

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
AND INDEPENDENT AUDITOR'S REVIEW REPORT

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INDEX TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ABDULLAH
AL-OTHAIM MARKETS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abdullah Al-Othaim Markets Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)



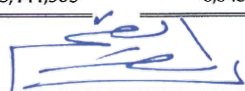
Riyadh: 11 Duh Al-Qi'dah 1445H
(19 May 2024)



ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 31 March 2024 (Unaudited) | As at 31 December 2023 (Audited) |
|---|------|---|---|
| | Note | (Saudi Riyals) | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant, and equipment | 6 | 1,811,041,953 | 1,716,043,917 |
| Right-of-use assets | 7 | 1,944,611,294 | 1,908,509,579 |
| Investment properties | 8 | 671,012,544 | 677,049,309 |
| Intangible assets | | 2,077,153 | 2,219,015 |
| Other non-current assets | | 25,502,584 | 24,769,504 |
| Investments in associates and joint venture | 9 | 211,127,340 | 194,797,870 |
| Investments in equity instruments at fair value through other comprehensive income | | 3,002,069 | 3,002,069 |
| Total non-current assets | | 4,668,374,937 | 4,526,391,263 |
| Current assets | | | |
| Inventories | | 1,365,282,591 | 1,089,686,034 |
| Prepayments and other receivables | | 195,493,271 | 166,641,038 |
| Trade receivables | | 46,305,053 | 43,009,766 |
| Short-term Murabaha deposits | | 20,000,000 | 35,000,000 |
| Cash and cash equivalents | 10 | 356,674,686 | 181,775,625 |
| Total current assets | | 1,983,755,601 | 1,516,112,463 |
| Assets held for sale | | 1,011,367 | 1,011,367 |
| TOTAL ASSETS | | 6,653,141,905 | 6,043,515,093 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Paid-in share capital | 1 | 900,000,000 | 900,000,000 |
| Retained earnings | | 308,185,732 | 466,226,341 |
| Fair value reserve | | (2,455,069) | (2,455,069) |
| Currency exchange differences on translation of foreign subsidiary | | (8,399,285) | (5,370,413) |
| Equity attributable to shareholders | | 1,197,331,378 | 1,358,400,859 |
| Non-controlling interests | 20 | 42,694,087 | 41,745,889 |
| TOTAL EQUITY | | 1,240,025,465 | 1,400,146,748 |
| Non-current liabilities | | | |
| Lease contracts liabilities | | 1,933,238,870 | 1,903,573,796 |
| Obligation for employees' end-of-service benefits | 11 | 306,462,541 | 294,561,348 |
| Total non-current liabilities | | 2,239,701,411 | 2,198,135,144 |
| Current liabilities | | | |
| Accounts payable | | 2,508,757,198 | 1,801,415,132 |
| Current portion of lease contracts liabilities | | 150,339,896 | 147,140,558 |
| Accruals and other payables | | 476,716,826 | 459,655,540 |
| Zakat and foreign tax provision | 14 | 37,601,109 | 37,021,971 |
| Total current liabilities | | 3,173,415,029 | 2,445,233,201 |
| TOTAL LIABILITIES | | 5,413,116,440 | 4,643,368,345 |
| TOTAL EQUITY AND LIABILITIES | | 6,653,141,905 | 6,043,515,093 |
|  | |  |  |
| Chief Financial Officer Marwan Ahmed Ibrahim | | Chief Executive Officer Muaffaq A. Mobarah | Chairman of Board of Directors Abdullah Saleh Al Othaim |

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 (24) form an integral part of these interim condensed consolidated financial statements.

