

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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FOR YEAR ENDED 31 DECEMBER 2022

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**Independent Auditor's Report
To the shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)**

Opinion

We have audited the consolidated financial statements of Abdullah Al-Othaim Markets Company - A Saudi Joint Stock Company - (the "Company") and its subsidiaries (collectively with the Company referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report
To the shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters

Key audit matter	How our audit addressed the key audit matter
<p>Existence and valuation of inventories</p> <p>Inventories as at 31 December 2022 amounted to SR 941 million representing 52% of current assets of the Group.</p> <p>The cost of inventory is reduced by provisions amounted to SR 47 million including those related to estimated losses due to shrinkage (note 11).</p> <p>We deemed it to be a key audit matter given:</p> <ul style="list-style-type: none"> • The Group deals with large number of inventory items at multiple locations with high volume of daily transactions which increases the risk of inventory shrinkage; • Significant judgements made by the management in assessing the level of provisions required as of yearend which includes assessment of inventory levels in relation to revenue for the period in consideration; and • Materiality of inventories recorded in the consolidated financial statements. <p>Refer to note (3) to the consolidated financial statements for the accounting estimates and significant assumptions and note (4) for accounting policy of inventory and note (11) for the disclosure of inventory.</p>	<p>Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Attended stock counts and performed counts at a sample of the Group's stores for sample of items; • Obtained understanding of the stock counts and provisioning processes and performed walkthroughs and test of relevant key controls. When reviewing management's stock counts processes and controls, we also considered the process for controlling or managing stock movements during the count; • Performed, on sample basis, roll forward / roll back procedures on different stock counts dates; • Assessed reasonableness of the assumptions used in estimating the shrinkage provision by performing the following on sample basis: <ul style="list-style-type: none"> ➢ Tested the accuracy and completeness of the key inputs with the underlying supports. ➢ Tested recent count results, for a sample of Group's stores, to evaluate that the year-end shrinkage provision adequately reflected the levels of stock loss experienced during the year; and • Assessed the adequacy of the related disclosure in the consolidated financial statements of the Group.

Independent Auditor's Report
To the shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of suppliers' support incentives</p> <p>The Group has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts (collectively "supplier support incentives") are recognised in connection with the purchase of goods from suppliers and are recorded as reduction from cost of sales based on the estimated value of the supplier support incentives.</p> <p>We deemed the recognition of suppliers' support incentives to be a key audit matter given the:</p> <ul style="list-style-type: none"> • Exercise of professional judgment in determining whether such incentives are considered part of the purchase price of the product in estimating such incentives • Large number of suppliers with varying contractual relationships terms where significant judgement is required to estimate the incentives which are dependent on the Group's eligibility subject to the achievement of certain contractual conditions and a number of other factors that includes prevailing industry practices, certain promotional activities, continuing supplier relationship, as well as the Group's business performance during the year in terms of annual sales; and • Materiality of annual incentives recognized in the consolidated financial statements. <p>Refer to note (3) to the consolidated financial statements for the accounting estimates and significant assumptions and note (4) for accounting policy of suppliers' incentives.</p>	<p>Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's process in estimating and recording each material type of suppliers' support incentives; • Evaluated, on a sample basis, the reasonableness of the incentive recognized and recorded in the correct period in reference to the contractual terms as per the supplier agreements; • Tested supplier support incentives that are related to the inventory balance as of yearend are appropriately recorded; and • Assessed the adequacy of the relevant disclosures in the Group's consolidated financial statements.



Independent Auditor's Report
To the shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company) (continued)

Other matter

The consolidated financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 28 Sha'aban 1443H (corresponding to 31 March 2022).

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report
To the shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

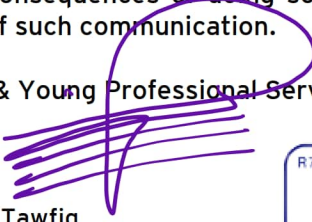
Independent Auditor's Report
To the shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services



Waleed G. Tawfiq
Certified Public Accountant
License No. 437

Riyadh: 18 Ramadan 1444H
(9 April 2023)



ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2022

	Note	2022	2021
(Saudi Riyals)			
ASSETS			
Non-current assets			
Property, plant, and equipment	5	1,509,864,723	1,391,965,988
Right-of-use assets	6-a	1,617,127,983	1,445,062,018
Investment properties	7	479,763,738	599,540,244
Intangible assets	8	1,482,972	1,541,798
Other non-current assets	12	28,638,026	29,803,353
Investments in associates and joint venture	9	162,268,640	348,869,385
Equity instruments at fair value through other comprehensive income	10	3,002,069	2,723,734
Total non-current assets		3,802,148,151	3,819,506,520
Current assets			
Inventories	11	941,562,039	863,993,792
Prepayments and other receivables	13	159,050,892	167,736,160
Trade receivables	14	34,700,377	35,007,661
Short-term Murabaha deposits	16	375,000,000	50,000,000
Cash and cash equivalents	15	313,074,107	182,743,351
Total current assets		1,823,475,415	1,300,280,964
Assets held for sale	17	87,676,466	1,339,818
TOTAL ASSETS		5,713,300,032	5,121,127,302
EQUITY AND LIABILITIES			
EQUITY			
Paid-in share capital	19	900,000,000	900,000,000
Statutory reserve	20	247,787,676	139,836,767
Retained earnings		267,309,239	337,879,933
Fair value reserve		(2,455,069)	(2,733,404)
Exchange differences on translation of foreign subsidiary		(5,441,017)	(6,483,025)
Share in other comprehensive income of associates and joint venture		-	(149,088)
Equity attributable to shareholders		1,407,200,829	1,368,351,183
Non-controlling interests		36,948,261	37,245,897
TOTAL EQUITY		1,444,149,090	1,405,597,080
Non-current liabilities			
Lease contracts liabilities	6-b	1,574,265,858	1,374,035,175
Obligation for employees' end-of-service benefits	21	249,589,307	206,961,651
Total non-current liabilities		1,823,855,165	1,580,996,826
Current liabilities			
Accounts payable		1,812,744,124	1,555,565,065
Current portion of lease contracts liabilities	6-b	152,183,651	154,331,300
Accruals and other payables	24	447,153,979	410,428,338
Zakat provision	25	33,214,023	13,839,202
Total current liabilities		2,445,295,777	2,134,163,905
Obligations related to assets held for sale		-	369,491
TOTAL LIABILITIES		4,269,150,942	3,715,530,222
TOTAL EQUITY AND LIABILITIES		5,713,300,032	5,121,127,302


Chief Financial Officer
Marwan Ahmed Ibrahim


Chief Executive Officer
Muaffaq A. Mobarah


Chairman of Board of Directors
Abdullah Saleh Al Othaim

The accompanying notes from (1) to (40) form an integral part of these consolidated financial statements

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022

	Note	2022	2021
		(Saudi Riyals)	
Net sales	29	9,549,545,554	8,403,692,741
Cost of sales		(7,463,923,350)	(6,615,848,943)
Gross profit		2,085,622,204	1,787,843,798
Rental income, net	30	77,829,367	86,173,665
Sold voucher commissions		2,577,962	1,979,761
Selling and marketing expenses	26	(1,606,423,432)	(1,396,378,098)
General and administrative expenses	27	(148,477,507)	(127,232,130)
Operating profit		411,128,594	352,386,996
Share in profit or loss of associates and joint venture, net	9	52,374,563	31,801,425
Gain on sale of investment in associate	33	608,549,515	-
Gain on sale of investment property, net	33	110,625,695	-
Income from deposits and others		2,274,454	1,094,889
Finance charges, net	34	(83,489,404)	(75,436,382)
Other income, net	36	12,155,115	7,750,963
Income before zakat		1,113,618,532	317,597,891
Zakat	25	(30,882,117)	(11,327,268)
Income from continuing operations for the year		1,082,736,415	306,270,623
Discontinued Operations:			
Loss from discontinued operations, after zakat	18	(223,790)	(3,260,046)
Net income for the year		1,082,512,625	303,010,577
Profit attributable to:			
Shareholders of the Company			
Continuing operations		1,079,661,263	302,337,804
Discontinued operations		(152,177)	(2,216,831)
		1,079,509,086	300,120,973
Non-controlling interest			
Continuing operations		3,075,152	3,932,819
Discontinued operations		(71,613)	(1,043,215)
		3,003,539	2,889,604
Earnings per share			
Basic and diluted earnings per share from the net income for the year attributable to the shareholders of the Company	28	11.99	3.33
Basic and diluted earnings per share from income from continuing operations for the year attributable to the shareholders of the company	28	12.00	3.36



Chief Financial Officer
Marwan Ahmed Ibrahim



Chief Executive Officer
Muaffaq A. Mobarah



Chairman of Board of Directors
Abdullah Saleh Al Othaim

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ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

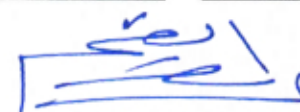
	Note	2022	2021
		(Saudi Riyals)	
Net income for the year		1,082,512,625	303,010,577
Other comprehensive loss			
Items will not be reclassified to statement of income:			
Actuarial losses for employees' end of service benefits	21	(6,126,835)	(5,443,030)
Net changes in fair value of equity instruments at fair value through other comprehensive income	10	278,335	(675,000)
Items will be reclassified to statement of income:			
Share in other comprehensive loss of associates and joint venture	9	(986,123)	(70,241)
Exchange differences on translation of foreign subsidiary		1,042,008	(65,466)
Total other comprehensive loss for the year		(5,792,615)	(6,253,737)
Total comprehensive income for the year		1,076,720,010	296,756,840
Comprehensive income attributable to:			
Shareholders of the Company		1,073,849,646	294,027,133
Non-controlling interests		2,870,364	2,729,707
		1,076,720,010	296,756,840



Chief Financial Officer
Marwan Ahmed Ibrahim



Chief Executive Officer
Muaffaq A. Mobarah



Chairman of Board of Directors
Abdullah Saleh Al Othaim

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ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to the shareholders of the Company								Total equity
	Paid-in share capital	Statutory reserve	Retained earnings	Fair value reserve	Exchange differences on translation of foreign subsidiary	Company's share in other comprehensive income of associates and joint venture	Total shareholders' equity	Non-controlling interests	
	(Saudi Riyals)								
Balance as at 1 January 2021	900,000,000	109,824,670	523,033,874	(2,058,404)	(6,417,559)	(58,531)	1,524,324,050	44,436,190	1,568,760,240
Net income for the year	-	-	300,120,973	-	-	-	300,120,973	2,889,604	303,010,577
Other comprehensive loss	-	-	(5,283,133)	(675,000)	(65,466)	(70,241)	(6,093,840)	(159,897)	(6,253,737)
Total comprehensive income	-	-	294,837,840	(675,000)	(65,466)	(70,241)	294,027,133	2,729,707	296,756,840
Reconciliations related to associate and joint venture	-	-	20,316	-	-	(20,316)	-	-	-
Transfer to statutory reserve	-	30,012,097	(30,012,097)	-	-	-	-	-	-
Cash dividends (Note 36)	-	-	(450,000,000)	-	-	-	(450,000,000)	(9,920,000)	(459,920,000)
Balance as at 31 December 2021	900,000,000	139,836,767	337,879,933	(2,733,404)	(6,483,025)	(149,088)	1,368,351,183	37,245,897	1,405,597,080
Balance as at 1 January 2022	900,000,000	139,836,767	337,879,933	(2,733,404)	(6,483,025)	(149,088)	1,368,351,183	37,245,897	1,405,597,080
Net income for the year	-	-	1,079,509,086	-	-	-	1,079,509,086	3,003,539	1,082,512,625
Other comprehensive (loss) income	-	-	(5,993,660)	278,335	1,042,008	(986,123)	(5,659,440)	(133,175)	(5,792,615)
Total comprehensive income	-	-	1,073,515,426	278,335	1,042,008	(986,123)	1,073,849,646	2,870,364	1,076,720,010
Reconciliations related to associate and joint venture	-	-	(1,135,211)	-	-	1,135,211	-	-	-
Transfer to statutory reserve	-	107,950,909	(107,950,909)	-	-	-	-	-	-
Cash dividends (Note 36)	-	-	(1,035,000,000)	-	-	-	(1,035,000,000)	(3,168,000)	(1,038,168,000)
Balance as at 31 December 2022	900,000,000	247,787,676	267,309,239	(2,455,069)	(5,441,017)	-	1,407,200,829	36,948,261	1,444,149,090



Chief Financial Officer
Marwan Ahmed Ibrahim



Chief Executive Officer
Muaffaq A. Mobarah



Chairman of Board of Directors
Abdullah Saleh Al Othaim

The accompanying notes from (1) to (40) form an integral part of these consolidated financial statements

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022	2021
	(Saudi Riyals)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before Zakat	1,113,618,532	317,597,891
Loss from discounting operations before Zakat	(223,790)	(3,260,046)
Income before Zakat	1,113,394,742	314,337,845
Adjustments for:		
Depreciation of property, plant, and equipment and right-of-use assets	335,662,980	311,101,019
Depreciation of investment properties	26,088,077	26,175,597
Amortization of intangible assets	533,097	575,884
(Gain) loss from sale of property, plant, and equipment	(225,630)	3,497,742
Net gain from termination of lease contracts	(2,939,822)	(271,507)
Gain from sale of investment properties	(110,625,695)	-
Gain from sale of investment in associate	(608,549,515)	-
Finance charges, net	83,489,404	75,436,382
Income from deposits and others	(2,940,815)	(631,446)
Share in result of investment and joint venture	(52,374,563)	(31,801,425)
(Increase) decrease in provision for shrinkage, obsolete and slow-moving inventory	(5,449,905)	16,607,282
Increase (decrease) in provision for expected credit losses	3,396,698	(2,208,314)
Net movement in legal and other provisions	(262,302)	37,078
Obligation for employees' end-of-service benefits	49,439,920	35,847,023
Changes in:		
Inventories	(72,118,342)	(19,547,192)
Trade receivables	(2,377,414)	16,382,838
Prepayments and other receivables	9,788,404	(11,170,262)
Accounts payable	254,270,299	138,169,678
Accruals and other payables	36,624,769	(7,904,263)
Employees' end of service benefits paid	1,054,824,387	864,633,959
Zakat paid	(19,915,158)	(9,582,306)
Net cash flows generated from operating activities	1,023,401,933	834,656,092
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant, and equipment	2,454,614	1,178,783
Proceeds from sale of investment properties	211,327,580	190,476
Proceeds from sale of investment in associate	846,538,700	-
Income from deposits and others received	3,246,431	550,416
Additions to property, plant and equipment	(285,145,096)	(152,254,065)
Additions to investment properties	(93,083,082)	(30,510,460)
Additions to intangible assets	(474,271)	(217,593)
Additions to investments in associates and joint venture	-	(50,000,000)
Short-term Murabaha deposits	(465,000,000)	(50,000,000)
Redemptions of short-term Murabaha deposits	140,000,000	7,505,000
Net cash flows generated from (used in) investing activities	359,864,876	(273,557,443)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and Murabahat	506,000,000	690,470,011
Payments of loans and Murabahat	(506,000,000)	(690,470,011)
Lease contracts liabilities	(217,744,081)	(195,305,404)
Finance charges paid	(1,488,247)	(820,673)
Dividends paid - shareholders of the Company	(1,032,091,240)	(450,000,000)
Dividends paid - non-controlling interest	(3,168,000)	(9,920,000)
Net cash flows used in financing activities	(1,254,491,568)	(656,046,077)
Net change in cash and cash equivalents	128,775,241	(94,947,428)
Cash and cash equivalents at the beginning of the year	182,743,351	277,764,776
Net exchange differences on translation of foreign currencies	1,555,515	(73,997)
Cash and cash equivalents at the end of the year	313,074,107	182,743,351
Significant non-cash transactions		
Transferred from investment properties to assets held for sale (Note 7)	86,621,184	-
Additions to right-of-use assets against lease contracts liabilities	375,737,770	270,991,648
Transfer from capital work in progress to property, plant, and equipment (Note 5)	109,271,576	45,561,847
Transfer from investment properties to property, plant, and equipment (Note 5)	352,184	-
Transfer from property, plant, and equipment to investment properties (Note 5)	868,948	4,934,205

