

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2024

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2024

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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 AlMunajem Foods Company

(A Saudi Joint Stock Company)

Introduction

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

- the condensed statement of financial position as at 30 September 2024,
- the condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024,
- the condensed statement of changes in equity for the nine-month period ended 30 September 2024,
- the condensed statement of cash flows for the nine-month period ended 30 September 2024,
- the notes to the condensed interim financial statements for the three-month and nine-month periods ended 30 September 2024.

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 2024 condensed interim financial statements of **AlMunajem 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, 5 Jumada I 1446H
Corresponding to: 7 November 2024

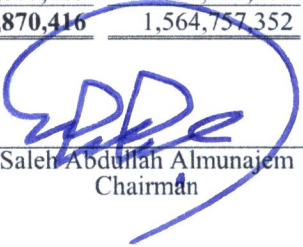
ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024

	Notes	September 30, 2024 SAR (Unaudited)	December 31, 2023 SAR (Audited)
<u>ASSETS</u>			
Non-current assets			
Property, plant, and equipment	6	276,615,172	265,419,060
Right-of-use assets	7	41,671,120	42,293,830
Intangible assets		1,749,379	1,515,399
Investments in associate	8	327,667,676	-
Total non-current assets		647,703,347	309,228,289
Current assets			
Inventories	9	612,729,626	569,156,460
Trade receivables	10	291,479,039	251,006,879
Due from related parties	11-b	9,623,813	10,536,453
Prepayments and other assets	12	163,851,357	175,901,345
Cash and cash equivalents	13	36,483,234	248,927,926
Total current assets		1,114,167,069	1,255,529,063
TOTAL ASSETS		1,761,870,416	1,564,757,352
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	14	600,000,000	600,000,000
Statutory reserve		96,818,580	96,818,580
Actuarial valuation reserve		(5,168,148)	(5,168,148)
Retained earnings		379,212,519	235,878,819
Total equity		1,070,862,951	927,529,251
Liabilities			
Non-current liabilities			
Lease liabilities	7	35,017,214	37,014,636
Employees' benefit obligations		58,443,429	53,342,696
Total non-current liabilities		93,460,643	90,357,332
Current liabilities			
Lease liabilities	7	8,695,190	8,591,383
Zakat payable	17	13,429,788	19,541,041
VAT payable		30,070,970	23,585,712
Trade payables, accruals, and other liabilities	15	484,718,184	494,674,866
Short term loans	16	60,000,000	-
Due to related parties	11-c	632,690	477,767
Total current liabilities		597,546,822	546,870,769
Total liabilities		691,007,465	637,228,101
TOTAL EQUITY AND LIABILITIES		1,761,870,416	1,564,757,352


Mohammed Salman Mehmood
Chief Financial Officer


Thamer Abdulaziz Abanumay
Chief Executive Officer


Saleh Abdullah Almunajem
Chairman

The accompanying notes from 1 to 26 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 AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**

	Note	For the three-months period ended		For the nine-months period ended	
		September 30, 2024 SAR (Unaudited)	September 30, 2023 SAR (Unaudited)	September 30, 2024 SAR (Unaudited)	September 30, 2023 SAR (Unaudited)
Revenue	18	798,694,923	810,874,725	2,527,928,784	2,485,224,974
Cost of sales		(682,055,194)	(675,963,966)	(2,082,407,636)	(2,059,384,880)
Gross profit		116,639,729	134,910,759	445,521,148	425,840,094
Other income \ (loss)	20	(1,372,849)	1,617,620	4,366,800	8,543,681
Selling and distribution expenses		(69,163,310)	(63,895,345)	(207,246,136)	(197,293,964)
General and administrative expenses		(6,964,760)	(6,176,426)	(21,336,447)	(19,742,861)
Allowance for expected credit losses	10	(735,369)	(183,128)	(1,306,682)	(1,671,274)
Operating income		38,403,441	66,273,480	219,998,683	215,675,676
Finance income	19	235,718	1,055,033	3,248,033	4,568,951
Finance cost	19	(3,127,393)	(1,023,764)	(7,200,572)	(3,354,870)
Finance cost / income, net		(2,891,675)	31,269	(3,952,539)	1,214,081
Share in results of associate	8	7,571,431	-	14,892,577	-
Profit before zakat		43,083,197	66,304,749	230,938,721	216,889,757
Zakat	17	(2,572,077)	(5,160,577)	(12,605,021)	(16,300,489)
NET PROFIT FOR THE PERIOD		40,511,120	61,144,172	218,333,700	200,589,268
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		40,511,120	61,144,172	218,333,700	200,589,268
Basic and diluted earnings per share:					
Basic and diluted earnings per share from net profit	21	0.68	1.02	3.64	3.34