ABDULLAH AL-OTHAIM MARKETS COMPANY


(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

| | Note | For the three-month period ended | |
|--|------|----------------------------------|--------------------|
| | | 31 March | |
| | | 2024 | 2023 |
| | | (Saudi Riyals) | |
| Net sales | 16 | 3,032,755,721 | 2,781,504,573 |
| Cost of sales | | (2,406,330,491) | (2,207,254,875) |
| Gross profit | | 626,425,230 | 574,249,698 |
| Rental income, net | 17 | 21,577,790 | 20,325,249 |
| Sold voucher commissions | | 557,320 | 612,452 |
| Selling and marketing expenses | | (475,530,422) | (435,327,435) |
| General and administrative expenses | | (43,493,915) | (37,158,354) |
| Operating profit | | 129,536,003 | 122,701,610 |
| Share in profit of associates and joint venture, net | 9 | 16,329,470 | 18,635,341 |
| Income from deposits and others | | 1,960,938 | 6,769,031 |
| Finance charges | 19 | (31,526,803) | (26,283,189) |
| Other income, net | | 5,798,532 | 3,430,011 |
| Income before zakat and foreign tax | | 122,098,140 | 125,252,804 |
| Zakat and foreign tax | 14 | (4,720,881) | (3,604,665) |
| Net income for the period | | 117,377,259 | 121,648,139 |
| Attributable to: | | | |
| Shareholders of the Company | | 116,429,061 | 120,013,292 |
| Non-controlling interest | | 948,198 | 1,634,847 |
| | | 117,377,259 | 121,648,139 |
| Earnings per share | | | |
| Basic and diluted earnings per share attributable to the shareholders of the Company | 15 | 0.13 | 0.13 |



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 (24) form an integral part of these interim condensed consolidated financial statements.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| | Note | For the three-month period ended 31 March | |
|---|------|--|-------------|
| | | 2024 | 2023 |
| | | (Saudi Riyals) | |
| Net income for the period | | 117,377,259 | 121,648,139 |
| Other comprehensive loss | | | |
| <u>Items will not be reclassified to statement of income in subsequent periods:</u> | | | |
| Actuarial losses for employees' end-of-service benefits | 11 | (4,469,670) | (8,238,157) |
| <u>Items will be reclassified to statement of income in subsequent periods:</u> | | | |
| Currency exchange differences on translation of foreign subsidiary | 20 | (3,028,872) | 78,274 |
| Other comprehensive loss for the period | | (7,498,542) | (8,159,883) |
| Total comprehensive income for the period | | 109,878,717 | 113,488,256 |
| Attributable to: | | | |
| Shareholders of the Company | | 108,930,519 | 111,853,409 |
| Non-controlling interests | | 948,198 | 1,634,847 |
| | | 109,878,717 | 113,488,256 |



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)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

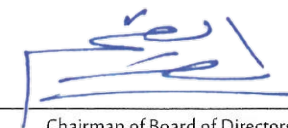
| | Attributable to the shareholders of the Company | | | | | | | |
|--|---|-------------------|-------------------|--------------------|--|----------------------------|---------------------------|---------------|
| | Paid-in share capital | Statutory reserve | Retained earnings | Fair value reserve | Currency exchange differences on translation of foreign subsidiary | Total shareholders' equity | Non-controlling interests | Total equity |
| | (Saudi Riyals) | | | | | | | |
| For the period ended 31 March 2023 | | | | | | | | |
| Balance as at 1 January 2023 | 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 |
| Net income | - | - | 120,013,292 | - | - | 120,013,292 | 1,634,847 | 121,648,139 |
| Other comprehensive income (loss) | - | - | (8,238,157) | - | 78,274 | (8,159,883) | - | (8,159,883) |
| Total comprehensive income for the period | - | - | 111,775,135 | - | 78,274 | 111,853,409 | 1,634,847 | 113,488,256 |
| Cash dividends (Note 22) | - | - | (247,500,000) | - | - | (247,500,000) | - | (247,500,000) |
| Balance as at 31 March 2023 | 900,000,000 | 247,787,676 | 131,584,374 | (2,455,069) | (5,362,743) | 1,271,554,238 | 38,583,108 | 1,310,137,346 |
| For the period ended 31 March 2024 | | | | | | | | |
| Balance as at 1 January 2024 | 900,000,000 | - | 466,226,341 | (2,455,069) | (5,370,413) | 1,358,400,859 | 41,745,889 | 1,400,146,748 |
| Net income | - | - | 116,429,061 | - | - | 116,429,061 | 948,198 | 117,377,259 |
| Other comprehensive income (loss) | - | - | (4,469,670) | - | (3,028,872) | (7,498,542) | - | (7,498,542) |
| Total comprehensive income for the period | - | - | 111,959,391 | - | (3,028,872) | 108,930,519 | 948,198 | 109,878,717 |
| Cash dividends (Note 22) | - | - | (270,000,000) | - | - | (270,000,000) | - | (270,000,000) |
| Balance as at 31 December 2023 (Unaudited) | 900,000,000 | - | 308,185,732 | (2,455,069) | (8,399,285) | 1,197,331,378 | 42,694,087 | 1,240,025,465 |