Chief Financial Officer
Martwan Ahmed Ibrahim

Chief Executive Officer
Muaffaq A. Mobarah

Chairman of Board of Directors
Abdullah Saleh Al Othaim

The accompanying notes from (1) to (40) form an integral part of these consolidated financial statements

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

(All amounts are presented in Saudi Riyals unless otherwise stated)

1. INFORMATION ABOUT THE COMPANY, ITS SUBSIDIARIES AND THEIR ACTIVITIES

Abdullah Al-Othaim Markets Company (the "Company" or "Parent Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Register Number 1010031185, on 7 Rajab 1400H (corresponding to 21 May 1980). The Company changed from a limited liability company into a joint stock company according to the Ministerial Decree No.227/G on 3 Ramadan 1428H (corresponding to 15 September 2007).

The main activities of the Company include wholesale and retail trade of food, fish, meat, agricultural products, livestock, and household items. The Company is also engaged in establishing, managing, operating and maintaining supermarkets, commercial complexes, and bakeries, providing cooked and uncooked catering services, and managing training and educational centers, in addition to acquiring lands to construct buildings for lease or sale for the interest of the Company. The Company also provides import, export and marketing services to others.

The company operates through the main commercial register and sub-registry as detailed in (note 40).

The Company's headquarters are located in Riyadh, Al Rabwa, Eastern Ring Road PO Box 41700, Saudi Arabia.

The Company's share capital is SR 900 million divided into 90 million shares with par value of SR 10 per share.

The Company's fiscal year begins on 1 January and ends on 31 December of each Gregorian year.

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries (collectively referred to as the "Group").

Below are the details of the subsidiaries listed in the consolidated financial statements:

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Main Activity</u>	<u>Direct and Indirect ownership percentage %</u>	
			<u>31 December 2022</u>	<u>31 December 2021</u>
Haley Holding Company	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Universal Marketing Centre Company	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Seven Services Company	Kingdom of Saudi Arabia	Import, export and wholesale and retail trade	100%	100%
Bayt Al Watan Company	Kingdom of Saudi Arabia	Import, export and wholesale and retail trade	100%	100%
Marafeq Al Tashgheel Company	Kingdom of Saudi Arabia	General contracting for building	100%	100%
Abdullah Al Othaim Markets – Egypt	Arabic Republic of Egypt	Wholesale and retail	100%	100%
Thamarat Al Qassim Company	Kingdom of Saudi Arabia	Cultivation of vegetables and fodder	100%	100%
Shurofat Al Jazeerah Company	Kingdom of Saudi Arabia	General contracting and operation of commercial complexes	100%	100%
Mueen For Human Resources Company	Kingdom of Saudi Arabia	Labor services	68%	68%

The following is a summary of the controlled subsidiaries whose financial statements have been consolidated in these consolidated financial statements:

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1. INFORMATION ABOUT THE COMPANY, ITS SUBSIDIARIES AND THEIR ACTIVITIES (CONTINUED)

Haley Holding Company

A limited liability company that operates under commercial registration number 1010314228 issued in Riyadh city on 9 Ramadan 1432H (corresponding to 9 August 2011). The main activities of the company are investment in other companies to obtain control over them, wholesale and retail trading of food products, wheat, rice, meat, fish, home products, computer services (application systems and data bases), import and export services, marketing, maintenance of training and entertaining centers and cooked and uncooked catering services.

Universal Marketing Centre Company

A limited liability company that operates under commercial registration number 1010314201 issued in Riyadh city on 9 Ramadan 1432H (corresponding to 9 August 2011). The main activities of the company are investment in other companies to obtain control over them, wholesale and retail trading of food products, wheat, rice, meat, fish, home products, vehicles spare parts, computer services (application systems and data bases), import and export services, marketing, Maintenance of training and entertaining centers and cooked and uncooked catering services.

Seven Services Company

A limited liability company that operates under commercial registration number 1010320848 issued in Riyadh on 2 Muharram 1433H (corresponding to 27 November 2011). The main activities of the company are importing, exporting, wholesale and retail trading of ready-made clothes, sport clothes, jewelry, sewing tools, bags, leather products, decorations, dropped ceilings, vehicles spare parts, agricultural produce, in addition to providing importing and exporting services on behalf of others, establishing agriculture projects and operating and managing bakeries and cafes.

Bayt Al Watan Company

A limited liability company that operates under commercial registration number 1010320847 issued in Riyadh on 2 Muharram 1433H (corresponding to 27 November 2011). The main activities of the company are importing, exporting, and retail and whole sales trading of fruits and vegetables, fish, dairy products, ghee, olive, halawa, pasta, soft drinks, in addition to providing importing, exporting and marketing services for others, maintenance of training, entertainment and sports, general contracting, construction, maintenance, demolition and restoration and electrical and electronic work.

Marafeq Al Tashgheel Company

A limited liability company that operates under commercial registration number 1010321917 issued in Riyadh on 15 Muharram 1433H (corresponding to 10 December 2011). The main activities of the Company include general constructions and renovation of residential and non-residential buildings such as schools, hospitals, hotels, on-site ready-made houses and restoration of residential and non-residential buildings.

Abdullah AL Othaim Markets - Egypt

A joint stock company that operates under commercial registration number 55010 issued in Egypt on 20 Thu Al-Hijjah 1432H (corresponding to 16 November 2011). The main activities of the company are wholesale and retail trading and general trade.

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1. INFORMATION ABOUT THE COMPANY, ITS SUBSIDIARIES AND THEIR ACTIVITIES (CONTINUED)

Thamarat Al Qassim Company

A limited liability company that operates under commercial registration number 1010378315 issued in Riyadh on 30 Rajab 1434H (corresponding to 9 June 2013). The main activities of the company are agriculture, fodder, livestock and poultry breeding, in addition to import and export and on 15 November 2022, all assets and liabilities related to Thamarat Al Qassim Company were transferred to become one of the branches of Abdullah Al-Othaim Markets Company, and a new main commercial registration for Thamarat Al Qassim Company was established under No. 1010841207 issued in Riyadh on 21 Rabi Al Thani 1444H (corresponding to 15 November 2022). The management has the intention to liquidate and voluntarily dissolve Thamarat Al Qassim Company, however, the legal procedures related to liquidating and voluntarily dissolving the company has not started as of the date of the consolidated financial statements.

Shurofat Al Jazeerah Company

A limited liability company that operates under commercial registration number 1010228732 issued in Riyadh on 2 Safar 1428H (corresponding to 20 February 2007). The main activities of the company are general contracting and operating commercial complexes.

Mueen for Human Resources Company

A closed joint stock company that operates under commercial registration number 1010435202 issued in Riyadh on 6 Ramadan 1436H (corresponding to 23 June 2015). The main activities of the company are providing labor services regarding household workers and workers for both public and private sectors under an authorization from the Ministry of Labor No. UMM 24 issued on 23 Thul Hijja 1436H (corresponding to 16 October 2015).

2. BASIS OF PREPARATION

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants.

2-2 Basis of measurement

The consolidated financial statements have been prepared at historical cost, except for the following significant items stated in the consolidated statement of financial position as follows:

- Investment in equity instruments at fair value through other comprehensive income is measured at fair value.
- Obligation for the end of service benefits is measured at the present value of future obligations using the projected unit credit method.

2-3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals, which is the functional, and presentation currency of the Company. All amounts in the consolidated financial statements are in Saudi Riyals unless otherwise stated.

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2. BASIS OF PREPARATION (CONTINUED)

2-4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Due to the short-term maturity of financial instruments such as receivables and payables, other receivables and payables, the carrying values approximate its fair values significantly.

2.5. New Standards, Amendment to Standards and Interpretations:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

2.5.1. Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, "Business combinations" update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, "Property, plant and equipment" prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in Consolidated statement of income
- IAS 37, "Provisions, contingent liabilities and contingent assets" specifies which costs a company includes when assessing whether a contract will be loss-making.
- International Financial Reporting Standard No. (1) - (Applying International Financial Reporting Standards for the first time).
- Amendments to International Financial Reporting Standard No. (9) - (10% test fee) to derecognize financial liabilities The application of these amendments did not have any material impact on the consolidated financial statements during the year.

2.5.2. Standards issued but not yet effective:

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

2.5.2.1. Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities

These narrow-scope amendments to IAS 1, "Presentation of financial statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events

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2. BASIS OF PREPARATION (CONTINUED)

2.5. New Standards, Amendment to Standards and Interpretations (Continued):

2.5.2. Standards issued but not yet effective (Continued):

2.5.2.1. Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities (Continued)

after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.

2.5.2.2. Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

2.5.2.3. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction.

These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

3. ACCOUNTING ESTIMATES AND SIGNIFICANT ASSUMPTIONS

The preparation of the financial statements in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia, requires the use of judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the notes besides the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities that might be affected in future periods.

The key assumptions concerning the future and other key sources of uncertainty estimation at the consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. In making its assumptions and estimates, the Group relies on standards available when preparing of the consolidated financial statements. Assumptions and estimates about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes in the assumptions are stated when occurred.

a- Summary of Significant Adopted Accounting Estimates and Assumptions

Definition of the lease term with renewal and termination options

The Group has defined the term of the lease as the non-cancellable lease term, in addition to any period covered by the option to extend the lease if this option is certain to be exercised.

The Group has several lease contracts that include options for extension and termination. The Group applies its judgment in assessing whether it is reasonably certain or not to exercise the option of renewing or terminating the contract. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date of the lease contract, the Group re-assesses the lease contract term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease contract.

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3. ACCOUNTING ESTIMATES AND SIGNIFICANT ASSUMPTIONS (CONTINUED)

a- Summary of Significant Adopted Accounting Estimates and Assumptions (continued)

Interest rate implicit in lease contracts

The Group cannot readily determine the interest rate implicit in all lease contracts, therefore, it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group estimates the incremental borrowing rate using observable inputs (such as available bank facilities and market interest rates).

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are estimated by the Group for the purposes of accounting for depreciation based on the expected use of those assets. Management reviews the residual value and useful lives annually. Future depreciation charges would be adjusted when management believes the useful lives differ from previous estimates.

Useful lives of intangible assets

Intangible assets represent costs incurred to obtain the right-of-use of properties leased from the principal tenant (key money) and computer software, of which it is amortized over the respective term of the lease contracts, useful lives, or usufruct contracts.

Provision for obsolete and slow-moving inventory

Management estimates a provision to reduce the inventory value to its net realizable value, if the inventory cost is irrecoverable, inventory is damaged or became obsolete in whole or in part, if the selling price is lower than the cost, or if there are any factors that cause a decrease in the recoverable amount below the carrying value. Inventory deficit provision is calculated as a percentage of sales according to the branch classification and at the department level, and it is settled upon the actual inventory.

Selling Incentives

The liability of the variable consideration of the selling incentives in accordance with customer's loyalty program (Iktissab) is estimated based on the Group's practice and previous experience. The liability is reviewed when preparing the financial reports to reflect the potential value of the Group's liability toward customers.

Progressive incentives from suppliers

The Group may receive additional incentives from suppliers according to the volume of purchases during the fiscal year. The Group recognizes such incentives upon realization in accordance with contracts signed with suppliers. The Group's management exercises its professional judgement in examining market variables and consumer behavior when estimating the recognition of the incentives at the date of the consolidated financial statements. Progressive incentives are recognized at the end of the financial year based on management's estimates.

Recoverable amount

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount represents the higher of an asset (or CGU) fair value, less costs of disposal and value in use.

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3. ACCOUNTING ESTIMATES AND SIGNIFICANT ASSUMPTIONS (CONTINUED)

a- Summary of Significant Adopted Accounting Estimates and Assumptions (continued)

Obligation for employees' end of service benefits

Obligation for employees' end-of-service benefits is determined according to a defined unfunded benefit plan and measured using actuarial valuations. Actuarial valuations include many assumptions that may differ from the actual future developments. These assumptions include the determination of the discount rate, future salary increases and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as deemed necessary.

b- Going concern

The Group's management has assessed the Group's ability to continue as a going concern and is convinced that the Group has sufficient resources to continue to operate for the foreseeable future. Furthermore, management is not aware of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on the going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES

The accounting policies used in the preparation of the consolidated financial statements as of 31 December 2022 are the same as those followed in the consolidated financial statements for the year ended at 31 December 2021. The significant accounting policies used by the Group in preparing the consolidated financial statements are as follows:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries which are under its control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investees. Specifically, the Company controls an investee, if and only if the Company has following three elements:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the Investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to exercise its power over the investee to influence its returns.

Generally, there is an assumption that the majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and any potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income, and expenses of a subsidiary are included in the consolidated financial statements from the date the Company obtains control until the date the Company ceases to control the subsidiary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Profit or loss and each component of other comprehensive income ("OCI") are attributable to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When consolidating, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets, liabilities, equity, income, expenses, and cash flows related to transactions between members of the Group are eliminated in full on consolidation.