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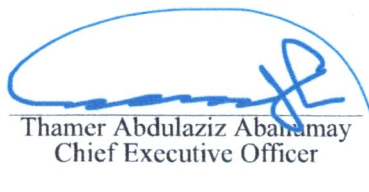
ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	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 22)	-	-	-	(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, 2024 (Audited)	600,000,000	96,818,580	(5,168,148)	235,878,819	927,529,251
Net profit for the period	-	-	-	218,333,700	218,333,700
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	218,333,700	218,333,700
Dividends (Note 22)	-	-	-	(75,000,000)	(75,000,000)
As at September 30, 2024 (Unaudited)	600,000,000	96,818,580	(5,168,148)	379,212,519	1,070,862,951



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Thamer Abdulaziz Abanmay
Chief Executive Officer



Saleh Abdullah Almunajem
Chairman

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ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

		September 30, 2024 SAR (Unaudited)	September 30, 2023 SAR (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat	Notes	230,938,721	216,889,757
<u>Adjustments</u>			
Depreciation of right-of-use assets	7	7,103,138	5,789,926
Depreciation of property, plant, and equipment	6	21,557,800	20,737,707
Amortization of intangible assets		395,698	595,992
Interest on lease liabilities	7	1,372,295	2,590,977
Finance cost	19	5,828,277	763,895
Allowance for expected credit losses	10	1,306,682	1,671,274
Provision for slow moving & obsolete inventories	9	414,788	-
Share in results of associate	8	(14,892,577)	-
Gain on disposal of property, plant, and equipment	20	(4,101,188)	(7,540,207)
Provision for employees' benefit obligations		7,080,807	5,247,587
		<u>257,004,441</u>	<u>246,746,908</u>
<u>Working capital adjustments:</u>			
Trade receivables		(41,778,842)	(55,767,049)
Prepayments and other assets		12,049,988	(53,875,082)
Inventories		(43,987,954)	93,458,351
Trade payables, accruals, and other liabilities		(9,956,682)	(52,548,688)
VAT payable		6,485,258	10,949,597
Due from / to related parties		<u>1,067,563</u>	<u>(4,205,063)</u>
		<u>180,883,772</u>	<u>184,758,974</u>
Finance costs paid		(7,086,745)	(1,838,646)
Employees' benefit obligations paid		(1,980,074)	(1,511,175)
Zakat paid		<u>(18,716,274)</u>	<u>(18,716,219)</u>
Net cash generated from operating activities		<u>153,100,679</u>	<u>162,692,934</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant, and equipment	6	(32,792,359)	(17,171,307)
Proceeds from disposal of property, plant, and equipment	6	4,139,635	2,394,065
Payments for purchase of intangible assets		(629,678)	(442,061)
Payments for investment in associate	8	(316,125,799)	-
Dividends received	8	<u>3,350,700</u>	<u>-</u>
Net cash used in investing activities		<u>(342,057,501)</u>	<u>(15,219,303)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease and interest liabilities	7	(8,487,870)	(7,234,610)
Proceeds from short-term loans	16	150,000,000	30,000,000
Repayments of short-term loans	16	(90,000,000)	(30,000,000)
Dividends Paid	22	<u>(75,000,000)</u>	<u>(135,000,000)</u>
Net cash used in financing activities		<u>(23,487,870)</u>	<u>(142,234,610)</u>
Net change in cash and cash equivalents		<u>(212,444,692)</u>	<u>5,239,021</u>
Cash and cash equivalents at the beginning of the period		<u>248,927,926</u>	<u>111,029,404</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	<u>36,483,234</u>	<u>116,268,425</u>
NON-CASH TRANSACTION			
Compensation for the expropriation of land and a building	20	-	8,271,036

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ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(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 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 20 December 2021, 30% of the company’s shares were listed in Saudi Stock Exchange market (Tadawul). Currently, 69.3% of the Company is owned by Abdullah Al Ali Almunajem Sons Company and 0.7% by AlKafaa Real Estate Company.