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 (24) form an integral part of these interim condensed consolidated financial statements.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

| | For the three-month period ended | |
|--|----------------------------------|---------------------|
| | 31 March | |
| | 2024 | 2023 |
| | (Saudi Riyals) | |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Income before zakat and foreign tax | 122,098,140 | 125,252,804 |
| <u>Adjustments for:</u> | | |
| Depreciation of property, plant, and equipment and right-of-use assets | 97,119,400 | 90,657,486 |
| Depreciation of investment properties | 6,036,765 | 6,521,765 |
| Amortization of intangible assets | 141,862 | 147,772 |
| (Gain) loss on sale of property, plant, and equipment | (76,520) | 78,362 |
| Gain on termination of lease contracts | (13,901) | (305,242) |
| Finance charges | 31,526,803 | 26,283,189 |
| Income from deposits and others | (1,960,938) | (6,769,031) |
| Share in profit or loss of associates and joint venture, net | (16,329,470) | (18,635,341) |
| Increase in provision for shrinkage and slow-moving inventory | 10,361,448 | 1,414,133 |
| Increase (decrease) in provision for expected credit losses | 520,209 | (1,206,946) |
| Legal and other provisions | 301,238 | (1,336,232) |
| Obligation for employees' end-of-service benefits | 11,518,036 | 10,450,183 |
| <u>Changes in:</u> | | |
| Inventories | (285,958,005) | (329,867,309) |
| Trade receivables | (3,815,496) | (2,217,502) |
| Prepayments and other receivables | (28,637,003) | (54,389,220) |
| Accounts payable | 707,342,066 | 688,608,598 |
| Accruals and other payables | 15,248,954 | 6,339,567 |
| | 665,423,588 | 541,027,036 |
| Employees' end-of-service benefits paid | (7,615,108) | (5,401,189) |
| Zakat and foreign tax paid | (3,611,926) | - |
| Net cash flows generated from operating activities | 654,196,554 | 535,625,847 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Proceeds from sale of property, plant, and equipment | 253,254 | 444,769 |
| Income from deposits and others received | 1,445,193 | 845,134 |
| Additions to property, plant, and equipment | (149,563,002) | (58,311,807) |
| Additions to intangible assets | - | (446,000) |
| Short-term Murabaha deposits | (100,000,000) | (25,000,000) |
| Redemptions of short-term Murabaha deposits | 115,000,000 | 45,000,000 |
| Net cash flows used in investing activities | (132,864,555) | (37,467,904) |

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements.

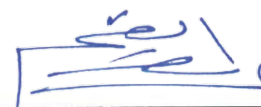
ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

| | For the three-month period ended | |
|---|----------------------------------|----------------------|
| | 31 March | |
| | 2024 | 2023 |
| | (Saudi Riyals) | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from loans and Murabahat | 50,000,000 | 155,000,000 |
| Payments of loans and Murabahat | (50,000,000) | (155,000,000) |
| Lease contracts liabilities, net | (78,368,108) | (76,214,665) |
| Finance charges paid | (137,655) | (507,512) |
| Dividends paid – shareholders of the Company | (268,921,471) | (247,500,000) |
| Net cash flows used in financing activities | (347,427,234) | (324,222,177) |
| Net change in cash and cash equivalents | 173,904,765 | 173,935,766 |
| Cash and cash equivalents at the beginning of the period | 181,775,625 | 313,074,107 |
| Net exchange differences on translation of foreign currencies | 994,296 | 428,483 |
| Cash and cash equivalents at the end of the period | 356,674,686 | 487,438,356 |
| Significant non-cash transactions | | |
| Additions to right-of-use assets against lease contracts liabilities (Note 7) | 94,674,390 | 231,427,943 |
| Transfers from capital work in progress to property, plant, and equipment | 10,347,618 | 19,305,164 |
| Net transfer from property, plant, and equipment to investment properties | - | 45,197 |