Changes in the ownership of subsidiaries under control that do not result in loss of control are treated as equity transactions.

In case the Company loses control over the subsidiary, it would:

- Derecognize the related assets and liabilities of the invested subsidiary.
- Derecognize the carrying amount of any non-controlling interest.
- Derecognize accumulated exchange differences recognized in equity.
- Recognize the fair value of the consideration received.
- Recognize the fair value of any held investment.
- Recognize any surplus or deficit in the consolidated statement of income.
- Reclassify its share of items previously recognized in other comprehensive income to the income statement or transfer directly to retained earnings, if, as required by other international standards.

Classification of assets and liabilities into current / non-current

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is held primarily for the purpose of trading.
- It is expected to be settled in the normal operating cycle.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

The Group recognizes the financial asset and liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. A purchase, sale or de-recognition is accounted for on trade date basis.

Financial assets

When the Group acquires a financial asset, the financial asset is classified at amortized cost or at fair value through other comprehensive income or at fair value through profit or loss based on (a) the Group's business model for managing financial assets, and (b) the contractual cash flow characteristics of the financial asset.

Initial measurement of the financial asset

Financial asset is measured at initial recognition at fair value plus any transaction costs, except for financial assets at fair value through profit or loss which are measured at fair value, (without adding the transaction costs).

Subsequent measurement of the financial asset

After initial recognition, the Group subsequently measures the financial assets based on the category under which the financial asset is classified as follows:

- At amortized cost, if the Group's objective is to hold a group of financial debt instruments to collect the contractual cash flows at defined dates that are solely payments of principal and interest on the principal amount outstanding.
- At fair value through other comprehensive income, if the Group's objective is to hold a group of financial debt instruments to collect the contractual cash flows at defined dates and sell the financial asset; and result in contractual cash flows on defined dates that are solely payments of principal and interest on the principal amount outstanding.
- At fair value through other comprehensive income, if the Group uses this measurement option that is available in IFRS 9 "Financial instruments".
- At fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income.
- Financial assets are measured at amortized cost using the effective interest rate. Disposal gains and losses are recognized in the consolidated statement of income when derecognizing the financial asset. As for the financial assets measured at fair value, they are measured at fair value while presenting the valuation differences through the consolidated statement of income, except for the financial assets which the Group chooses to measure at fair value at the initial recognition through other comprehensive income, in this case, valuation differences are presented in the statement of other comprehensive income. Dividends realized from such assets are recognized through the consolidated statement of income.

De-recognition of financial assets

The financial asset is de-recognized when and only when:

- The contractual rights to receive cash flows from the financial asset expire.
- Transfers contractual rights to receive cash flows from the financial asset and transferring substantially all the risks and rewards of ownership of the financial asset or
- Retaining contractual rights to receive cash flows from the financial asset with a contractual obligation to pay cash flows to one or more of the recipients and transferring substantially all risks and rewards of ownership of the financial asset.
- Transfers contractual rights to receive cash flows from the financial asset without transferring or retaining substantially all the risks and rewards of ownership of the financial asset does not retain control of the financial asset.
- Retains contractual rights to receive cash flows from the financial asset, with assuming a contractual obligation to pay the cash flows to one or more recipients without transferring or retaining substantially all the risks and rewards of ownership of the financial asset retain control over the financial asset.

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

De-recognition of financial assets (Continued)

When de-recognizing a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset acquired less any new liability assumed) is recognized in the consolidated statement of income.

Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event'), and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial restructuring and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts future cash payments over the expected life of the financial liability, or a shorter period of time as appropriate, to arrive at the net carrying amount on initial recognition.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) can only be de-recognized from the consolidated statement of financial position when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

Reclassification of financial assets and liabilities

When the Group reclassifies a financial asset, it applies the reclassification prospectively from the date of the reclassification. The previously recognized gains, losses (including impairment losses and gains) or interests are not adjusted. Reclassification of financial liabilities from one category to the another is not permitted.

Equity and reserves

Share capital represents the nominal value of shares that have been issued, retained earnings include all current and prior year profits. All transactions with owners of the parent are recorded separately within equity.

Dividend distribution to shareholders

Dividends distribution to shareholders are recognized as a liability when the dividends are declared. In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, dividends are declared when approved by the shareholders or the delegation of the shareholders to the Board of Directors to distribute dividends to the shareholders of the Company on a semi-annual or quarterly basis in accordance with the Company's financial position and cash flows. The corresponding amount is deducted directly from equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Trade receivables

Trade receivables represent the amounts due from customers for goods sold or services performed in the Group's normal course of business. Trade receivables are initially recognized at fair value represented by the exchange consideration. Subsequent to initial recognition, they are measured at amortized cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three month or less. For purpose of consolidated statement of cash flows, cash and cash equivalents includes cash on hand, on demand deposits and cash at banks.

Lease contracts

Lease contracts of which the Group is a lessee

Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases in the consolidated statement of financial position. However, the Group has elected not to recognize right-of-use asset and lease liabilities for some leases of short-term and low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognizes the right-of-use asset and a lease liability at the lease commencement date.

Right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment loss and adjusted for certain re-measurements of the lease liability.

Lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured whenever there is a change in future lease payments arising from a change in an index or rate used to determine those payments, a change in the estimate of the expected payable amount under a residual value guarantee, or as appropriate, a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied its judgment to determine the lease term for some leases which contains renewal options. The assessment of whether the Group is reasonably certain to exercise such options affects the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Lease contracts of which the Group is a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. When the Group is an intermediate lessor, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Upon the initial application of IFRS 16, the Group is not required to make any adjustments for leases in which it acts as lessor. However, the Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate the consideration of each lease and non-lease component in the contracts.

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(All amounts are presented in Saudi Riyals unless otherwise stated)

4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Property, plant, and equipment

Recognition and measurement

- Property, plant, and equipment are stated at historical cost less accumulated depreciation and impairment losses.
- Cost includes expenditure that is directly attributable to the acquisition of property, plant, and equipment.
- When the useful lives of property, plant, and equipment items differs, it is accounted for as separate items.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of such items and are recognized net in the consolidated statement of income.

Subsequent costs

- The cost of the replaced part for an item of property, plant and equipment is recorded in the value reported for that item when it is probable that future economic benefits will flow from that part to the Group and the cost of the item can be measured reliably. The value reported for the old-replaced part is written off.
- Daily costs and expenses incurred by the Group for maintaining and operating the property, plant, and equipment are charged to the consolidated statement of income when incurred.

Depreciation

Depreciation charge is recognized in the consolidated statement of income using the straight-line method over the estimated useful life of each item of property, plant, and equipment, except for land. Assets constructed on leased lands are depreciated over the lower of lease term, or over their respective useful lives. The depreciation of property, plant, and equipment start when they are available for use as intended by the management.

The estimated useful lives of property, plant, and equipment and the useful lives during the current year are the same for the previous years as follows:

<u>Item</u>	<u>Useful lives (years)</u>
Buildings and constructions	25 years or lease term, whichever is shorter
Machinery and equipment	5 - 10
Vehicles	5 - 7
Computer hardware and systems	3 - 10
Furniture and fixtures	2 - 10
Leasehold improvements	10 years or lease term, whichever is shorter

The Group reviews the useful lives and residual values to all items of property, plant, and equipment at the end of each financial Year and adjusts them as necessary.

Capital work in progress

Capital work-in-progress is stated at cost and include the cost of construction, equipment, and direct expenses. These are not depreciated until they become ready for their intended use by the Group where they are transferred to property, plant, and equipment.

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(All amounts are presented in Saudi Riyals unless otherwise stated)

4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Investment properties

The Group classifies an asset as an investment property if the purpose of holding it is (a) to earn rental income, or (b) for capital appreciation, or (c) both. At initial recognition, investment property is stated at cost, including expenditure that is directly attributable to the acquisition of investment properties. At subsequent measurement, the Group uses the cost module where the accumulated depreciation and accumulated impairment losses are deducted, and their fair value is disclosed as required by the IFRSs at the date of preparing the consolidated financial statements.

The Group uses the straight-line method to depreciate investment properties over the estimated life of each of the investment property items. Assets built on leased lands are depreciated over the lower of the lease term or their respective useful lives. Depreciation charge is recorded in the consolidated statement of income.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount of an assets or Cash Generating Unit ("CGU") is the higher of its fair value less costs of disposal and value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks identified to the asset. The Group calculation of impairment relies on detailed budgets and forecasts, which are prepared separately for each of the Group's CGU to which the individual assets are allocated.

Impairment losses of continuing operations are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

Later where an asset impairment loss is reversed when there are indications for such, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is immediately recognized as income in the consolidated statement of income.

Intangible assets

Acquired intangible assets are measured at cost separately at the date of initial recognition. The cost of intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, except for capitalized development costs, are not capitalized. Expenses are recognized in the consolidated statement of income when incurred, and the estimated useful lives of the intangible assets are estimated to be finite or infinite.

<u>Item</u>	<u>Useful lives (years)</u>
Programs and Applications	3-10 Years

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Intangible assets (continued)

Intangible assets with definite lives are amortized over the useful life. The Group conducts the needed tests to assess for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for the intangible assets with finite useful lives are reviewed at the end of each financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method and are treated as changes in accounting estimates.

The amortization expenses for intangible assets with finite lives are recognized in the consolidated statement of income under an expenses category that matches the intangible asset's function.

Profit or loss resulting from the de-recognition of intangible assets is measured by the difference between the net proceeds of disposal and the asset's carrying amount, and they are included in the consolidated statement of income upon de-recognition of the asset.

Subsequent to initial recognition, they are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged to the consolidated statement of income on a straight-line basis over the useful life of each item of the intangible assets

Investments in associates and joint venture

- An associate is an entity over which the Group 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.
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
- An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group'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 Group's share of the net fair value of associate's or joint venture's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of income in the year in which the investment is acquired.
- The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that an associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.
- When a Group's entity transacts with an associate or a joint venture of the Group, profits or losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Revenue

Sales revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control of goods or services to the customer. The principles of IFRS (15) "Revenue from Contracts with Customers" are applied by using the following five steps:

Step 1: Identify the contract - in the following cases:

- When the contract has been approved and the parties are committed.
- When each party's rights are identified.
- When the payment terms are defined.
- When the contract has a commercial substance.
- When the contract is collectible.

Step 2: Identify the performance obligations of the contract: by identifying promised goods or services agreed in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if:

- The customer can benefit from the goods or services separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: Determine the transaction price: which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: Allocate the transaction price to performance obligations in the contract: by allocating the transaction price to each separate performance obligation based on the relative standalone selling price of the goods or services being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer.

Accordingly, a contract with a customer is accounted for upon fulfilling all the following criteria:

- The contract parties agreed (in writing, verbally or according to other business practice) to commit to its obligations.
- The rights of each party regarding the goods and services to be transferred is established.
- The repayment terms for goods and services to be transferred can be determined.
- The contract has a commercial implication (meaning that it is expected for the risks or the timing or amount of future cash flows of the entity to change due to the contract).

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Revenue (Continued)

Sales revenue recognition (Continued)

- The possibility of receiving a consideration to which the Group has the right in return of goods or services it transferred to the client. When assessing the probability of receiving a consideration, the customer's ability and intention to repay when the amount falls due is taken into consideration. It is taken into account that the consideration might be lower than the price stated by the contract if the consideration is variable.
- The revenue is recognized when the obligation is met through transferring the good or service promised to the customer and the asset is considered transferred when the customer obtains control over the asset, and when the contract is made, meeting the obligation is determined to be made over a time period or at a point in time.

Incentives and other benefits from suppliers

- Opening fees revenues agreed upon with the suppliers at the opening of the branch is recognized and deducted from the cost of the goods sold.
- Incentives and earned benefits from suppliers are recognized on an accrual basis according to the contracts signed with the suppliers. For the presentation purposes, incentives and earned benefits are deducted from the cost of goods sold.

Other income

- Rental income is recognized on an accrual basis in accordance with the lease contracts terms.
- Dividend income is recognized in the consolidated statement of income when declared by the General Assemblies of the investees.
- Other revenues are recognized on an accrual basis and when the conditions to earn such revenues are fulfilled in accordance with the IFRSs.

Customer loyalty program (Iktissab)

The Group defers recognition of variable consideration of incentives arising from the Customer Loyalty Program (Iktissab) where the Group estimates this consideration based on practice and previous experience of the Group. Then, the consideration is recognized as a liability till it is utilized by the customer. The sale revenue is reduced by the amount of this liability being recognized as a deferred income. Subsequently, this liability is transferred to revenues upon utilization or when the right to utilize expires. The cost of revenue is recognized which represent the goods delivered to the customer.

Inventory and spare parts

Inventories

Inventory is stated at the lower of cost or net realizable value. The cost is determined by using the weighted average costing method. Inventory cost consists of costs incurred to get the inventories to the warehouses. Net realizable value is the estimated selling price in the ordinary course of business, less the expected costs of sale.

Spare parts inventory

Spare parts are charged to property, plant, and equipment when they meet the definition and conditions for such classification. Otherwise, they are classified as inventory.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuous use and a sale is considered highly probable. They are measured at the lower of their carrying amount or fair value less costs to sell and depreciation is ceased.

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Provisions

Provisions are recognized when the Group has a obligation (legal or contractual) at the date of the financial statements arising from a past event, and it is probable that there will be outflow of economic benefits to settle this obligation and can be reliably measured. They are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks associated with that obligation.

Employees' end-of-service benefits obligation

Employees' end-of-service benefits obligation is a compensation plan paid to employees at the end of their services. As per the Saudi Labor Law, the Group pays employees when their service ends based on the period of service, salary and reason for terminating the service. Obligation recognized in the consolidated statement of financial position regarding the end-of-service benefits represent the current value of the defined benefits obligation at the end of the reporting period. The end-of-service benefits obligation is calculated by the management on annual basis using the projected unit credit method.

The cost of the services of the defined benefits plan is recognized in the consolidated statement of income under employees' benefits cost. This cost reflects the increase in the defined benefits obligation resulting from the employee's service in the current period plus changes, reduction, and settlement of benefits. Past-service costs are recognized immediately in the consolidated statement of income.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from previous changes in actuarial assumptions are charged or credited to equity in the consolidated statement of comprehensive income in the period in which they arise.

Loans

loan is recognized at net received amount and interests are recognized using the effective interest method. Interests on loans are recognized during the period in which they are incurred. Interest on loans used to finance capital work in progress are capitalized and considered part of these works cost.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized as a part of the asset cost. Qualified assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the consolidated statement of income in the period in which they are incurred by the Group.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether demanded by the supplier or not.