The management has amended the Article of Association to align with the new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “the Law”) which came into force on 26/6/1444 H (corresponding to 19 January 2023).

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:

Commercial registration	Branch location
1131026002	Burieda
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

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1. CORPORATE INFORMATION *(continued)*

The Company has incorporated a new wholly owned subsidiary “Optimal Solutions Company for logistics services”, a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1009107581 on 29 September 2024 (Corresponding/ to 26 Rabi' al-Awwal1446 H), with a share capital of SAR 1,000,000 which was not yet paid till the date of the financial statements. As of 30 September 2024, there were no transactions that occurred in the subsidiary, accordingly no consolidated financial statements were deemed necessary.

Subsidiary	Year of incorporation	Shareholding		Principal activity	Country of incorporation
		30 September 2024	31 December 2023		
The Optimal Solutions Company for logistics services	2024	100%	-	Activities of third-party logistics	Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements for the three- and nine-months periods ended September 30, 2024, 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 (SOCPA).

The condensed interim financial statements should be read in conjunction with the Company’s annual financial statement as at December 31, 2023 (“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 months period ended September 30, 2024, are not necessarily indicative of the results that may be expected for the year ended December 31, 2024.

2.2 Judgments and Estimates

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.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis except for the employees’ benefit obligations, which have been measured in accordance with the projected unit credit method.

2. BASIS OF PREPARATION (*Continued*)

2.4 Going concern

The condensed interim financial statements have been prepared on the going concern basis.

3. PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in Saudi Riyals (SAR) which is the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES

4.1 The accounting policy 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 31,2023.

Below is the accounting policies that were not included in the last annual financial statements:

4.2 Investments in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Condensed Interim Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the Condensed Interim Statement of Financial Position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate.

When the Company's share of losses of an associate exceeds the Company's interest in that an associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of associate's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the Condensed Interim Statement of Profit or Loss in the period in which the investment is acquired.

ALMUNAJEM FOODS COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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5. NEW STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

There are no new standards issued, however, there are a number of amendments to current standards that are effective from January 1, 2024. These amendments do not have a significant impact on these financial statements.

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.

Standards issued but not yet effective:

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, 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).

6. PROPERTY, PLANT, AND EQUIPMENT

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Cost:			
At the beginning of the period/year	541,458,845	540,692,547	540,692,547
Additions during the period/year	32,792,359	17,171,307	24,036,909
Disposals during the period/year*	(3,175,536)	(13,125,255)	(15,286,170)
Write-off	-	-	(7,984,441)
At the end of the period/year	571,075,668	544,738,599	541,458,845
Accumulated depreciation:			
At the beginning of the period/year	276,039,785	268,385,182	268,385,182
Charge during the period/year	21,557,800	20,737,707	27,532,737
Write-off	-	-	(7,937,701)
Disposals during the period/year *	(3,137,089)	(10,000,361)	(11,940,433)
At the end of the period/year	294,460,496	279,122,528	276,039,785
Net book value:			
At the end of the period/year	276,615,172	265,616,071	265,419,060

* For the year ended December 31, 2023, this item included the disposal of land and buildings in the city of Jeddah as a result of expropriation, with a net book value of SAR 2.7 million as at December 31, 2023. Refer (Note 20).