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 (24) form an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

(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's headquarter is located in Riyadh, Al Andlus District Khurais Branch Road. PO Box 41700, Saudi Arabia.

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

On 5 June 2023, the General Assembly of shareholders approved a resolution to divide the nominal value of the share from SR 10 per share to SR 1 per share, as a result the number of shares increased from 90 million shares to 900 million shares. The company's capital amounting to SR 900 million, consisting of 900 million shares of SR 1 per share.

The interim condensed 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 interim condensed consolidated financial statements:

| <u>Subsidiary</u> | <u>Country of Incorporation</u> | <u>Main Activity</u> | Direct and Indirect ownership percentage % | |
|------------------------------------|---------------------------------|---|--|------------------|
| | | | 31 March 2024 | 31 December 2023 |
| 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 | Arab 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% |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

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

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

Haley Holding Company

A limited liability company that operates under commercial registration number 1010314228 issued in Riyadh 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 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.

The process of transferring all assets and liabilities related to Seven Services Company is currently being under process to become one of the branches of Abdullah Al-Othaim Markets Company. A new commercial registration number 1010877599, issued in Riyadh on 11 Shawwal 1444H (corresponding to 1 May 2023) was established for Seven Services Company. The management has the intention to liquidate and voluntarily dissolve Seven Services Company, however, the legal formalities to liquidate the company was not completed as at the date of the interim condensed consolidated financial statements.

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 centers, general contracting, construction, maintenance, demolition and restoration and electrical and electronic works.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

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

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 Arab Republic of Egypt on 20 Thul-Hijjah 1432H (corresponding to 16 November 2011). The main activities of the company are wholesale, retail trading, and general trade.

Thamarat Al Qassim Company

A limited liability company operating under commercial registration number 1010378315 issued in Riyadh on 30 Rajab 1434H (corresponding to 9 June 2013), the main activities are in the agriculture, fodder, livestock and poultry breeding, import and export services, marketing to others, and the purchase of land to build buildings on them and invest them by selling or renting and the exploitation of real estate and lands for the benefit of the company.

On 21 Rabi' Al-Thani 1444H (corresponding to 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. A new commercial registration number 1010841207, issued in Riyadh on 21 Rabi' al-Thani 1444H (corresponding to 15 November 2022) was established for Thamarat Al Qassim Company. The management has the intention to liquidate and voluntarily dissolve Thamarat Al Qassim Company, however, the legal formalities to liquidate the company was not completed as at the date of the interim condensed consolidated financial statements.

Shurofat Al Jazeerah Company

A limited liability company that operates under commercial registration number 1010878137 issued in Riyadh on 12 Shawwal 1444H (corresponding to 2 May 2023). 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 Human Resources and Social Development No. UMM 24 issued on 23 Thul-Hijjah 1436H (corresponding to 16 October 2015).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

2. BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all disclosures required in the full annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023. In addition, the interim period is considered an integral part of the whole year, however, the results of operations for the interim audit periods may not be fair indication of the results of the full year operations.

2-2 Basis of measurement

The interim condensed consolidated financial statements have been prepared at historical cost, except for the following significant items stated in the interim condensed 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 interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Company, and presentation currency of the Group. All amounts in the interim condensed consolidated financial statements are in Saudi Riyals unless otherwise stated.