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (CONTINUED)

Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the financial period are translated into Saudi Riyals using the exchange rates prevailing at that date. As for non-monetary item in foreign currencies recorded at fair value, they are retranslated according to the exchange rate prevailing at the date of determining its fair value. Non-monetary items in quoted currencies at historical cost are not retranslated.

Translation differences on settlement of non-monetary items and retranslation of monetary items are included in the consolidated statement of income for that period. Translation differences resulting from non-monetary items like equity classified as financial assets through comprehensive income are recognized under cumulative changes in fair value in the consolidated statement of comprehensive income.

Assets and liabilities of foreign subsidiaries are translated into Saudi Riyals using the exchange rates prevailing at the date of the financial statements. Income and expenses are translated for each of the statement of income and the statement of other comprehensive income using the exchange rates prevailing at the transactions dates. The translation differences are recognized in the consolidated statement of other comprehensive income. These differences are recognized in the consolidated statement of income during the year of which foreign operations are disposed. Goodwill and change in fair value resulting from acquisitions of foreign companies are treated as foreign companies' assets and liabilities and translated using the exchange rate prevailing at the financial reporting date.

Segmental information

A business segment consists of assets and operations providing goods or services that are exposed to risks and returns different from those of other business segments which are measured according to the reports used by the executive management. A geographic segment relates to providing goods or services within an economic environment exposed to risks and returns different from those of other segments working in other economic environments.

Offsetting

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and when the Group intends to settle the assets and liabilities on a net basis in order to realize the asset and to settle the liability simultaneously.

Zakat and taxes

The Company and its subsidiaries are subject to the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. As for subsidiaries outside the Kingdom of Saudi Arabia, they are subject to the laws of countries they are registered in. Zakat is recognized according to the accrual basis. The zakat provision is calculated according to the zakat base. Any differences between the provision and the final assessment are recorded when realized and recognized at that time.

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5. PROPERTY, PLANT AND EQUIPMENT

	<u>Properties</u>		<u>Machinery and equipment</u>	<u>Motor Vehicles</u>	<u>Computers</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Capital work in progress</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>							
Cost									
As of 1 January 2022	508,550,199	549,851,456	570,596,954	129,064,221	220,522,704	318,979,010	331,074,347	44,482,546	2,673,121,437
Additions	32,614,413	11,747,089	54,699,494	18,113,038	32,208,723	28,709,120	11,980,422	95,072,797	285,145,096
Transferred from capital work in progress	-	22,371,430	10,882,684	-	6,961,388	19,008,206	50,047,868	(109,271,576)	-
Transfers between items	-	-	316,480	(85,000)	(13,860)	(217,620)	-	-	-
Transferred (from) to investment property	-	-	-	-	(761,583)	35,000	-	(292,995)	(1,019,578)
Disposals	-	(7,534,962)	(19,499,462)	(12,071,197)	(8,819,507)	(15,791,917)	(6,437,634)	(188,625)	(70,343,304)
Exchange differences on translation of foreign currency	-	-	(6,658,623)	(578,909)	(1,850,065)	(254,521)	(6,239,385)	(637)	(15,582,140)
As of 31 December 2022	541,164,612	576,435,013	610,337,527	134,442,153	248,247,800	350,467,278	380,425,618	29,801,510	2,871,321,511
<u>Accumulated depreciation</u>									
As of 1 January 2022	-	184,756,479	387,421,145	103,956,358	174,487,708	229,173,925	201,359,834	-	1,281,155,449
Depreciation for the year	-	27,217,792	44,769,696	8,118,172	24,704,438	29,500,117	25,860,085	-	160,170,300
Transfer (from) / to investment properties	-	-	-	-	(537,812)	34,998	-	-	(502,814)
Transfers between items	-	-	319,495	(84,998)	(2,869)	(231,628)	-	-	-
Disposals	-	(7,534,958)	(19,173,576)	(11,758,804)	(8,730,162)	(15,610,050)	(5,306,770)	-	(68,114,320)
Exchange differences on translation of foreign currency	-	-	(4,913,249)	(588,603)	(1,610,347)	(127,982)	(4,011,646)	-	(11,251,827)
As of 31 December 2022	-	204,439,313	408,423,511	99,642,125	188,310,956	242,739,380	217,901,503	-	1,361,456,788
Net book value	541,164,612	371,995,700	201,914,016	34,800,028	59,936,844	107,727,898	162,524,115	29,801,510	1,509,864,723

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>Properties</u>		<u>Machinery and equipment</u>	<u>Motor Vehicles</u>	<u>Computers</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Capital work in progress</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>							
Cost									
As of 1 January 2021	482,774,626	560,676,458	544,562,704	120,965,919	205,509,988	299,187,217	314,245,569	40,855,080	2,568,777,561
Additions	25,775,573	556,953	29,702,625	9,766,079	14,861,976	17,391,187	2,010,772	52,188,900	152,254,065
Transferred from capital work in progress	-	3,091,400	4,913,472	-	4,403,857	8,623,594	24,529,524	(45,561,847)	-
Transferred to investment properties	-	(11,508,095)	-	-	-	-	-	-	(11,508,095)
Disposals	-	(2,965,260)	(8,619,730)	(1,671,100)	(4,262,617)	(6,223,893)	(9,746,900)	(2,999,647)	(36,489,147)
Exchange differences on translation of foreign currency	-	-	37,883	3,323	9,500	905	35,382	60	87,053
As of 31 December 2021	508,550,199	549,851,456	570,596,954	129,064,221	220,522,704	318,979,010	331,074,347	44,482,546	2,673,121,437
<u>Accumulated depreciation</u>									
As of 1 January 2021	-	167,504,775	352,315,915	95,283,660	154,886,661	206,317,614	185,454,243	-	1,161,762,868
Depreciation for the year	-	26,790,852	43,164,332	9,469,909	23,732,539	28,971,500	25,593,264	-	157,722,396
Transferred to investment properties	-	(6,573,890)	-	-	-	-	-	-	(6,573,890)
Disposals	-	(2,967,755)	(8,083,319)	(800,137)	(4,140,172)	(6,115,875)	(9,705,364)	-	(31,812,622)
Exchange differences on translation of foreign currency	-	-	24,217	2,926	8,680	686	20,188	-	56,697
As of 31 December 2021	-	184,753,982	387,421,145	103,956,358	174,487,708	229,173,925	201,362,331	-	1,281,155,449
Net book value	508,550,199	365,097,474	183,175,809	25,107,863	46,034,996	89,805,085	129,712,016	44,482,546	1,391,965,988

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- During the year, the Group disposed of assets with a net book value of SR 2.23 million (2021: SR 4.67 million) and resulted in a gain of SR 225.6 thousand (loss in 2021: SR 3.5 million).
- Capital work in progress as of December 31, 2022, mainly represented in branch equipment
- The following table shows the distribution of depreciation expense as it was classified according to items of operating costs for the year ended December 31

	<u>2022</u>	<u>2021</u>
Selling and marketing expenses	137,289,307	135,813,025
General and administrative expenses	8,911,587	7,015,943
	<u>146,200,894</u>	<u>142,828,968</u>

6. LEASE CONTRACTS

a. RIGHT-OF-USE ASSETS

	<u>31 December 2022</u>	<u>31 December 2021</u>
<u>Cost</u>		
Balance at the beginning of the year	2,365,660,016	2,127,006,474
Additions during the year	375,737,770	270,991,648
Disposals during the year	(36,105,014)	(32,415,970)
Exchange differences on translation of foreign currency	(10,933,753)	77,864
Balance at the end of the year	<u>2,694,359,019</u>	<u>2,365,660,016</u>
<u>Accumulated consumption</u>		
Balance at the beginning of the year	920,597,998	794,042,232
Charge for the year	175,492,680	153,378,623
Disposals during the year	(14,832,760)	(26,852,675)
Exchange differences on translation of foreign currency	(4,026,882)	29,818
Balance at the end of the year	<u>1,445,062,018</u>	<u>1,332,964,242</u>
Net book value at the end of the year	<u>1,617,127,983</u>	<u>1,445,062,018</u>

b. Lease contracts liabilities

The movement on lease liabilities was as follows for the year Ended 31 December:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	1,528,366,475	1,387,870,717
Additions during the year	375,737,770	270,991,648
Added: the benefits of lease obligations	75,025,098	70,574,445
Termination/modifications	(24,212,076)	(5,834,802)
Deducted: payments during the year	(217,744,081)	(195,305,404)
Translation differences	(10,723,677)	69,871
Balance at the end of the year	<u>1,726,449,509</u>	<u>1,528,366,475</u>
Long-term lease obligations	1,574,265,858	1,374,035,175
Short-term lease obligations	152,183,651	154,331,300
	<u>1,726,449,509</u>	<u>1,528,366,475</u>

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6. LEASE CONTRACTS (CONTINUED)**c. Amounts recognized in the consolidated statement of income for the year ended 31 December**

	2022	2021
Depreciation expense of right-of-use assets	175,492,680	153,378,623
Interest expense related to lease obligations	75,025,098	70,574,445
An expense related to short-term leases is included in cost	1,081,321	16,250
Expense related to short-term leases is included in selling and distribution expenses	18,158,240	16,133,971
Expense related to short-term leases is included in general and administrative expenses	1,209,475	1,184,964
An expense related to short-term leases is included in the leasing activity	1,192,557	141,650
Gain from derecognition due to termination of leases	2,928,245	271,507
The total amount recognized in the consolidated statement of income	275,087,616	241,701,410

7. INVESTMENT PROPERTIES

Investment properties represent commercial centers, exhibitions, buildings, and the lands where they were built on, which are mainly held for investment and leasing to others. The movement for the year ended 31 December was as follows:

	2022	2021
Cost		
Balance at the beginning of the year	874,830,652	833,002,573
Additions during the year	93,083,082	30,510,460
Disposals during the year	(100,667,091)	(190,476)
Transfers from property, plant, and equipment (Note 5)	1,019,578	11,508,095
Transferred to assets held for sale	(86,621,184)	-
Balance at the end of the year	781,645,037	874,830,652
Accumulated depreciation		
Balance at the beginning of the year	275,290,408	242,540,921
Depreciation for the year	26,088,077	26,175,597
Transfers from property, plant, and equipment	502,814	6,573,890
Balance at the end of year	301,881,299	275,290,408
Net Book Value at the end of year	479,763,738	599,540,244

- a) The fair value of the investment properties as at December 31, 2022 amounted to 689 million Saudi riyals (2021: amount of 1,006 million Saudi riyals) evaluated by qualified and independent experts. The following are the data of the real estate appraiser:

Name: Olat and Partner Real Estate Appraisal Company

Qualifications: Membership of the Saudi Authority for Accredited Valuers

License number: 1210000397

The fair value was measured according to the applicable valuation techniques (market-based - comparison method and income-based - residual value method).

- b) Investment properties include buildings built on leased lands amounted to 122.3 million Saudi riyals (2021: amounted to 146.1 million Saudi riyals)

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7. INVESTMENT PROPERTIES (CONTINUED)

- c) On 9 August 2022, the Board of Directors approved the sale of a land owned by the Company located in Madinah with an area of 105,664 square meters at a price of SR 2,000 per square meter with a total amount of SR 211,327,580 to Abdullah Al-Othaim Investment Company (a related party), which resulted in gains before Zakat amounted to SR 110,625,695 (SR 107,860,053 after Zakat).

The deal was presented before the General Assembly of shareholders on 27 September 2022 and was approved on that date. At the Group's consolidated financial position date, the sale price was collected and the legal procedures for transferring the ownership title of the sold land were completed.

8. INTANGIBLE ASSETS

Intangible assets are represented by computer systems. and they are amortized over the period of their useful lives, and the movement was as follows:

	2022	2021
<u>Cost</u>		
Balance at the beginning of year	7,211,447	6,993,854
Additions	474,271	217,593
Balance at the end of year	7,685,718	7,211,447
<u>Accumulated amortization</u>		
Balance at the beginning of year	5,669,649	5,093,765
Amortization charged during the year	533,097	575,884
Balance at the end of year	6,202,746	5,669,649
Net book value for the year	1,482,972	1,541,798

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Details of the companies included in the consolidated financial statements which are accounted for using the equity method:

	<u>Country of Incorporation</u>	<u>Ownership percentage %</u>	
		31 December 2022	31 December 2021
Abdullah Al-Othaim for Investment Company - Associate ⁽¹⁾	Kingdom of Saudi Arabia	-	13.653%
AlWousta Food Services Company - Associate ⁽²⁾	Kingdom of Saudi Arabia	25%	25%
Riyadh Food Industries Company - Associate ⁽³⁾	Kingdom of Saudi Arabia	55%	55%
Gulf Flour Milling Industrial Company - Joint venture ⁽⁴⁾	Kingdom of Saudi Arabia	33.33%	33.33%

- (1) The main activities of the Company and its subsidiaries are the purchase of lands to construct buildings thereon for the purpose of selling or renting for its own interest, in addition to management, maintenance, and development of real estate properties, operating shopping malls, entertainment centers, creating and operating games cities and areas, issuing any type of negotiable debt instrument including Sukuk. The investment has been classified as an investment in associate company since there is a significant influence on the company evidenced by the representation in the board of directors and the existence of material transactions.

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

- (2) The main activities of the company are managing, operating, and monitoring of Al Baik restaurants in Riyadh, Qassim, Hail and Al Jouf. The Company is a limited liability company and the headquarter of the Company is in Jeddah. The investment has been classified as an investment in associate company since there is a significant influence on the company.
- (3) The main activities of the company are the purchase of lands to construct manufacturing buildings thereon for the purpose of investment for its own interest, in addition to management, maintenance, and development of manufacturing plants for others, marketing food and consumable goods, and whatever necessary to establish or participate in shops and markets, import and export of food and consumable goods. The investment has been classified as an investment in associate company since there is a significant influence on the company.
- (4) The main activities of the company are packaging and grinding grains, flour manufacturing, feed manufacturing, and storage in grain silos, in accordance with the ministry of investment license number 101034210105632, dated 15 Shawwal 1442H (corresponding to 27 May 2021G). It has been classified as an investment in joint arrangements (Joint venture).

a) Summary of investment movements during the year:

Summary of the investment movement during the year 2022	Abdullah Al-Othaim for Investment Company - Associate	AlWousta Food Services Company - Associate	Riyadh Food Industries Company - Associate	Gulf Flour Milling Industrial Company - Joint venture	Total
Balance at the beginning of the year	229,562,715	25,699,944	43,056,727	50,549,999	348,869,385
The share in the net business results of associates and a joint venture	9,323,531	1,459,688	(4,451,327)	46,042,671	52,374,563
Exclusions - Al-Othaim Investment Company (1)	(237,989,185)	-	-	-	(237,989,185)
Share of other comprehensive income of associates	(897,061)	87,963	(97,666)	(79,359)	(986,123)
Balance at the end of the year	-	27,247,595	38,507,734	96,513,311	162,268,640
Summary of the investment movement during the year 2021					
Balance at the beginning of the year	200,077,127	24,426,703	42,634,371	-	267,138,201
Additions	-	-	-	50,000,000	50,000,000
The share in the net business results of associates and a joint venture	29,426,905	1,273,241	551,280	549,999	31,801,425
Share of other comprehensive income of associates	58,683	-	(128,924)	-	(70,241)
Balance at the end of the year	229,562,715	25,699,944	43,056,727	50,549,999	348,869,385

- (1) On 7 July 2022, the Board of Directors decided to accept the offer submitted by Al-Othaim Holding Company (Founding shareholder) to purchase all of the Company's shares in Abdullah Al-Othaim Investment Company at a price of SR 62 per share, based on the Group's management estimates, with a total amount of SR 846,538,700, which resulted in gains before Zakat amounted to SR 608,549,515 (SR 593,335,777 after Zakat).