ALMUNAJEM FOODS COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

7. 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:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Right-of-use assets			
At the beginning of the period/year	42,293,830	46,629,990	46,629,990
Additions	6,480,428	3,982,135	8,272,029
Adjustments *	-	(3,545,394)	(3,545,394)
Depreciation charge	(7,103,138)	(6,795,297)	(9,062,795)
At the end of the period/year	41,671,120	40,271,434	42,293,830
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Lease liabilities			
At the beginning of the period/year	45,606,019	48,954,192	48,954,192
Additions	6,480,428	3,982,136	8,272,029
Adjustments *	-	(3,179,890)	(3,179,891)
Accretion of interest	1,372,295	1,220,100	1,639,422
Payments	(9,746,338)	(8,309,361)	(10,079,733)
At the end of the period/year	43,712,404	42,667,177	45,606,019

* This adjustment is related to the period ended 30 September 2023 and to the year ended 31 December 2023, where 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.

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current	8,695,190	8,591,383
Non-current	35,017,214	37,014,636
	43,712,404	45,606,019

8. INVESTMENT IN ASSOCIATE

The Company has signed binding share purchase agreement on 25/8/1445H (corresponding to March 6, 2024G), to acquire shares in Balady Poultry Company, the investee, in accordance with which the Company purchased 1,116,900 shares (representing 17% of Balady Poultry Company's shares) from existing shareholders in Balady Poultry Company through a private transactions, at a purchase price of SAR 120 per share with total amount of SAR 134.11 million including transaction costs of SAR 397.90 thousand. The Transaction was self-financed by the Company.

In addition to the above-mentioned agreement, on April 29, 2024 (corresponding to 20 Shawwal 1445 H) the Company signed another binding share purchase agreement with the major shareholders of Balady Poultry Company, under which Almunajem Foods Company purchased an additional 1,511,100 shares, which represents 23% of the Company's shares at a purchase price of SAR 120 per share for a total of SAR 181.33 million including transaction costs of SAR 367.9 thousand. The transaction was partially self-financed and the remaining was from external sources. The transaction was approved by the relevant authorities and completed, Almunajem's ownership increased from 17% to 40% of the total shares of Balady Poultry Company.

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8. INVESTMENT IN ASSOCIATE (continued)

At September 30, 2024, the company owned 40% of Balady Poultry Company.

The movement in investment in associate for the period ended September 30, 2024 was as follows:

	September 30, 2024
	(Audited)
At the beginning of the period	-
Purchases during the period	316,125,799
Share of results for the period *	14,892,577
Dividends declared during the period	(3,350,700)
At the end of the period	327,667,676

* The share in profit of associate was calculated from the date of acquisition up to 30 September 2024 based on reviewed condensed interim financial statements of Balady Poultry Company as of 30 September 2024.

9. INVENTORIES

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Goods for resale	394,706,708	318,050,021
Goods in transit	193,699,007	228,253,273
Raw material and consumables	22,211,288	20,325,142
Spares and consumables	4,305,887	4,306,500
Less: Allowance for slow-moving and obsolete items*	(2,193,264)	(1,778,476)
	612,729,626	569,156,460

During the period ended September 30, 2024, SAR 2,093.5 million (September 30, 2023: SAR 2,061.1 million) of the inventory was recognized as an expense in the cost of revenue. Cost of revenue also includes compensation and volume rebates from suppliers amounting to SAR 15.1 million (September 30, 2023: SAR 7.6 million)

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

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
At the beginning of period/year	1,778,476	1,000,000
Provided during the period/year	414,788	778,476
At the end of period/year	2,193,264	1,778,476

* This pertains to specifically identified spares that are no longer useable and slow-moving goods for resale.

10. TRADE RECEIVABLES

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade receivables	296,605,084	254,826,242
Less: Allowance for expected credit losses	(5,126,045)	(3,819,363)
	291,479,039	251,006,879

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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10. TRADE RECEIVABLES (continued)

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

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
At the beginning of the period/year	3,819,363	13,781,430	13,781,430
Provided during the period/year	1,306,682	1,671,274	1,340,278
Written-off *	-	(11,302,345)	(11,302,345)
At the end of the period/year	5,126,045	4,150,359	3,819,363

* 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.

11. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors, 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 during the period were as follows:

a) Related parties' transactions

<u>For the nine months period ended September 30, 2024 (unaudited)</u>	<u>Relationship</u>	<u>Sales</u>	<u>Purchases</u>	<u>Expenses</u>	<u>PPE purchase/ Selling</u>
France Poultry	Affiliate	-	451,658,967	-	-
Shawaya House Company	Affiliate	9,556,256	-	154,979	-
Gulf Catering Company	Affiliate	5,406,156	-	1,194,738	-
Nutrition and Diet Center Company	Affiliate	4,733,907	4,313,709	638,474	25,765
Az-Zad Saudi Company	Affiliate	230,978	-	160,538	-
Thati Limited Company	Affiliate	21,045	-	28,088	-
Bureida Trading and Refrigeration	Affiliate	-	-	167,308	13,058,930
Al-Kafa'a Real State Company	Affiliate	-	-	1,253,950	-
Abdullah Al Ali Almunajem Sons	The parent company	-	-	2,785,739	-
Four Steps International	Owned by a member of the BOD	-	-	67,000	-

<u>For the nine months period ended September 30, 2023 (unaudited)</u>	<u>Relationship</u>	<u>Sales</u>	<u>Purchases</u>	<u>Expenses</u>	<u>PPE purchase/ Selling</u>
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	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	Affiliate	-	-	209,173	2,286,000
Al-Kafa'a Real State Company	Affiliate	-	-	890,032	-
Abdullah Al Ali Almunajem Sons	The parent company	-	-	2,619,592	-
Four Steps International	Owned by a member of the BOD	-	-	73,000	-

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11. 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, 2024 (Unaudited)	December 31, 2023 (Audited)
Shawaya House Company	Affiliate	6,503,433	6,752,516
Gulf Catering Company	Affiliate	1,537,554	2,223,642
Nutrition and Diet Center Company	Affiliate	1,582,826	1,529,993
Azzad Saudi Company	Affiliate	-	30,302
		9,623,813	10,536,453

The above balances are unsecured, interest-free, and settlement terms 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, 2024 (Unaudited)	December 31, 2023 (Audited)
Bureida Trading and Refrigeration	Affiliate	279,550	429,064
Abdullah Al Ali Almunajem Sons	The parent	330,192	46,330
Thati Limited Company	Affiliate	10,473	2,373
Azzad Saudi Company	Affiliate	12,475	-
		632,690	477,767

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:

	For the three-months period ended		For the nine-months period ended	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Short-term employee benefits *	2,388,717	2,166,481	7,077,869	6,215,035
Employees' defined benefit liabilities	306,276	300,896	508,742	678,193

*Short-term employee benefits include SAR 1.48 million (September 30, 2023: SAR 1.44 million) pertaining to the board of directors' remuneration.

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12. PREPAYMENTS AND OTHER ASSETS

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advance to a related party *	136,269,414	147,582,501
Prepayments	14,159,209	13,789,491
Advances to suppliers and contractors **	11,229,569	3,601,741
Right of return assets	1,207,083	1,049,728
Employee receivables	781,947	998,570
Others	204,135	608,278
Accrued compensation (Note 20)	-	8,271,036
	<u>163,851,357</u>	<u>175,901,345</u>

*This represents advance payments to France Poultry (a subsidiary of the Parent Company) for future deliveries of good. (note 11).

13. CASH AND CASH EQUIVALENTS

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash at banks	33,968,901	137,092,371
Cash on hand	2,514,333	1,835,555
Short-term deposits*	-	110,000,000
	<u>36,483,234</u>	<u>248,927,926</u>

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

14. 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 September 30, 2024 (December 31, 2023: 60 million shares of SAR 10 each).

15. TRADE PAYABLES, ACCRUALS, AND OTHER LIABILITIES

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payables*	425,648,184	427,362,439
Accrued expenses	53,185,509	62,848,190
Refund liabilities	1,415,668	1,324,731
Advances from customers	864,391	1,199,945
Other payables	3,604,432	1,939,561
	<u>484,718,184</u>	<u>494,674,866</u>

*Trade Payables include supply chain agreements compatible with Islamic Sharia granted from Saudi local banks during the period ended September 30, 2024, with an amount of SAR 149.9 million (December 31, 2023: SAR 128.4 million).