2-4 Use of judgments and estimates

The preparation of these interim condensed consolidated financial statements requires management to use judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management when applying the Group's accounting policies and significant sources of estimation uncertainty were similar to those disclosed in the Group's consolidated financial statements for the year ended 31 December 2023.

3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS

The Group's interim condensed consolidated financial statements include the financial statements of the Company and the subsidiaries under its control. Control is achieved when the company is exposed to, or has the right to, different returns from its association with the investee company, and has the ability to affect these returns through its power over the investee company.

ABDULLAH AL-OTHAIM MARKETS COMPANY
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3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS (CONTINUED)

Specifically, control of the Company over an investee is achieved only when the following three elements are met:

- Power over the investee (i.e., existing rights that give it the current ability to direct the activities of interest to the investee).
- Exposure to, or the right to, variable returns in return for its association with the investee company.
- The ability to use its power over the investee to influence its returns.

In general, there is an assumption that having a majority of voting rights results in control. In support of this presumption, when the Company has less than a majority of voting or similar rights in an investee, the Company considers all facts and circumstances to assess whether it has power over an investee, including:

- Contractual arrangements with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- The Company's special voting rights and any potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there is a change in 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, revenues, and expenses of a subsidiary acquired are included in the consolidated financial statements from the date the Company obtains control until the date the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income is attributed to the shareholders of the company and to the non-controlling interest even if this results in the balance of the non-controlling interest being in deficit, meaning that losses are recorded on the non-controlling interest even if this leads to a deficit in the balance of non-controlling interest.

When consolidating the financial statements, adjustments are made to the interim condensed consolidated financial statements of subsidiaries, if necessary, in order to be in line with the accounting policies of the Company. All intra-group assets, liabilities, equity, revenues, expenses, and cash flows related to transactions between members of the Group are eliminated.

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

If the Group 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 statement of income or transfer directly to retained earnings, if necessary, in accordance with other international standards.

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4. MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those policies in the Group's annual consolidated financial statements for the year ended 31 December 2023.

5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are a number of amendments to the standards that are effective as at 1 January 2024, which were explained in the annual consolidated financial statements of the Group for the year ended 31 December 2023, but they do not have a material impact on the interim condensed consolidated financial statements of the group.

6. PROPERTY, PLANT AND EQUIPMENT

During the period ended 31 March 2024, the Group acquired property, plant, and equipment with a total cost of SR 149.56 million (31 March 2023: SR 58.31 million).

During the period ended 31 March 2024, the Group disposed property, plant, and equipment with a net book value of SR 176.73 thousand (31 March 2023: SR 523.13 thousand), of which the sale of those property, plant, and equipment resulted in a capital gain of SR 76.52 thousand (31 March 2023: capital loss of SR 78.36 thousand).

During the period ended 31 March 2024, depreciation expense amounted to SR 47.94 million (31 March 2023: SR 42.67 million).

7. RIGHT-OF-USE ASSETS

During the period ended 31 March 2024, the net additions to right-of-use assets amounted to SR 94.67 million (31 March 2023: SR 231.43 million).

During the period ended 31 March 2024, depreciation expense amounted to SR 49.18 million (31 March 2023: SR 47.99 million).

8. INVESTMENT PROPERTIES

Investment properties represent commercial centers, exhibitions, buildings, and its lands, which are mainly held for investment and leasing to others. Additionally, investment properties also include buildings built on leased lands.

During the period ended 31 March 2024, depreciation expense amounted to SR 6.04 million (31 March 2023: SR 6.52 million).

The Group has some buildings owned as investment properties with a net book value of SR 93.1 million (31 December 2023: SR 98.6 million) that are built on lands leased from third parties.

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8. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties as at 31 December 2023 amounted to SR 931 million evaluated by qualified and independent experts. The following are the data of the real estate appraiser:

Name: Elite Real Estate Valuation Company

Qualifications: Membership of the Saudi Authority for Accredited Valuers

License number: 1210001377

The fair value was measured according to the applicable valuation techniques (market comparison approach, income approach, and residual value approach).

