR 1,743 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 7.6 million (September 30, 2022: SAR 5.0 million).

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of period/year	1,000,000	500,000
Provided during the period/year*	-	500,000
At the end of period/year	1,000,000	1,000,000

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

7. TRADE RECEIVABLES

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables	304,628,800	260,164,096
Less: Allowance for expected credit losses	(4,150,359)	(13,781,430)
	300,478,441	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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

7. TRADE RECEIVABLES (continued)

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	13,781,430	11,131,637
Provided during the period/year	1,671,274	2,658,491
Write-off *	(11,302,345)	(8,698)
At the end of the period/year	<u>4,150,359</u>	<u>13,781,430</u>

* The Board of Directors in their meeting dated August 15, 2023, approved to write-off certain balances which were 100% provided for in prior years.

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 financial statement.

a) Related parties' transactions

<i>For the nine-month period ended September 30, 2023</i>	<i>Relationship</i>	<i><u>Sales</u></i>	<i><u>Purchases</u></i>	<i><u>Expenses</u></i>	<i><u>PPE purchase/ sales</u></i>
France Poultry	Affiliate	-	387,109,543	-	-
Shawaya House Company	Affiliate	25,016,096	-	156,999	-
Gulf Catering Company	Affiliate	5,570,961	-	348,413	-
Nutrition and Diet Center Company	Affiliate	4,223,383	4,369,867	665,605	-
Az-Zad Saudi Company	Affiliate	366,813	-	66,586	-
Thati Limited Company	Affiliate	9,270	-	33,168	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	209,173	2,286,000
Al-Kafa'a Real State Company	Affiliate	-	-	890,032	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	2,619,592	-
Four Steps International	Owned by a member of the BOD	-	-	73,000	-

<i>For the nine-month period ended September 30, 2022</i>	<i>Relationship</i>	<i><u>Sales</u></i>	<i><u>Purchases</u></i>	<i><u>Expenses</u></i>	<i><u>PPE purchase/ sales</u></i>
France Poultry	Affiliate	-	421,413,216	-	-
Shawaya House Company	Affiliate	22,459,362	-	87,617	-
Gulf Catering Company	Affiliate	8,985,788	-	672,686	-
Nutrition and Diet Center Company	Affiliate	3,616,711	1,306,211	930,509	-
Az-Zad Saudi Company	Affiliate	402,033	-	8,249	-
Thati Limited Company	Affiliate	240,813	-	32,760	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	161,649	1,986,700
Al-Kafa'a Real State Company	Affiliate	-	-	728,509	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	742,911	-
Four Steps International	Owned by a member of the BOD	-	-	98,500	-

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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>	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Shawaya House Company	Affiliate	8,620,576	2,314,984
Gulf Catering Company	Affiliate	2,135,008	4,309,310
Nutrition and Diet Center Company	Affiliate	713,969	229,986
Bureida Trading and Refrigeration Company	Affiliate	79,548	70,577
Az-Zad Saudi Company	Affiliate	-	32,591
Thati Limited Company	Affiliate	-	10,565
		11,549,101	6,968,013

The above balances are unsecured, interest-free, and settlement term are 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>	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Abdullah Al Ali Almunajem Sons Company	The parent company	318,850	11,567
Thati Limited Company	Affiliate	40,009	-
Az-Zad Saudi Company	Affiliate	28,733	-
		387,592	11,567

Outstanding balances at the period /year 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:

	<u>For the three-month period ended</u>		<u>For the nine-month period ended</u>	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Short-term employee benefits *	2,166,482	1,804,243	6,215,035	5,503,349
Employees' defined benefit liabilities	300,896	98,130	678,193	294,386
	2,467,378	1,902,373	6,893,228	5,797,735

*Short-term employee benefits include SAR 1.44 million (September 30, 2022: SAR 1.44 million) pertaining to the Board of Directors' remuneration.

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9. PREPAYMENTS AND OTHER ASSETS

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advance to a related party*	166,605,299	115,599,815
Advances to suppliers and contractors	9,802,721	6,882,726
Prepayments	11,833,952	12,486,367
Employee receivables	966,892	873,359
Right of return assets	1,208,760	1,155,481
Accrued compensation	8,271,036	-
Others	1,312,745	857,539
	<u>200,001,405</u>	<u>137,855,287</u>

*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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash at banks	36,404,105	65,798,554
Short-term deposits*	75,000,000	40,000,000
Cash on hand	4,864,320	5,230,850
	<u>116,268,425</u>	<u>111,029,404</u>

*Cash and cash equivalents include Murabaha Islamic short-term deposits with a maturity period within 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 30 September 2023 (December 31, 2022: 60 million shares of SAR 10 each).

(b) Statutory Reserve

In accordance with 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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables *	347,596,844	403,763,951
Accrued expenses	37,210,629	35,038,720
Refund liabilities	1,440,165	1,530,766
Advances from customers	1,144,429	1,325,171
Other payables	3,546,956	1,829,103
	<u>390,939,023</u>	<u>443,487,711</u>

*Trade Payables include supply chain agreements compatible with Islamic Sharia granted from Saudi local banks during the period ended September 30, 2023, with an amount of SAR 51.8 million (December 31, 2022: SAR 113.4 million).

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 for 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	18,840,788	14,802,310
Provided during the period/year	16,300,489	19,031,300
Paid during the period/year	(18,716,219)	(14,992,822)
At the end of the period/year	16,425,058	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, In addition, Zakat assessment for 2021 was completed on 5th October 2022 and the Company paid Zakat differences for 2021 by SAR 36,894.