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

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16. SHORT-TERM LOANS

The Company has obtained Murabaha loans from local banks to finance the Company's working capital requirements and carry interest at commercial rates at SIBOR + 0.8 % and have a maturity of less than a month.

As at September 30, 2024, the Company has total loan facilities amounting to SAR 650,000,000 (31 December 2023: SAR 500,000,000).

The movement in short-term loans is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Opening balance	-	-
Proceeds from short-term loans	150,000,000	30,000,000
Payments of short-term loans	(90,000,000)	(30,000,000)
	60,000,000	-

17. ZAKAT PAYABLE

Movement in the zakat provision is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At the beginning of the period/year	19,541,041	18,840,788
Provided during the period/year	13,105,021	19,416,472
Adjustments	(500,000)	-
Paid during the period/year	(18,716,274)	(18,716,219)
At the end of the period/year	13,429,788	19,541,041

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 obtained Zakat certificates for the years 2021 and 2022. In addition, Zakat assessments for 2021 and 2022 were completed. No additional claims or settlements required.
- The Company filed the Zakat declaration for the year 2023, the Zakat payable has been paid based on this declaration and a Zakat certificate has been issued for the year 2023, during April 2024.
- The Company was inspected for the value-added tax (VAT) for 2022, completed on 6 November 2023 with adjustments against VAT returns and the Company paid differences for 2022 by SAR 37,994.
- The Company was inspected for the value-added tax (VAT) for 2023, completed on 21 May 2024 with adjustments against VAT returns and the Company paid differences for 2023 by SAR 2,386.

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18. REVENUE

	For the three-months period ended		For the nine-months period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue recognized at a point in time				
Non-retail - goods transferred	472,348,610	484,786,498	1,458,013,656	1,462,456,477
Retail - goods transferred	323,221,660	323,023,565	1,060,833,903	1,012,352,340
Revenue recognized over-time				
Storage rent revenue	3,124,653	3,064,662	9,081,225	10,416,157
	798,694,923	810,874,725	2,527,928,784	2,485,224,974

Sales are entirely generated in the Kingdom of Saudi Arabia.

19. FINANCE COST / INCOME, NET

	For the three-months period ended		For the nine-months period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Finance Cost</u>				
Bank interest (note 15)	2,647,951	614,739	5,828,277	763,895
Interest on lease liabilities	479,442	409,025	1,372,295	2,590,975
	3,127,393	1,023,764	7,200,572	3,354,870
<u>Finance Income</u>				
Income from short-term deposits (note 13)	(235,718)	(1,055,033)	(3,248,033)	(4,568,951)
	2,891,675	(31,269)	3,952,539	(1,214,081)

20. OTHER INCOME / LOSS

	For the three-months period ended		For the nine-months period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant, and equipment*	(3,091)	482,232	4,101,188	7,540,207
Foreign currencies exchange (losses) /gain	(1,506,230)	982,685	(233,989)	501,357
Other income	136,472	152,703	499,601	502,117
	(1,372,849)	1,617,620	4,366,800	8,543,681

* During the period ending September 30, 2023, the Company realized and 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 (note 6).

During April 2024, the formal procedure of collecting the compensation amount was finalized and the Company received an amount of SAR 11.1 million.

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21. 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-months period ended		For the nine-months period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	40,511,120	61,144,172	218,333,700	200,589,268
Weighted average number of ordinary shares	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted earnings per share	0.68	1.02	3.64	3.34

22. DIVIDENDS

The Company's Board of Directors meeting held on May 28, 2024G (Corresponding/ to 20 Dhul-Qi'dah 1445 H), based on authority granted by shareholders during their extraordinary General Assembly meeting dated May 26, 2024G (corresponding to 18 Dhul-Qi'dah 1445 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2024, have approved to distribute dividends for the first half of the year 2024 amounting to SAR 75 million to the Company's shareholders at 1.25 riyal per share, or 12.5% of the capital.