The Group has some lands that are not available for disposal, use or development at the present time, for reasons related to the regulation of areas in which these lands located by the competent government bodies. Based on its best estimates, management believes that there are no indications as of the date of preparation of the interim condensed consolidated financial statements that would affect the recoverable value of those lands. These estimates may vary depending on the results of the work of the competent government bodies. As at 31 March 2024, the book value of these lands amounted to SR 27.5 million (31 December 2023: SR 27.5 million).

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Below are the details of the companies included in the interim condensed consolidated financial statements which are accounted for using the equity method:

| Company | Country of Incorporation | Ownership percentage % | |
|--|--------------------------|------------------------|------------------|
| | | 31 March 2024 | 31 December 2023 |
| AlWousta Food Services Company - Associate ⁽¹⁾ | Kingdom of Saudi Arabia | 25% | 25% |
| Riyadh Food Industries Company - Associate ⁽²⁾ | Kingdom of Saudi Arabia | 55% | 55% |
| Gulf Flour Milling Industrial Company - Joint venture ⁽³⁾ | Kingdom of Saudi Arabia | 33.33% | 33.33% |

- (1) 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 over the company.
- (2) The main activities of the company are the purchase of lands to construct buildings for manufacturing plants for the purpose of investment for its own interest, 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 over company.
- (3) 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 2021). The investment has been classified as an investment in joint arrangements (joint venture) since there is a significant influence over the company.

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

a) Summary of investment movements during the period/ year

| | 31 March 2024 | 31 December 2023 |
|---|---------------|------------------|
| Balance at the beginning of the period/ year | 194,797,870 | 162,268,640 |
| Share in profit or loss of associates and joint venture | 16,329,470 | 32,334,627 |
| Share in other comprehensive income of associates and joint venture | - | 194,603 |
| Balance at the end of the period/ year | 211,127,340 | 194,797,870 |

b) Investments in associates and joint venture balances

| | 31 March 2024 | 31 December 2023 |
|---|---------------|------------------|
| Gulf Flour Milling Industrial Company - Joint venture | 136,114,039 | 126,520,685 |
| Riyadh Food Industries Company - Associate | 43,973,443 | 37,601,229 |
| AlWousta Food Services Company - Associate | 31,039,858 | 30,675,956 |
| | 211,127,340 | 194,797,870 |

10. CASH AND CASH EQUIVALENTS

| | 31 March 2024 | 31 December 2023 |
|---|---------------|------------------|
| Cash at banks | 140,247,264 | 108,834,825 |
| Cash on hand | 32,427,422 | 32,940,800 |
| Short-term Murabaha deposits ⁽¹⁾ | 184,000,000 | 40,000,000 |
| | 356,674,686 | 181,775,625 |

(1) Short-term Murabaha deposits included in cash and cash equivalents are deposits with original maturities of less than three months. These deposits are with local banks and earn interest at prevailing market rates.

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

| | 31 March 2024 | 31 December 2023 |
|--|---------------|------------------|
| Balance at the beginning of the period/ year | 294,561,348 | 249,589,307 |
| Service cost | 11,518,036 | 42,628,399 |
| Cost of discount factor | 3,528,595 | 11,158,356 |
| Paid during the period/ year | (7,615,108) | (30,329,650) |
| Actuarial losses from remeasurement of obligation for employees' end-of-service benefits | 4,469,670 | 21,514,936 |
| Balance at the end of the period/ year | 306,462,541 | 294,561,348 |

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12. LOANS AND SHORT-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 March 2024, the available and unused facilities for the purposes of meeting the Group's obligations when due amounted to SR 995 million (31 December 2023: SR 1.095 million).