The deal was presented before the General Assembly of shareholders on 27 September 2022 and was approved on that date. At the Group's consolidated financial position date, the sale price was collected and the legal procedures for transferring the ownership title of the sold shares were completed.

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

b) Associates and joint venture balances:

	31 December 2022	31 December 2021
Gulf Flour Milling Industrial Company - Joint venture	96,513,311	50,549,999
Riyadh Food Industries Company - Associate	38,507,734	43,056,727
AlWousta Food Services Company - Associate	27,247,595	25,699,944
Abdullah Al-Othaim for Investment Company - Associate	-	229,562,715
	162,268,640	348,869,385

c) The summarized financial statements of the associate companies and the joint venture

1) Summary of the statement of financial position:

	As of 31 March 2022	As of 31 December 2022		
	Abdullah Al-Othaim for Investment Company - Associate	AlWousta Food Services Company - Associate	Riyadh Food Industries Company - Associate	Gulf Flour Milling Industrial Company - Joint venture
Cash and cash equivalents	26,493,969	19,712,764	6,015,978	18,626,071
The rest of the current assets	399,535,745	41,469,383	111,536,665	-
Non-current assets	3,629,084,502	82,053,226	64,837,895	1,024,876,944
Total assets	4,055,114,216	143,235,373	182,390,538	1,043,503,015
Trade payables and other current liabilities	53,305,429	23,106,869	49,760,505	15,930,507
Other current liabilities	476,745,883	7,682,008	44,955,352	-
Non-current liabilities	1,653,076,085	3,456,116	12,850,545	747,473,532
Total liabilities	2,183,127,407	34,244,993	107,566,402	763,404,039
Total equity	1,871,986,809	108,990,380	74,824,136	280,098,976
Total equity and liabilities	4,055,114,216	143,235,373	182,390,538	1,043,503,015
		As of 31 December 2021		
	Abdullah Al-Othaim for Investment Company - Associate	AlWousta Food Services Company - Associate	Riyadh Food Industries Company - Associate	Gulf Flour Milling Industrial Company - Joint venture
Cash and cash equivalents	82,697,585	31,381,345	9,365,316	37,088,409
The rest of the current assets	334,804,379	31,783,232	107,971,403	-
Non-current assets	3,676,734,284	67,480,759	57,867,029	928,387,270
Total assets	4,094,236,248	130,645,336	175,203,748	965,475,679
Trade payables and other current liabilities	56,245,771	13,352,314	29,583,722	53,452,821
Other current liabilities	491,860,221	11,566,946	49,455,897	1,712,861
Non-current liabilities	1,735,033,636	2,884,440	13,487,062	758,900,000
Total liabilities	2,283,139,628	27,803,700	92,526,681	814,065,682
Total equity	1,811,096,620	102,841,636	82,677,067	151,409,997
Total equity and liabilities	4,094,236,248	130,645,336	175,203,748	965,475,679

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

2) The summary statement of comprehensive income:

	For the period ending 31 March 2022		For the year ending 31 December 2022	
	Abdullah Al-Othaim for Investment Company - Associate	AlWousta Food	Riyadh Food Industries	Gulf Flour Milling
		Services Company - Associate	Company - Associate	Industrial Company - Joint venture
Net sales	204,509,538	342,818,088	212,732,918	178,767,259
Gross profit	98,152,927	75,293,749	36,717,382	178,767,259
General and administrative expenses	(15,510,468)	(83,897,953)	(13,418,444)	(3,212,104)
Selling and marketing expenses	(24,380,668)	-	(25,114,662)	-
Financing expenses	(10,470,524)	-	(3,318,218)	(30,577,416)
Zakat and tax expense	(1,273,793)	(416,369)	(1,373,481)	(13,846,462)
Net profit(loss) for the year	67,460,208	5,796,890	(7,675,357)	131,131,278
Other comprehensive (loss) income	(6,570,019)	351,854	(177,574)	(238,078)
Total comprehensive income (loss)	60,890,189	6,148,744	(7,852,931)	130,893,200

	For the year ending 31 December 2021			
	Abdullah Al-Othaim for Investment Company - Associate	AlWousta Food	Riyadh Food Industries	Gulf Flour Milling
		Services Company - Associate	Company - Associate	Industrial Company - Joint venture
Net sales	818,468,964	261,428,570	174,237,563	3,825,315
Gross profit	376,814,784	60,341,413	33,781,117	3,825,315
General and administrative expenses	(62,750,596)	(62,520,141)	(13,365,572)	(365,832)
Selling and marketing expenses	(76,835,846)	-	(20,365,375)	-
Financing expenses	(40,129,308)	-	(2,835,833)	(1,479,486)
Zakat and tax expense	(4,436,737)	(1,037,271)	(1,723,266)	(570,000)
Net profit for the year	221,655,309	6,211,531	508,442	1,409,997
Other comprehensive income	1,067,632	194,048	(234,407)	-
Total comprehensive income	222,722,941	6,405,579	274,035	1,409,997

10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

a. The following are details of investments in equity instrument at fair value through other comprehensive income:

	Country of incorporation	Ownership percentage %	
		31 December 2022	31 December 2021
Southern European Company SEIC	Bosnia and Herzegovina	17.98%	17.98%
National Laboratories Company Limited	Kingdom of Saudi Arabia	6.00%	6.00%

b. Equity instrument balances at fair value through other comprehensive income

	31 December 2022	31 December 2021
Equity instruments at fair value - in unlisted shares	5,457,138	5,457,138
Fair value reserve	(2,455,069)	(2,733,404)
	3,002,069	2,723,734

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11. INVENTORIES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Commercial inventories	964,279,296	892,446,583
Spare parts and materials not available for sale	24,311,021	21,065,067
Provision for obsolete and slow-moving inventory	(47,028,278)	(49,517,858)
	<u>941,562,039</u>	<u>863,993,792</u>

Below is the movement in the inventory provisions for the year ended 31 December:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	49,517,858	32,877,416
Additions	37,882,859	39,825,027
Write off/reconciled during the year	(40,233,384)	(23,184,943)
Foreign currency translation differences	(139,055)	358
Balance at the end of the year	<u>47,028,278</u>	<u>49,517,858</u>

12. OTHER NON-CURRENT ASSETS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Non-current portion of receivables land sale	10,799,599	12,366,456
Margin on bank letter of guarantee	10,000,000	10,000,000
Unused labor visa fees	7,838,427	7,436,897
	<u>28,638,026</u>	<u>29,803,353</u>

13. PREPAYMENTS AND OTHER RECEIVABLES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Prepayments	101,695,356	115,205,330
Advance to suppliers	44,411,505	25,080,894
Staff receivables	4,178,994	7,875,551
Prepaid insurance	2,026,482	1,559,446
Letter of credits and guarantees	1,327,731	4,436,837
Current portion of receivables land sale	1,587,701	1,531,945
Others	5,308,024	13,524,741
	<u>160,535,793</u>	<u>169,214,744</u>
Provision for doubtful debts	(1,484,901)	(1,478,584)
	<u>159,050,892</u>	<u>167,736,160</u>

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13. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Movement in provision for doubtful debts:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance at the beginning of year	1,478,584	1,447,460
Additions	9,047	31,907
Disposal	(2,730)	(783)
Balance at the end of year	<u>1,484,901</u>	<u>1,478,584</u>

14. TRADE RECEIVABLES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade receivables	72,636,270	70,195,739
Less: provision for expected credit losses and others	(37,847,893)	(34,388,078)
	<u>34,788,377</u>	<u>35,807,661</u>

The movement in provision for expected credit losses and others is as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	34,388,078	32,661,921
Additions	3,468,266	1,726,157
Write-off	(8,451)	-
Balance at the end of the year	<u>37,847,893</u>	<u>34,388,078</u>

	<u>Total</u>	<u>Less than 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>270-365 days</u>	<u>More than 365 days & Others</u>
2022						
Commercial debtors	72,636,270	27,029,822	2,641,971	1,512,169	1,384,581	40,067,727
Less: provision for expected credit losses	37,847,893	259,422	382,603	630,207	645,834	35,929,827
2021						
Commercial debtors	70,195,739	19,645,865	6,077,328	2,260,434	1,965,367	40,246,745
Less: provision for expected credit losses	34,388,078	105,708	863,481	758,346	383,631	32,276,912

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15. CASH AND CASH EQUIVALENTS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash at banks	265,072,962	145,936,636
Cash on hand	48,001,145	36,806,715
	<u>313,074,107</u>	<u>182,743,351</u>

16. SHORT TERM MURABAHA DEPOSITS

The balance represents the value of linked deposits with a local bank at variable rates between 5.50% - 5.53%. The value of deposits as on December 31, 2022 amounted to 375 million Saudi riyals (December 31, 2021: 50 million Saudi riyals), and the value of revenue from deposits during the year ending on December 31, 2022 amounted to 1.46 million Saudi riyals (2021: 160 thousand Saudi riyals)

17. ASSETS HELD FOR SALE

On 12 October 2022, the Board of Directors approved the sale of a land owned by the Company located in Riyadh city with an area of 44,421.12 square meters at a price of SR 4,200 per square meter with a total amount of SR 186,568,704 to Abdullah Al-Othaim Investment Company (a related party). The transaction is subject to the approval of the General Assembly of shareholders, which has not yet taken place.

18. DISCONTINUED OPERATIONS

As of December 31, 2022, the balance is the net book value of the remaining non-current assets held for sale related to activities that were discontinued in Mueen Business Company for Maintenance and Operation. During 2021, the group were directed to liquidate Mueen Business Company for Maintenance and Operation and to appoint a liquidator for the company. The following are the losses resulting from the exclusion of non-continuing operations during the year.

	<u>31 December 2022</u>	<u>31 December 2021</u>
The result of discontinued operations		
Expenses	(223,790)	(3,208,268)
Reversal of impairment losses from property, plant and equipment	-	(51,778)
	<u>(223,790)</u>	<u>(3,260,046)</u>

19. PAID IN SHARECAPITAL

The company's capital is divided into 90,000,000 shares (31 December 2021: 90,000,000 shares) with a nominal value of 10 Saudi riyals per share (31 December 2021: 10 Saudi riyals).

20. STATUTORY RESERVE

In accordance with the Company By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the annual net income to a statutory reserve until such reserve reaches 30% of the Company's share capital. This reserve is not available for distribution to the shareholders as dividends.

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21. OBLIGATION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

The Group grants end of service benefits to its employees, in accordance with the labor law in the Kingdom of Saudi Arabia. The benefits provided under this program represent a lump sum based on the employees' last salary, allowances and accumulated years of service at the date of leaving employment.

The benefit obligation recognized in the consolidated statement of financial position in respect of the defined benefit plan at the end of service represents the present value of the defined benefit obligation at the date of preparing the consolidated financial statements.

Actuarial gains and losses arising from the remeasurement of the defined benefit obligation, if any, are recognized and included in other comprehensive income and in consolidated statement of changes in equity.

The following table shows the movement in end of service benefits liability:

	<u>31 December 2022</u>	31 December 2021
Balance at the beginning of the year	206,961,651	171,440,559
Service cost	49,439,920	35,847,023
Year discount factor cost	6,976,059	4,041,264
Paid during the year	(19,915,158)	(9,582,306)
Actuarial losses from remeasurement of end of service benefits	6,126,835	5,443,030
Transferred to liabilities associated with assets held for sale	-	(227,919)
Balance at the end of the year	<u>249,589,307</u>	<u>206,961,651</u>

Significant actuarial assumptions

The Group has performed an independent actuarial calculation as at December 31, 2022 and December 31, 2021 to ensure the adequacy of provision for employees' end of service benefits in accordance with the labor law rules and using the projected unit credit method as required by IAS 19: Employee Benefits.

	<u>31 December 2022</u>	31 December 2021
Salary increase rate	4.25% - 4.5%	2.25% - 2.5%
Discount rate	3.75% - 4%	2.75% - 3%

Sensitivity analysis

The results are affected by the assumptions used. The table below shows the change in the defined benefit obligation based on the increase or decrease in the value of the underlying assumptions as at 31 December:

	2022		2021	
	commitment amount	percentage change	commitment amount	percentage change
Basis	249,589,307	-	206,961,651	-
Discount rate				
+1%	233,251,008	(6.55%)	195,699,688	(5.44%)
-1%	268,434,634	7.55%	219,797,677	6.20%
Annual salary growth				
+1%	268,327,535	7.51%	219,614,580	6.11%
-1%	233,037,267	(6.63%)	195,635,068	(5.47%)

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22. LOANS AND SHOT-TERM MURABAHA

The Group utilizes Islamic bank facilities (Murabaha) to finance its trade operations. These facilities bear financing costs at prevailing market rates. These facilities are secured by promissory notes under the name of the Company.

As at 31 December 2022, the available and unutilized facilities for the purpose of meeting the Group's liabilities when it becomes due amounted to SR 1,095 million (31 December 2021: SR 1,275 million).

23. RELATED PARTIES

Transactions with related parties represent transactions entered between the Company and its associates, subsidiaries, major shareholders and senior executives of the Group, In addition to the entities related to these parties. Management of the Group approved a policy for prices and conditions for transactions with related parties. Transactions with related parties represent mainly in rent revenue, rent expenses, purchases of goods and manpower services.