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 Extraordinary General Assembly meeting held on May 8, 2023 (corresponding to 18 Shawwal 1444 H), based on the recommendation of the Company's Board of Directors meeting held on March 23, 2023 (corresponding to 1 Ramadan 1444 H) have 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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23. 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 condensed interim financial statements.

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

<u>For the nine-months period ended September 30, 2024 (Unaudited)</u>	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue	1,055,660,599	511,930,164	960,338,021	2,527,928,784
Cost of revenue	872,749,970	424,612,278	785,045,388	2,082,407,636
Depreciation and amortization	12,263,311	5,161,120	11,632,205	29,056,636
Segment profit before zakat	99,219,813	44,132,091	87,586,817	230,938,721
Total assets as of September 30, 2024 (Unaudited)	961,596,666	291,534,109	508,739,641	1,761,870,416
Total liabilities as of September 30, 2024 (Unaudited)	601,737,976	34,808,196	54,461,293	691,007,465
<u>For the nine-months period ended September 30, 2023 (Unaudited)</u>	Central region	Eastern & Northern regions	Western & Southern 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	11,953,476	27,123,625
Segment profit before zakat	78,656,453	47,797,463	90,435,841	216,889,757
Total assets as of September 30, 2023 (Unaudited)	856,338,209	229,448,706	417,961,939	1,503,748,854
Total liabilities as of September 30, 2023 (Unaudited)	496,726,056	12,808,338	28,113,469	537,647,863

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.

<u>For the nine-months period ended September 30, 2024 (Unaudited)</u>	Central Region	Eastern & Northern Regions	Western & Southern Regions	Total
Revenue				
Non-retail	575,703,200	303,635,365	578,675,091	1,458,013,656
Retail	476,820,156	206,083,997	377,929,750	1,060,833,903
Storage rent revenue	3,137,243	2,210,802	3,733,180	9,081,225
Total revenues	1,055,660,599	511,930,164	960,338,021	2,527,928,784
Cost of revenues				
Non-retail	(484,841,038)	(257,287,000)	(481,636,248)	(1,223,764,286)
Retail	(385,544,223)	(166,857,314)	(302,469,709)	(854,871,246)
Storage rent revenue	(2,364,709)	(467,964)	(939,431)	(3,772,104)
Total Cost of revenues	(872,749,970)	(424,612,278)	(785,045,388)	(2,082,407,636)
Total Gross profit	182,910,629	87,317,886	175,292,633	445,521,148

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23. SEGMENT INFORMATION (continued)

<i>For the nine-months period ended September 30, 2023 (Unaudited)</i>	Central Region	Eastern & Northern Regions	Western & Southern Regions	Total
Revenue				
Non-retail	580,690,081	301,953,490	579,812,906	1,462,456,477
Retail	453,663,056	198,813,574	359,875,710	1,012,352,340
Storage rent revenue	2,778,908	2,876,116	4,761,133	10,416,157
Total revenues	1,037,132,045	503,643,180	944,449,749	2,485,224,974
Cost of revenues				
Non-retail	(490,165,748)	(254,249,504)	(480,366,872)	(1,224,782,124)
Retail	(373,989,136)	(162,512,468)	(292,419,693)	(828,921,297)
Storage rent revenue	(2,790,076)	(758,509)	(2,132,874)	(5,681,459)
Total Cost of revenues	(866,944,960)	(417,520,481)	(774,919,439)	(2,059,384,880)
Total Gross profit	170,187,085	86,122,699	169,530,310	425,840,094

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company has letters of credit as of September 30, 2024 amounting to SAR 9.8 million (December 31, 2023: SAR 3.5 million). There are capital commitments as of September 30, 2024 amounting to SAR 10.7 million (December 31, 2023: SAR 1.3 million) related to property, plant, and equipment.

25. SUBSEQUENT EVENTS

No other matter has occurred up to and including the date of the approval of these interim condensed financial statements by the management which could materially affect these interim condensed financial statements and the related disclosures for the period ended September 30, 2024.

26. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved for issuance by the Board of Directors on 2 Jumada I 1446H (corresponding to 4 November 2024G).