13. RELATED PARTIES

Transactions with related parties represent transactions entered between the Company and its associates, subsidiaries, board of directors, and senior management 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 are mainly represented in rental income and expenses, purchases of inventory, and labor services.

| <u>Related party</u> | <u>Nature of relationship</u> |
|---|---|
| Al-Othaim Holding Company | Founding shareholder |
| Abdullah Al-Othaim for Investment Company | Related to the Chairman of the Board of Directors |
| AlWousta Food Services Company | Associate |
| Riyadh Food Industries Company | Associate |
| Gulf Flour Milling Industrial Company | Joint venture |
| General Organization of Social Insurance | Related to a Board of Directors member |
| Almarai Company | Related to a Board of Directors member |
| Al-Jouf Agricultural Development Company | Related to a Board of Directors member |
| The Arabic Company for Agricultural Services "ARASCO" | Related to a Board of Directors member |
| Members of the Board of Directors and Senior Management | Group's management |
| Abdullah Al-Othaim for Fashion Company | Related to the Chairman of the Board of Directors |
| Abdullah Al-Othaim for Entertainment Company | Related to the Chairman of the Board of Directors |
| Emtiyaz Al Riyadh Trading Company | Related to the Chairman of the Board of Directors |
| Fourth Milling Company | Subsidiary of an associate |
| Rimal Al Sawahil for Contracting and Maintenance | Founding shareholder of a subsidiary |
| Radial Construction and Development Contracting Company (Previously Saudi Pillar for Contracting) | Related to the Chairman of the Board of Directors |
| Bait Alshateera Fast Food Restaurants Company | Related to a Board of Directors member |

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13. RELATED PARTIES (CONTINUED)

Transactions with related parties for the period ended 31 March 2024 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> |
|---|---------------------|----------------------|------------------------------|----------------------------------|----------------------------------|
| Abdullah Al-Othaim for Investment Company | 3,676,939 | 8,733,000 | - | - | 1,090,982 |
| AlWousta Food Services Company | - | 159,469 | - | - | - |
| Riyadh Foods Industries Company | - | - | 43,926,257 | 857,731 | - |
| General Organization of Social Insurance | 1,624,294 | - | - | - | - |
| Almarai Company | - | - | 179,330,910 | - | - |
| Al-Jouf Agricultural Development Company | - | - | 17,059,178 | - | - |
| The Arabic Company for Agricultural Services "ARASCO" | - | - | 7,062,294 | - | - |
| Bait Alshateera Fast Food Restaurants Company | - | 100,188 | - | - | - |
| Rimal Al Sawahil for Contracting and Maintenance | - | - | - | 7,326,444 | - |
| Abdullah Al-Othaim for Entertainment Company | - | 380,522 | - | - | - |
| Fourth Milling Company | - | - | 3,896,475 | - | - |

Transactions with related parties for the period ended 31 March 2023 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> |
|---|---------------------|----------------------|------------------------------|----------------------------------|----------------------------------|
| Abdullah Al-Othaim for Investment Company | 3,541,222 | 9,096,138 | - | - | 1,049,508 |
| AlWousta Food Services Company | - | 147,656 | - | - | - |
| Riyadh Foods Industries Company | - | - | 44,072,607 | - | - |
| General Organization of Social Insurance | 1,414,195 | - | - | - | - |
| Almarai Company | - | - | 150,533,120 | - | - |
| Al-Jouf Agricultural Development Company | - | - | 15,416,119 | - | - |
| The Arabic Company for Agricultural Services "ARASCO" | - | - | 9,946,334 | - | - |
| Bait Alshateera Fast Food Restaurants Company | - | 98,313 | - | - | - |
| Abdullah Al-Othaim for Fashion Company | - | 43,881 | - | - | - |
| Rimal Al Sawahil for Contracting and Maintenance | - | - | - | 3,220,536 | - |
| Abdullah Al-Othaim for Entertainment Company | - | 377,697 | - | 1,073 | - |
| Fourth Milling Company | - | - | 5,112,968 | 258,750 | - |

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13. RELATED PARTIES (CONTINUED)

Below are the board members and senior management benefits during the period:

| | Charged to comprehensive income | |
|--------------------------|---------------------------------|------------------|
| | 31 March 2024 | 31 March 2023 |
| Short term benefits | 11,427,172 | 8,886,898 |
| Post-employment benefits | 291,236 | 94,465 |
| | <u>11,718,408</u> | <u>8,981,363</u> |