Related party

Al-Othaim Holding Company

Abdullah Al-Othaim for Investment Company

AlWousta Food Services Company

Riyadh Food Industries Company

Gulf Flour Milling Industrial Company

General Organization of Social Insurance

Almarai Company

Al-Jouf Agricultural Development Company

The Arabic Company for Agricultural Services "ARASCO"

Jarir Marketing Company

Members of the Board of Directors and Senior Executives

Abdullah Al-Othaim for Fashion Company

Abdullah Al-Othaim for Entertainment Company

Emtiyaz Al Riyadh Trading Company

Fourth Milling Company

Rimal Al Sawahil for Contracting and Maintenance

Saudi Pillar Contracting Company

Nature of relationship

Founding shareholder

Associate

Associate

Associate

Joint venture

Related to a Board of Directors member

Related to a Board of Directors member

Related to a Board of Directors member

Related to a Board of Directors member

Related to a Board of Directors member

Group's management

Subsidiary of an associate

Subsidiary of an associate

Subsidiary of an associate

Subsidiary of an associate

Related to a Board of Director member of a subsidiary

Related to the Chairman of the Board of Directors

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23. RELATED PARTIES (CONTINUED)

Transactions with related parties for the year ended 31 December 2022 are as follows:

<u>Related Party</u>	<u>Rent Expense</u>	<u>Rental Income</u>	<u>Purchase of Inventory</u>	<u>Labor Revenues and Others</u>	<u>Labor Expenses and Others</u>	<u>Sale of Investment Properties and Associate</u>
Al-Othaim Holding Company	10,000	-	-	17,180,220	-	846,538,700
Abdullah Al-Othaim for Investment Company	13,630,410	36,384,550	-	-	4,582,284	211,327,580
AlWousta Food Services Company	-	610,219	-	-	-	-
Riyadh Foods Industries Company	-	-	104,286,714	140,096	-	-
General Organization of Social Insurance	5,562,500	-	-	-	-	-
Almarai Company	-	-	470,223,631	-	-	-
Al-Jouf Agricultural Development Company	-	-	26,038,513	-	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	27,951,420	-	-	-
Jarir Marketing Company	-	3,000,810	889,288	-	-	-
Abdullah Al-Othaim for Fashion Company	-	201,854	-	-	-	-
Saudi Pillar Contracting Company	-	-	-	-	17,587,323	-
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	18,719,433	-	-
Abdullah Al-Othaim for Entertainment Company	-	1,717,914	-	464,516	-	-
Emtiyaz Al Riyadh Trading Company	-	-	-	218,879	-	-
Fourth Milling Company	-	-	7,949,003	1,046,350	1,000	-

Transactions with related parties for the year ended 31 December 2021 are as follows:

<u>Related Party</u>	<u>Rent Expense</u>	<u>Rental Income</u>	<u>Purchase of Inventory</u>	<u>Labor Revenues and Others</u>	<u>Labor Expenses and Others</u>
Al-Othaim Holding Company	10,000	710,050	-	19,322,344	-
Abdullah Al-Othaim for Investment Company	13,630,410	35,674,500	-	-	2,625,757
AlWousta Food Services Company	-	687,069	-	-	-
Riyadh Foods Industries Company	-	-	97,614,519	865,757	-
General Organization of Social Insurance	5,562,500	-	-	-	-
Almarai Company	-	-	404,921,275	-	-
Al-Jouf Agricultural Development Company	-	-	16,081,435	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	20,408,390	-	-
Jarir Marketing Company	-	2,893,574	228,658	-	-
Abdullah Al-Othaim for Fashion Company	-	100,927	-	465,021	-
Saudi Pillar Contracting Company	-	-	-	-	3,074,368
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	16,580,336	-
Abdullah Al-Othaim for Entertainment Company	-	1,142,914	-	448,537	-
Emtiyaz Al Riyadh Trading Company	-	-	-	1,308,496	-
Fourth Milling Company	-	-	5,621,375	-	-

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23. RELATED PARTIES (CONTINUED)

Board members and senior executives' benefits during the year

	Charged to comprehensive income	
	31 December 2022	31 December 2021
Short term benefits	27,159,226	19,520,420
Post-employment benefits	620,744	1,265,031
	27,779,970	20,785,451

Below are the balances due from/to related parties

Amounts due from related parties (included in trade receivables)

	31 December 2022	31 December 2021
Rimal Al Sawahil for Contracting and Maintenance	2,897,038	1,903,156
Saudi Pillar Contracting Company	676,666	1,881,496
Al-Othaim Holding Company	161,873	261,965
Abdullah Al-Othaim for Entertainment Company	133,319	91,770
Emtiyaz Al Riyadh Trading Company	70,104	56,419
Riyadh Foods Industries Company	13,571	82,995
Jarir Marketing Company	-	27,300
Gulf Flour Milling Industrial Company	-	1,000
	3,952,571	4,306,101

Amounts due to related parties (included in trade payables):

	31 December 2022	31 December 2021
Almarai Company	117,068,013	93,523,741
Riyadh Foods Industries Company	33,558,115	26,874,053
Al-Jouf Agricultural Development Company	9,981,178	5,994,069
The Arabic Company for Agricultural Services (ARASCO)	5,075,970	3,288,201
Saudi Pillar Contracting Company	2,439,945	116,276
Abdullah Al-Othaim for Investment Company	1,070,337	4,678,282
Fourth Milling company	894,885	231,526
Jarir Marketing Company	203,627	1,739
	170,292,070	134,707,887

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24. ACCRUALS AND OTHER PAYABLES

	<u>31 December 2022</u>	31 December 2021
Due to employees	132,800,080	124,463,697
Deferred revenues of customer loyalty program	64,487,629	56,862,850
Contractors' dues and deposits from others	57,475,992	41,775,448
Al-Othaim cards received in advance	49,416,522	51,691,253
Accrued VAT	41,159,983	38,642,482
Advance payments from tenants and others	38,629,804	36,114,976
Accrued utilities	22,761,712	19,045,172
Provisions	8,277,457	8,400,131
Others	32,144,800	33,432,329
	<u>447,153,979</u>	<u>410,428,338</u>

25. ZAKAT PROVISION

Zakat is calculated on the basis of adjusted net income or Zakat base whichever is higher according to the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in Saudi Arabia. Zakat is calculated in the current year on the basis of the adjusted net income method.

The movement in Zakat provision during the year is as follows:

	<u>31 December 2022</u>	31 December 2021
Balance at the beginning of year	13,839,202	26,353,223
Charged for the year	30,882,117	11,327,268
Prior years settlements	-	(3,445,728)
Paid during the year	(11,507,296)	(20,395,561)
Balance at the end of year	<u>33,214,023</u>	<u>13,839,202</u>

- The Group submitted its consolidated Zakat declarations for all years up to 2021 and paid Zakat liabilities accordingly.
- The Group received its final Zakat assessment for the years from 2014 to 2018.
- The authority was addressed to end the group's zakat status and issue the final zakat assessment for the years 2012 and 2013, and the assessment has not been issued to date.
- Zakat declarations for the years 2019 and 2020 are subject to examination by the Authority, and the assessment has not been issued to date.

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26. SELLING AND MARKETING EXPENSES

	<u>2022</u>	<u>2021</u>
Employee salaries and benefits	944,052,228	822,635,076
Amortization of the right to use the leased assets	150,416,394	128,857,620
Depreciation and amortization	137,737,944	136,304,448
Utilities	112,286,921	93,618,663
Packaging supplies and materials	42,148,072	37,462,583
Maintenance and repair	35,885,419	26,165,552
Advertising and marketing support	34,088,422	31,417,079
Commissions of the electronic payment network	30,380,738	25,010,439
Branch shipping charges	26,804,362	24,624,157
Fuel and oils	18,627,781	13,939,599
Rents	18,158,240	16,133,971
Fees and subscriptions	15,357,891	12,105,259
Cleaning, hospitality and office supplies	14,186,740	12,932,678
Insurance expenses	6,785,601	6,586,530
Others	19,506,679	8,584,444
	<u>1,606,423,432</u>	<u>1,396,378,098</u>

27. ADMINISTRATIVE AND GENERAL EXPENSES

	<u>2022</u>	<u>2021</u>
Employee salaries and benefits	108,326,388	87,255,409
Depreciation and amortization	8,996,047	7,100,404
Professional fees	8,321,914	10,136,549
Fees and subscriptions	7,039,208	6,064,761
Amortization of the right to use the leased assets	3,147,036	2,911,948
Utilities	2,944,840	2,420,501
Maintenance and repair	1,836,002	2,243,142
Cleaning, hospitality and office supplies	1,218,577	756,955
Rents	1,209,475	1,184,964
Others	5,438,020	7,157,497
	<u>148,477,507</u>	<u>127,232,130</u>

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28. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

Earnings per share for the ordinary shareholders for the year ended 31 December 2022 and 2021, are calculated based on the weighted average number of shares outstanding during those year. Diluted earnings per share is the same as the basic earnings per share as the Group does not have any issued dilutive instruments.

The following is the calculation of basic and diluted earnings per share for the year ending 31 December:

a. Basic and diluted earnings per share from net continuing operations income attributable to the shareholders of the company

	<u>2022</u>	<u>2021</u>
Net income for the year from continuing operations	1,079,661,263	302,337,804
Weighted average number of shares	90,000,000	90,000,000
Basic and diluted earnings per share from net income for the year from continuing operations	<u>12.00</u>	<u>3.36</u>

b. Basic and diluted earnings per share from the net income attributable to the shareholders of the company

	<u>2022</u>	<u>2021</u>
Net income for the year	1,079,509,086	300,120,973
Weighted average number of shares	90,000,000	90,000,000
Basic and diluted earnings per share from the net income for the year	<u>11.99</u>	<u>3.33</u>

29. SEGMENTAL INFORMATION

The Group is engaged mainly in food supplies retail and wholesale. The Group operates in the Kingdom of Saudi Arabia and Egypt. In addition to leasing commercial centers for the purpose of investment for the interest of the Group. The results of the segments are reviewed by the Group's management. Revenues, income, assets, and liabilities are measured using the same accounting principles used in preparing the in the consolidated financial statements.

a. Selected information for each business segment is summarized below.**Consolidated statement of financial position as of 31 December 2022**

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Property, plant, and equipment	1,504,200,469	-	5,664,254	1,509,864,723
Right-of-use assets	1,591,446,768	24,278,351	1,402,864	1,617,127,983
Other non-current assets	-	-	17,838,427	17,838,427
Investment properties	-	479,763,738	-	479,763,738
Intangible assets	835,438	-	647,534	1,482,972
Assets held for sale	-	-	87,676,466	87,676,466
Total assets	4,743,289,385	512,430,770	457,579,877	5,713,300,032
Total liabilities	4,092,922,344	85,713,255	90,515,343	4,269,150,942

Consolidated statement of financial position as of 31 December 2021

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Property, plant, and equipment	1,386,765,463	-	5,200,525	1,391,965,988
Right-of-use assets	1,408,109,897	34,295,230	2,656,891	1,445,062,018
Other non-current assets	-	-	17,436,897	17,436,897
Investment properties	-	599,540,244	-	599,540,244
Intangible assets	809,804	-	731,994	1,541,798
Assets held for sale	-	-	1,339,818	1,339,818
Total assets	3,893,620,711	654,776,312	572,730,279	5,121,127,302
Total liabilities	3,523,465,482	100,291,291	91,773,449	3,715,530,222

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29. SEGMENTAL INFORMATION (CONTINUED)

Consolidated statement of income for the year ended 31 December 2022

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Sales	9,309,096,651	-	294,652,024	9,603,748,675
Sales outside the Group	9,309,096,651	-	240,448,903	9,549,545,554
Rental income outside the Group	-	135,176,431	-	135,176,431
Inter-segment sales and revenues	-	92,252	54,203,121	54,295,373
Total income, sales commissions, and net rental income	2,041,165,150	77,829,367	47,035,016	2,166,029,533
Operating profit	331,366,689	77,829,367	1,932,538	411,128,594

Consolidated statement of income for the year ended 31 December 2021

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Sales	8,194,345,834	-	257,714,620	8,452,060,454
Sales outside the Group	8,194,345,834	-	209,346,907	8,403,692,741
Rental income outside the Group	-	143,183,093	-	143,183,093
Inter-segment sales and revenues	-	177,713	48,367,713	48,545,426
Total income, sales commissions, and net rental income	1,752,855,607	86,173,665	36,967,952	1,875,997,224
Operating profit (loss)	268,444,199	86,173,665	(2,230,868)	352,386,996

b. Distribution of retail and wholesale sales revenues and rental income on geographical regions as follows

For the year ended 31 December 2022

<u>Geographical area</u>	<u>Retail and Wholesale</u>	<u>Percentage %</u>	<u>Real Estate and Leasing</u>	<u>Percentage %</u>	<u>Others</u>	<u>Percentage %</u>
Central region - Saudi Arabia	5,739,881,031	61.7%	67,203,154	%49.7	191,677,253	%79.8
Eastern region - Saudi Arabia	925,242,480	9.9%	55,023,864	%40.7	27,762,543	%11.5
Southern region - Saudi Arabia	1,184,800,909	12.7%	3,933,170	%2.9	4,421,141	%1.8
Northern region - Saudi Arabia	672,490,582	7.2%	4,687,044	%3.5	195,578	%0.1
Western region - Saudi Arabia	556,749,079	6.0%	3,868,497	%2.9	16,392,389	%6.8
Arabic Republic of Egypt	229,932,569	2.5%	460,702	%0.3	-	-
Total	9,309,096,650	100%	135,176,431	%100	240,448,904	%100.00

For the year ended 31 December 2021

<u>Geographical area</u>	<u>Retail and Wholesale</u>	<u>Percentage %</u>	<u>Real Estate and Leasing</u>	<u>Percentage %</u>	<u>Others</u>	<u>Percentage %</u>
Central region - Saudi Arabia	5,133,950,996	62.7%	75,670,509	52.8%	177,377,539	84.73%
Eastern region - Saudi Arabia	847,489,379	10.3%	54,118,428	37.8%	12,763,501	6.10%
Southern region - Saudi Arabia	1,045,228,111	12.8%	4,567,182	3.2%	4,785,569	2.29%
Northern region - Saudi Arabia	524,508,378	6.4%	5,091,547	3.6%	400,247	0.19%
Western region - Saudi Arabia	428,689,257	5.2%	3,188,881	2.2%	14,020,053	6.70%
Arabic Republic of Egypt	214,479,711	2.6%	546,546	0.4%	-	-
Total	8,194,345,832	100%	143,183,093	100%	209,346,909	100%

c. The timing of revenue recognition

	<u>2022</u>	<u>2021</u>
At a point in time	9,309,096,650	8,194,345,832
Over a of time	375,625,335	352,530,002
	9,684,721,985	8,546,875,834

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30. RENTAL INCOME, NET

	For the year ended 31 December	
	2022	2021
Stores rental income	115,438,777	114,569,670
Marketing rental income	19,737,654	28,613,423
Total rental income	135,176,431	143,183,093
Rental expenses	(57,347,064)	(57,009,428)
Net rental income	77,829,367	86,173,665

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	31 December 2022	31 December 2021
Letters of credit	33,029,042	75,744,816
Letters of guarantee	96,082,268	112,814,955
Commitments on capital work in progress	54,720,766	69,889,474

32. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial instruments recorded in the group's consolidated statement of financial position mainly consist of financial assets at fair value through comprehensive income, trade and other receivables, investments for trading at fair value through income, cash and cash equivalents, loans and murabaha, trade payables, and due payments and other creditors.

foreign exchange rate

Foreign exchange risk results from changes and fluctuations in the value of financial instruments due to changes in foreign exchange rates. The Group did not undertake any significant transactions in currencies other than the Saudi riyal, the US dollar, the UAE dirham and the Egyptian pound. Since the exchange rates of the Saudi Riyal and the UAE Dirham are pegged to the US dollar, transactions in these currencies do not represent significant currency risk. The Group's policy is, wherever possible, to allow group companies to settle liabilities denominated in their functional currency) with cash generated from their operations in that currency.