14. REVENUE

	<u>For the three-month period ended</u>		<u>For the nine-month period ended</u>	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Revenue recognized at a point in time				
Non-retail - goods transferred	484,786,498	427,491,724	1,462,456,477	1,306,806,888
Retail - goods transferred	323,023,565	299,790,472	1,012,352,340	914,333,700
Revenue recognized over-time				
Storage rent revenue	3,064,662	2,918,386	10,416,157	9,542,759
	810,874,725	730,200,582	2,485,224,974	2,230,683,347

Revenue is generated inside the Kingdom of Saudi Arabia.

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15. FINANCE INCOME, NET

	For the three-month period ended		For the nine-month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings (Note 12)	(614,739)	(80,052)	(763,895)	(142,760)
Interest on lease liabilities	(409,025)	(318,841)	(2,590,975)	(969,348)
Income from short-term deposits (Note 10)	1,055,033	90,321	4,568,951	991,667
	31,269	(308,572)	1,214,081	(120,441)

16. OTHER INCOME

	For the three-month period ended		For the nine-month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant, and equipment*	482,232	661,321	7,540,207	1,777,352
Foreign currencies exchange gain	152,702	464,734	501,357	6,033,195
Other income	982,686	2,218,338	502,117	3,416,320
	1,617,620	3,344,393	8,543,681	11,226,867

*During the period ending September 30, 2023, the Company booked a net gain of SAR 5.5 million resulting from insured government compensation for a building owned by the Company located in the city of Jeddah. The property was having a net book value of SAR 2.7 million and its estimated fair value amounted to SAR 8.2 million. The procedures for collecting the amount 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:

	For the three-month period ended		For the nine-month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	61,144,172	53,623,708	200,589,268	273,304,185
Weighted average number of ordinary shares	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted earnings per share	1.02	0.89	3.34	4.56

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18. DIVIDENDS

The Board of Directors meeting held on July 17, 2023 (corresponding to 29 Dhu'l Hijjah 1444), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, have approved to distribute cash dividends of SAR 75 million to the company's shareholders for the first half of 2023 amounting to SAR 1.25 per share, or 12.5% of the capital

The ordinary 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.

The Board of Directors meeting held on 17 July 2022 (corresponding to 28 Dhu'l Hijjah 1443H), based on authority granted by shareholders during their Extraordinary General Assembly meeting dated 1 June 2022 (corresponding to 2 Dhu'l Qi'dah 1443) to authorize Board of Directors to approve payment of dividends during interim periods of 2022 and have approved to distribute cash dividends of SAR 75 million to the shareholders for the first half of 2022 amounting to SAR 1.25 per share.

The Extraordinary General Assembly meeting held on June 1, 2022 (corresponding to 2 Dhu'l Qi'dah 1443) based on the recommendation of the Company's Board of Directors held on March 27, 2022, (corresponding to 24 Sha'ban 1443) approved to pay cash dividends of SAR 120 million for the year ended December 31, 2021 amounting to SAR 2 per share, which represents 20% of the Company's capital.

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 manages 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 Nine-month period ended September 30, 2023 (Unaudited)</i>	Central region	Eastern & Northern regions	Western & Sothern regions	Total
Revenue	1,037,132,045	503,643,180	944,449,749	2,485,224,974
Cost of revenue	866,944,960	417,520,481	774,919,439	2,059,384,880
Depreciation and amortization	9,989,661	5,180,488	11,953,477	27,123,626
Segment profit before zakat	78,656,453	47,797,463	90,435,841	216,889,757
Total assets as of September 30, 2023	856,338,209	229,448,706	417,961,939	1,503,748,854
Total liabilities as of September 30, 2023	496,726,056	12,808,338	28,113,469	537,647,863

<i>For the Nine-months period ended September 30, 2022 (Unaudited)</i>	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue	976,737,712	455,475,317	798,470,318	2,230,683,347
Cost of revenue	763,811,837	351,733,403	622,870,224	1,738,415,464
Depreciation and amortization	11,320,093	5,444,565	12,211,671	28,976,329
Segment profit before zakat	130,404,170	65,131,091	93,732,534	289,267,795
Total assets as of September 30, 2022	634,125,523	323,259,882	504,467,111	1,461,852,516
Total liabilities as of September 30, 2022	539,632,168	13,456,844	25,722,615	578,811,627

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.

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20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company has letters of credit as of September 30, 2023, amounting to SAR 7.3 million (December 31, 2022: SAR 12.6 million).

There are capital commitments as of September 30, 2023, amounting to SAR 0.9 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 condensed interim financial statements by the management that could materially affect these condensed interim financial statements and the related disclosures for the period ended September 30, 2023, other than disclosed above.

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 have been reclassified as follows:

Increasing of the cost of sales in the Statement of profit or loss and other comprehensive income with an amount of SAR 3,152,196 and decreasing Selling and distribution expenses by the same amount for the nine-month periods ended 30 September 2022, and an amount of SAR 1,189,903 for the three-month ended 30 September 2022.

Increasing the balance of the other income in the Statement of profit or loss and other comprehensive income with an amount of SAR 991,667 and decreasing finance income, net by the same amount for the nine-month periods ended 30 September 2022, and an amount of SAR 90,321 for the three-month ended 30 September 2022.

23. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved for issuance by the Board of Directors' on 5 November 2023 (corresponding to 21 Rabi' al Thani 1445 H).