Where group companies have liabilities denominated in currencies other than their functional currencies (and do not have sufficient reserves in those currencies for settlement), cash actually denominated in those currencies will be transferred, wherever possible, from elsewhere within the group. In order to monitor the ongoing effectiveness of this policy, management makes periodic forecasts, analyzed in the major currencies held by the Group, of liabilities due for settlement and expected cash reserves. The Group's management monitors currency exchange rates and believes that currency risk is not significant.

credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss, and arises principally from trade receivables, amounts due from related parties and cash balances with banks.

The carrying amount of financial assets represents the maximum exposure to credit risk.

- Trade receivables and due from related parties

The Group's exposure to credit risk is affected mainly by the individual characteristics of the 'trade receivables' and 'due from related parties'. However, the management does not expect to be exposed to significant credit risk from trade receivables since it has a wide customer base that operates in different activities and multiple locations and it monitors outstanding receivables periodically.

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32. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Cash and its equivalent

The Group deposits its funds in financial banks with high reliability and credit capacity. Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by settling with cash or other financial assets. The group also has a policy regarding the amount of funds deposited in each bank. The group's approach to liquidity management aims to ensure that it has sufficient liquidity on an ongoing basis, as much as possible, to meet its obligations under normal and critical conditions, without incurring unacceptable losses or jeopardizing the group's reputation. Management does not anticipate any significant credit risk arising from this.

Liquidity risk

Liquidity risk is represented in the Group's inability to meet its financial obligations as they fall due. Liquidity needs are monitored on a monthly basis and management ensures that sufficient funds are available to meet any commitments as they fall due.

The group's financial liabilities consist of payables, accruals, other credit balances, and lease commitments. The Group works to limit liquidity risks by ensuring the availability of sufficient banking facilities, in addition to making a harmonization between the collection periods of customer balances and the periods of payment of suppliers' balances and other credit balances.

fair value

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. As such, differences can arise between carrying values and fair value estimates. Fair value is defined by the market-based measurement and assumptions used by market participants.

- Management considers that the fair value of short-term financial assets and liabilities approximates their book value due to the short maturity of their maturities.
- The management estimated that the fair value of long-term loans and Murabahas is close to their book value, because the commission rate on these loans changes periodically with the change in the market commission rate.
- The following table shows the analysis of items recorded at fair value, according to the level of the fair value hierarchical measurement

	As at December 31, 2022		
	The first level	The second level	The third level
Equity instruments at fair value through other comprehensive income	-	-	3,002,069

	As at December 31, 2021		
	The first level	The second level	The third level
Equity instruments at fair value through other comprehensive income	-	-	2,723,734

- The fair value of investments in unlisted companies has been estimated on the basis of net asset value based on the latest available financial statements (fair value level 3).

commission risk

Financial instruments are exposed to the risk of changes in value as a result of changes in the commission rates of its financial assets and liabilities with a variable commission. The actual commission rates and the periods during which financial assets and liabilities are re-priced or matured are indicated in the related notes.

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33. GAINS ON SALE OF INVESTMENT IN AN ASSOCIATE AND INVESTMENT PROPERTIES

	Al Madinah Land <small>(1)</small>	Selling the share of associate company <small>(2)</small>
Selling price	211,327,580	846,538,700
Book value (cost)	(100,701,885)	(237,989,185)
Profit before zakat	110,625,695	608,549,515
Zakat	(2,765,642)	(15,213,738)
Net profit after zakat	107,860,053	593,335,777

(1) On 9 August 2022, the Board of Directors approved the sale of a land owned by the Company located in Madinah with an area of 105,664 square meters at a price of SR 2,000 per square meter to Abdullah Al-Othaim Investment Company (a related party).

(2) On 7 July 2022, the Board of Directors decided to accept the offer submitted by Al-Othaim Holding Company (Founding shareholder) to purchase all of the Company's shares in Abdullah Al-Othaim Investment Company at a price of SR 62 per share, based on the Group's management estimates

34. FINANCING COSTS

	31 December 2022	31 December 2021
Benefits of lease commitments	75,025,098	70,574,445
Discount factor cost Employees' end of service benefits liability	6,976,059	4,041,264
Financial expenses, net	1,488,247	820,673
	83,489,404	75,436,382

35. DIVIDENDS

- On 15 November 2022, the Board of Directors decided by circulation to distribute an extraordinary cash dividend to the shareholders for the third quarter of 2022 with a total amount of SR 675 million, at SR 7.5 per share. The dividends were paid during the fourth quarter of 2022.
- On 17 August 2022, the Board of Directors decided by circulation to distribute a cash dividend to the shareholders for the first half of 2022 with a total amount of SR 180 million, at SR 2 per share. The dividends were paid during the third quarter of 2022.
- On 15 February 2022, the Board of Directors decided by circulation to distribute a cash dividend to shareholders for the second half of 2021 with a total amount of SR 180 million, at SR 2 per share. The dividends were paid during the first quarter of 2022.
- On 26 August 2021, the Board of Directors decided by circulation to distribute a cash dividend to the shareholders for the first half of 2021 with a total amount of SR 180 million, at SR 2 per share. The dividends were paid during the third quarter of 2021.
- On 13 March 2021, the Board of Directors decided by circulation to distribute a cash dividend to the shareholders for the second half of 2020 with a total amount of SR 270 million, at SR 3 per share. The dividends were paid during the second quarter of 2021.
- On 19 June 2022, the General Assembly of shareholders of Mueen Human Resources Company (A subsidiary) decided to distribute cash dividends to the Company's shareholders for the year ended 31 December 2021 with a total amount of SR 9,900,000 of which SR 3,168,000 million represent distribution to non-controlling interests.
- On 2 June 2021, the General Assembly of shareholders of Mueen Human Resources Company (A subsidiary) decided to distribute cash dividends to the Company's shareholders for the year ended 31 December 2020 with a total amount of SR 31,000,000 of which SR 9,920,000 million represent distribution to non-controlling interests.

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36. OTHER INCOME

	<u>31 December 2022</u>	<u>31 December 2021</u>
Proceeds from financial claims compensation	6,901,660	4,737,969
Net proceeds from the sale of used wood pallets	1,567,900	613,433
Reversed provisions	1,552,790	4,534,714
Cash excess from the cashiers counting	1,518,032	1,235,094
Losses of closing new projects	(121,223)	(2,732,687)
Others	735,956	(637,560)
	<u>12,155,115</u>	<u>7,750,963</u>

37. SUBSEQUENT EVENTS

The Group's management believes that no material events have occurred after the end of the year that may require an adjustment or disclosure in these consolidated financial statements, except for the following matters:

- On 11 February 2023, the Board of Directors decided by circulation to distribute a cash dividend to the shareholders for the fourth quarter of 2022 with a total amount of SR 247.5 million, at SR 2.75 per share. The dividends will be paid during the first quarter of 2023.
- The procedures of transferring all assets and liabilities related to Seven Services Company (Subsidiary) began to become one of the branches of Abdullah Al-Othaim Markets Company and to establish a new commercial registration for the Company.
- During 2023, the building permit was suspended on two land for the group, which cost 27.5 million Saudi riyals.

38. COMPARATIVE FIGURE

Certain comparative figures for the previous year have been reclassified in line with the current year's presentation. These modifications have been made to improve the quality of the information displayed. Reclassification changes do not reflect previously reported profit or equity.

The following is a summary of the reclassification of the financial position for the year ending on December 31, 2021

	As previously announced SAR	Reclassification SAR	As it is currently announced SAR
Property, plant and equipment, net	1,392,775,792	(809,804)	1,391,965,988
Right-of-use assets	1,442,720,014	2,342,004	1,445,062,018
Other non-current assets	-	29,803,353	29,803,353
Intangible assets, net	2,605,887	(1,064,089)	1,541,798
Inventory, net	859,367,719	4,626,073	863,993,792
Trade receivables, net	31,322,123	2,060,933	33,383,056
Advances and other receivables, net	180,136,185	(12,400,025)	167,736,160
Trade receivables, net	2,397,305	27,300	2,424,605
Accounts payable	1,531,737,289	23,827,776	1,555,565,065
Accrued expenses and other payables	409,432,519	995,819	410,428,338
Assets held for sale	607,341	(237,850)	369,491

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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38. COMPARATIVE FIGURE (CONTINUED)

The following is a summary of the reclassification in the consolidated income statement for the year ending on December 31, 2021

	As previously announced SAR	Reclassification SAR	As it is currently announced SAR
Cost of Sales	(6,639,733,260)	23,884,317	(6,615,848,943)
Rental income, net	86,162,513	11,152	86,173,665
Selling and marketing expenses	(1,380,184,786)	(16,193,312)	(1,396,378,098)
General and administrative expenses	(123,553,889)	(3,678,241)	(127,232,130)
Deposit income and financial assets at amortized cost	631,446	463,443	1,094,889
Financing costs, net	-	(4,041,264)	(4,041,264)
Other income, net	8,386,107	(635,144)	7,750,963

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Director on 8 Ramadan 1444H (corresponding to 30 March 2023G)

40. COMMERCIAL REGISTER AND SUB-REGISTRY

The Company operates through the main register and the following sub-register;

Location	Date(H)	Branch CR number	Location	Date(H)	Branch CR number
Hofuf	1438/07/20H.	2251068085	Riyadh	1423/03/14H.	1010031185
Ahad Rufaidah	1437/10/16H.	5857069954	Riyadh	1412/06/29H.	1010177274
Al kharj	1438/06/14H.	1011024379	Riyadh	1416/03/09H.	1010177256
Khamis Mushait	1437/10/16H.	5855069953	Riyadh	1424/05/26H.	1010090534
Riyadh	1438/07/02H.	1010469526	Riyadh	1411/05/13H.	1010137057
Jizan	1438/07/02H.	5900036108	Riyadh	1423/03/14H.	1010188731
Najran	1438/07/02H.	5950033069	Riyadh	1426/09/09H.	1010080676
Riyadh	1438/04/13H.	1010467220	Riyadh	1428/03/07H.	1010177251
Riyadh	1437/10/16H.	1010462825	Riyadh	1416/06/15H.	1010213252
Buraydah	1438/04/13H.	1131057375	Shagraa	1423/03/14H.	1113001040
Riyadh	1428/09/12H.	1010238502	Riyadh	1436/10/18H.	1010138943
Riyadh	1431/11/24H.	1010296774	Riyadh	1423/03/14H.	1010177262
Riyadh	1423/03/24H.	1010177602	Buraydah	1423/03/14H.	1131056119
Riyadh	1438/04/13H.	1010467218	Riyadh	1424/05/26H.	1010177264
Afif	1438/04/13H.	1118004613	Riyadh	1416/06/12H.	1010177259
Al khubar	1436/10/17H.	2051060968	Riyadh	1422/04/02H.	1010188730
Dammam	1436/10/14H.	2050106284	Riyadh	1426/08/14H.	1010138824
Jizan	1438/08/15H.	5900036359	Buraydah	1423/03/14H.	1131015790
Riyadh	1432/05/06H.	1010306605	King Khalid Military City	1423/03/14H.	2515000003
Riyadh	1435/08/05H.	1010416304	Riyadh	1418/01/13H.	1010177275
Riyadh	1422/04/06H.	1010167451	Riyadh	1423/03/14H.	1010177267
Riyadh	1422/03/20H.	1010167109	Riyadh	1424/06/08H.	1010145630
Riyadh	1424/10/13H.	1010191816	Riyadh	1424/05/12H.	1010177253

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(All amounts are presented in Saudi Riyals unless otherwise stated)

40. COMMERCIAL REGISTER AND SUB-REGISTRY (CONTINUED)

Location	Date(H)	Branch CR number	Location	Date(H)	Branch CR number
Riyadh	1431/02/12H.	1010280812	Buraydah	1424/09/14H.	1131018424
Riyadh	1423/03/24H.	1010177603	Riyadh	1424/05/16H.	1010188356
Hafar Al-Batin	1436/10/14H.	2511023875	Hafar Al-Batin	1424/05/16H.	2511005548
Riyadh	1435/11/05H.	1010422705	Riyadh	1424/05/16H.	1010188533
aflaj	1436/10/14H.	1015002801	Riyadh	1424/05/26H.	1010188526
Riyadh	1437/10/16H.	1010462830	Riyadh	1427/08/23H.	1010188524
Riyadh	1437/07/24H.	1010443956	Riyadh	1424/05/16H.	1010188729
Buraydah	1434/08/13H.	1131049220	Al majmaaah	1424/05/16H.	1122002735
Riyadh	1424/10/08H.	1010191669	Al kharj	1427/09/09H.	1011009998
Hofuf	1434/08/14H.	2251053231	Al kharj	1428/03/28H.	1011009997
Buraydah	1432/08/10H.	1131035991	Al mithnab	1426/05/22H.	1130001283
Taif	1438/04/13H.	4032051196	Onaizah	1427/09/09H.	1128007104
Majarda	1438/07/02H.	5864070717	Alrass	1424/10/08H.	1132002987
Makkah	1438/04/13H.	4031098593	Hafar Al-Batin	1426/03/16H.	2511006896
Dammam	1438/04/13H.	2050111411	Riyadh	1426/05/22H.	1010191670
Riyadh	1438/04/13H.	1010467224	Tabuk	1426/08/13H.	3550021583
Buraydah	1436/10/13H.	1131056080	Bukayriyah	1426/11/05H.	1134000732
Sakaka	1436/10/14H.	3400019472	Hafar Al-Batin	1426/08/13H.	2511006396
Al Jubail	1439/03/01H.	2055026296	Al kabraa	1431/06/08H.	1135000684
Riyadh	1439/03/12H.	1010613419	Hafar Al-Batin	1426/03/16H.	2511006397
Jizan	1439/03/12H.	5900037551	Sakaka	1426/03/18H.	3400012968
Buraydah	1439/03/12H.	1131058228	Tabuk	1427/10/14H.	3550021582
Al khubar	1439/03/12H.	2051065208	Tabuk	1427/08/16H.	3550021590
Hasa	1439/03/12H.	2250069574	Khamis Mushait	1437/07/07H.	5855027348
Riyadh	1439/03/12H.	1010613429	Riyadh	1427/10/15H.	1010223040
jeddah	1439/03/16H.	4030297999	Albadaye	1428/02/28H.	1129004812
Zulfi	1439/03/16H.	1123004585	Khamis Mushait	1428/10/22H.	5855027353
Ras Tanura	1439/03/16H.	2066004575	Riyadh	1429/11/21H.	1010229962
Mahail Asir	1439/03/26H.	5860610032	Qaisumah	1428/03/05H.	2512005596
Dammam	1439/03/26H.	2050239181	Rafha	1436/10/14H.	3453002583
Rijal almaa	1439/03/26H.	5861615657	Al mabraz	1428/09/12H.	2252034289
Zulfi	1439/04/24H.	1123101351	Haremila	1436/10/14H.	1018000533
Jeddah	1439/04/24H.	4030603291	Riyadh	1428/02/28H.	1010238504
Riyadh	1439/04/24H.	1010931574	Arar	1427/11/20H.	3450014950
Khamis Mushait	1439/04/24H.	5855338960	Riyadh	1427/11/20H.	1010229967
Riyadh	1439/04/24H.	1010931572	Khamis Mushait	1430/10/30H.	5855027504
Riyadh	1439/06/11H.	1010938595	Khamis Mushait	1429/11/06H.	5855027502
Riyadh	1439/07/04H.	1010948888	Hofuf	1430/11/07H.	2251039396

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(All amounts are presented in Saudi Riyals unless otherwise stated)

40. COMMERCIAL REGISTER AND SUB-REGISTRY (CONTINUED)

Location	Date(H)	Branch CR number	Location	Date(H)	Branch CR number
Hafar Al-Batin	1439/07/04H.	2511108271	Al kharj	1431/02/19H.	1011012754
Darbaa	1439/07/04H.	1163101145	King Khalid Military City	1430/07/11H.	2515000016
Arar	1439/07/04H.	3450171380	Mahail Asir	1429/11/06H.	5860033691
Riyadh	1439/07/04H.	1010948894	Riyadh	1436/10/14H.	1010270690
Riyadh	1439/07/10H.	1010949500	Riyadh	1422/08/18H.	1010257796
Riyadh	1439/07/10H.	1010949505	Hail	1422/08/18H.	3350043614
Riyadh	1439/07/10H.	1010949508	Riyadh	1424/05/16H.	1010171174
Al kharj	1439/07/10H.	1011138162	Riyadh	1424/05/16H.	1010171171
Dammam	1439/07/10H.	2050240897	Riyadh	1424/05/16H.	1010188522
Riyadh	1439/07/10H.	1010949512	Riyadh	1424/05/16H.	1010188519
Riyadh	1439/07/10H.	1010949513	Riyadh	1424/05/16H.	1010188527
Riyadh	1439/07/10H.	1010949502	Riyadh	1424/05/16H.	1010188532
Quwaiyah	1439/08/13H.	1117101488	Riyadh	1436/02/05H.	1010188531
Riyadh	1439/08/13H.	1010447630	Riyadh	1424/05/16H.	1010188528
Riyadh	1439/08/21H.	1010448661	Riyadh	1424/05/16H.	1010428392
Riyadh	1439/09/01H.	1010449640	Riyadh	1434/08/14H.	1010188529
Madinah Munawwarah	1439/10/18H.	4650201342	Riyadh	1424/05/16H.	1010188525
Abu Arish	1439/11/02H.	5901716779	Riyadh	1424/10/08H.	1010380876
Riyadh	1439/11/02H.	1010453594	Riyadh	1437/07/03H.	1010188530
Riyadh	1439/11/02H.	1010453595	Riyadh	1436/02/05H.	1010191671
Al kharj	1439/11/02H.	1011138589	Riyadh	1431/06/23H.	1010443382
Riyadh	1440/01/28H.	1010471509	Hafar Al-Batin	1431/06/23H.	2511022699
Riyadh	1440/01/28H.	1010471518	Riyadh	1431/06/24H.	1010289458
Riyadh	1440/01/28H.	1010471520	Riyadh	1431/06/23H.	1010289502
Riyadh	1440/01/28H.	1010471504	Al kharj	1432/08/10H.	1011014067
Riyadh	1440/01/28H.	1010471506	Dilam	1436/10/14H.	1012001917
Tabarjal	1440/01/28H.	3402101431	Riyadh	1437/07/03H.	1010312430
Dawmah alJandal	1440/01/28H.	3401100588	Qurayyat	1437/08/10H.	3452010000
Riyadh	1440/01/28H.	1010471519	Trif	1436/10/14H.	3451003467
Riyadh	1440/04/13H.	1010499948	Jizan	1434/07/23H.	5900034634
Buraydah	1440/04/25H.	1131295606	Al kharj	1435/11/05H.	1011023511
Riyadh	1440/05/22H.	1010518911	Riyadh	1435/11/06H.	1010377428
Yanbu	1440/05/18H.	4700108137	Riyadh	1436/10/14H.	1010422721
Riyadh	1440/05/22H.	1010518904	Jeddah	1436/10/17H.	4030275808
Riyadh	1439/06/12H.	1010938723	Sadir	1436/10/18H.	1126002263
Madinah Munawwarah	1440/07/06H.	4650208437	Al-Qunfudhah	1436/10/13H.	4603008754
Riyadh	1440/07/06H.	1010564926	Bisha	1436/10/13H.	5851008492
Riyadh	1440/07/06H.	1010564924	Riyadh	1436/10/17H.	1010435915

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40. COMMERCIAL REGISTER AND SUB-REGISTRY (CONTINUED)

Location	Date(H)	Branch CR number	Location	Date(H)	Branch CR number
Jeddah	1440/07/06H.	4030327964	Riyadh	1436/10/13H.	1010435920
Hasa	1440/07/06H.	2031101056	Hotat Bani Tamim	1436/10/13H.	1013002232
Jizan	1440/07/06H.	5900117278	Riyadh	1436/12/04H.	1010435921
Abha	1440/07/06H.	5850123122	Riyadh	1438/10/15H.	1010435922
Albahah	1440/07/06H.	5800104098	Sabya	1436/10/13H.	5906033026
Riyadh	1440/07/06H.	1010564927	Qurayyat	1430/11/15H.	3452010438
Dammam	1440/07/06H.	2050123343	Al mazahmeeah	1430/11/06H.	1111002429
Madinah Munawwarah	1440/07/06H.	4650208436	Khamis Mushait	1431/06/29H.	5855033231
Riyadh	1440/07/06H.	1010564925	Riyadh	1436/10/13H.	1010275699
Riyadh	1436/10/13H.	1010435916	Arar	1430/11/06H.	3450014067
Riyadh	1440/07/25H.	1010568789	Riyadh	1431/06/23H.	1010435912
Riyadh	1440/11/15H.	1010588059	Riyadh	1431/07/09H.	1010275701
Makkah	1440/11/15H.	4031229626	Hofuf	1422/04/06H.	2251040248
Arar	1440/11/15H.	3450173854	Dammam	1431/06/23H.	2050071342
Riyadh	1440/11/15H.	1010588057	Riyadh	1431/06/23H.	1010167452
Riyadh	1440/11/15H.	1010588058	Khamis Mushait	1431/10/25H.	5855034628
Riyadh	1441/01/12H.	1010595063	Hafar Al-Batin	1431/10/25H.	2511011206
Riyadh	1441/01/12H.	1010595062	Jeddah	1434/08/25H.	4030204792
Riyadh	1441/01/12H.	1010595061	Jeddah	1429/11/06H.	4030204790
Riyadh	1441/01/12H.	1010595060	Wadi Al-Dawasir	1434/08/14H.	1185005063
Riyadh	1441/02/02H.	1010598928	Riyadh	1434/08/26H.	1010257798
Riyadh	1441/02/02H.	1010598927	Buraydah	1434/08/13H.	1131049202
Riyadh	1441/10/12H.	1010595059	Jizan	1434/08/13H.	5900023717
Riyadh	1441/01/12H.	1010595058	Onaizah	1434/08/14H.	1128016793
Nairyah	1441/02/16H.	2056102604	Riyadh	1435/11/06H.	1010380648
Riyadh	1441/02/16H.	1010599291	Riyadh	1434/08/14H.	1010380871
Hail	1441/02/16H.	3350145953	Zulfi	1435/11/06H.	1123004300
Jeddah	1441/02/16H.	4030367402	Khamis Mushait	1434/08/14H.	5855053489
Riyadh	1441/01/06H.	1010594012	Riyad alkhabra	1434/08/14H.	1135002092
Ramah	1441/03/03H.	1120100849	Riyadh	1434/08/25H.	1010380875
Riyadh	1441/04/28H.	1010618961	Riyadh	1434/08/13H.	1010380873
Riyadh	1441/04/28H.	1010618960	Najran	1434/08/13H.	5950027442
Hafar Al-Batin	1441/09/06H.	2511116846	Abha	1434/08/13H.	5850053412
Makkah	1441/12/20H.	4031239414	Jubail	1434/08/13H.	2055020069
Riyadh	1441/12/20H.	1010646294	Riyadh	1435/04/05H.	1010380647
Riyadh	1441/07/09H.	1010630604	Hasa	1434/08/13H.	2250053175
Trbah	1442/02/18H.	4034102055	Abha	1432/05/06H.	5850059594
Al kharj	1442/02/18H.	1011143995	Sharurah	1435/11/05H.	5951001851

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40. COMMERCIAL REGISTER AND SUB-REGISTRY (CONTINUED)

Location	Date(H)	Branch CR number	Location	Date(H)	Branch CR number
Hail	1442/03/04H.	1010663017	Riyadh	1435/11/06H.	1010306608
Riyadh	1442/03/04H.	1010663016	Riyadh	1435/11/05H.	1010422718
Riyadh	1442/03/04H.	1010663015	Jeddah	1435/11/05H.	4030275812
Makkah	1442/03/04H.	4036100994	Riyadh	1437/10/16H.	1010422678
Riyadh	1442/03/18H.	1010666193	Riyadh	1435/11/05H.	1010422708
Riyadh	1442/03/18H.	1010666194	Al kaharj	1436/10/13H.	1011024103
Riyadh	1442/04/10	1010670419	Al kaharj	1436/10/17H.	1011022342
Riyadh	1441/06/30	1010628775	Riyadh	1436/10/13H.	1010435914
Abha	1427/01/23.	5850026673	Dawadmi	1436/10/18H.	1116011064
Riyadh	1439/08/16.	1010448247	Riyadh	1436/08/21H.	1010435919
Bukayriyah	1442/07/06H.	1134103008	Sager	1436/10/14H.	1115003388
Jedddah	1436/10/18H.	4030283859	Abu Arish	1436/10/17H.	5901032474
Hnakeiah	1442/08/18H.	4653101665	Al asyah	1436/10/14H.	1136003215
Dammam	1442/09/09H.	2050144805	Al selil	1437/10/16H.	1017001964
Makkah	1442/09/09H.	4031249686	Ghat	1438/11/16H.	1124000574
Hail	1442/09/09H.	3350153311	Buraydah	1437/07/03H.	1131056989
Sehat	1442/11/10H.	2062618597	Riyadh	1438/11/16H.	1010610489
Riyadh	1422/10/24H.	1010172886	Gwaieehah	1437/07/03H.	1117004607
Hail	1442/10/28H.	3350153785	Dammam	1438/04/13H.	2050111410
Makkah	1442/12/02H.	4031251921	Riyadh	1438/04/13H.	1010467219
Hail	1443/02/07H.	3350155511	Sarat abidh	1438/02/03H.	5856070255
Mhail asser	1443/03/13H.	5860616415	Riyadh	1438/04/13H.	1010467222
Abha	1443/06/06H.	5850134921	Alnamas	1438/08/02H.	5859007149
Al hassa	1443/04/16H.	2031107681	Dammam	1443/04/16H.	2050151462
Makkah	05/09/1445H	4031264098	Riyadh	29/07/1445H	1010378315
Taif	11/01/1445H	4032261512	Riyadh	14/08/1445H	1010866181
Madinah Munawwarah	11/01/1445H	4650247676	Al kharj	14/07/1445H	1011152234
Madinah Munawwarah	25/05/1445H	4650252710	Al selil	18/10/1444H	1017101646
Madinah Munawwarah	25/05/1445H	4650252711	Darmaa	26/05/1445H	1110100863
Mahd Alzhab	01/11/1444H	4652103039	Buraydah	24/11/1444H	1131050022
Al baha	20/11/1444H	5800108281	Nabhaniyah	09/07/1445H	1151101046
Al baha	11/01/1445H	5800108472	Al hassa	08/11/1444H	2031109645
Belgreshy	09/08/1445H	5801775741	Al hassa	08/11/1444H	2031109646
Abha	05/09/1445H	5850136547	Dammam	04/09/1445H	2050156724
Khamis Mushait	21/06/1445H	5855357850	Dammam	24/05/1445H	2050165730
Khamis Mushait	14/08/1445H	5855359286	Qatif	08/11/1444H	2053121367
Khamis Mushait	17/11/1444H	5855361034	Hail	07/11/1444H	3350160566
Khamis Mushait	11/01/1445H	5855361971	Baqaa	08/07/1445H	3352361345
Khamis Mushait	11/01/1445H	5855361972	Tabah	13/06/1445H	3355241026
Khamis Mushait	24/05/1445H	5855364557	Arar	14/07/1445H	3450181454
Mhail asser	11/01/1445H	5860618585	Tabuk	15/03/1445H	3550021581
Almugadrah	09/08/1445H	5864528141	Tabuk	10/01/1445H	3550146383
Damd	09/08/1445H	5904617743	Taymaa	16/04/1445H	3554101653
Najran	14/08/1445H	5950127817	Jeddah	08/01/1445H	4030480621