Below are the balances due from/to related parties:

| | 31 March 2024 | 31 December 2023 |
|--|-------------------|-------------------|
| Amounts due from related parties (included in trade receivables) | | |
| Rimal Al Sawahil for Contracting and Maintenance | 12,025,356 | 12,669,700 |
| Bait Alshateera Fast Food Restaurants Company | 3,541 | 2,776 |
| | <u>12,028,897</u> | <u>12,672,476</u> |

| | 31 March 2024 | 31 December 2023 |
|---|--------------------|--------------------|
| Amounts due to related parties (included in accounts payable) | | |
| Almarai Company | 179,330,910 | 127,147,413 |
| Riyadh Foods Industries Company | 52,976,581 | 28,987,799 |
| Al-Jouf Agricultural Development Company | 17,065,100 | 2,706,170 |
| The Arabic Company for Agricultural Services (ARASCO) | 7,062,294 | 3,994,542 |
| Fourth Milling Company | 2,292,378 | 1,357,085 |
| Abdullah Al-Othaim for Investment Company | 1,090,982 | 1,155,300 |
| Radial Construction and Development Contracting Company | - | 1,071,403 |
| | <u>259,818,245</u> | <u>166,419,712</u> |

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14. ZAKAT AND FOREIGN TAX

14-1 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. Due to the negative Zakat base, Zakat is calculated in the current period on the basis of the adjusted net income method.

The movement in zakat provision is as follows:

| | 31 March 2024 | 31 December 2023 |
|--|---------------|------------------|
| Balance at the beginning of period/ year | 35,985,139 | 33,214,023 |
| Charged for the period/ year | 4,011,087 | 16,794,596 |
| Prior years' adjustments | - | (800,039) |
| Paid during the period/ year | (3,611,926) | (13,223,441) |
| Balance at the end of period/ year | 36,384,300 | 35,985,139 |

- The Group submitted its consolidated zakat declarations for all years up to 2022 and paid zakat liabilities accordingly.
- The Group received its final zakat assessment for all previous years up to 2011 and for the years from 2014 to 2020.
- ZATCA was communicated to conclude on the Group's zakat status and issue the final zakat assessment for the years 2012 and 2013, and the final assessment has not been issued to date.
- Zakat declarations for the years 2021 and 2022 are subject to the examination by ZATCA, and the final assessment has not been issued to date.

14-2 Foreign tax

Abdullah Al-Othaim Markets Company – Egypt (Subsidiary) is subject to the Egyptian Corporate Income Tax Law No. 91 of 2005 and its amendments. The company has submitted its tax returns to the Tax Authority for all years up to 2022 within the legal deadlines, and all tax returns have been examined up to 2019.

| | 31 March 2024 | 31 December 2023 |
|--|---------------|------------------|
| Balance at the beginning of period/ year | 1,036,832 | - |
| Charged for the period/ year | 709,794 | 1,011,233 |
| Foreign tax translation differences | (529,817) | 25,599 |
| Balance at the end of period/ year | 1,216,809 | 1,036,832 |

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

Earnings per share for the ordinary shareholders for the periods ended 31 March 2024 and 31 March 2023 are calculated based on the weighted average number of shares outstanding during the period. The Group does not have any dilutive instruments, accordingly, the diluted earnings per share is equal to the basic earnings per share.

16. SEGMENTAL INFORMATION

The Group is engaged mainly in food supplies retail and wholesale. The Group operates in the Kingdom of Saudi Arabia and Arab Republic of Egypt, in addition to leasing commercial centers for the purpose of sale or lease for the interest of the Group. The results of the segments are reviewed by the Group's executive management. Revenues, profits, assets, and liabilities are measured using the same accounting principles used in the preparation of the interim condensed consolidated financial statements.

a. Selected information for each business segment is summarized below:

Interim condensed consolidated statement of financial position as at 31 March 2024 (unaudited)

| <u>Item</u> | <u>Retail and Wholesale</u> | <u>Real Estate and Leasing</u> | <u>Others</u> | <u>Total</u> |
|--------------------------------|---------------------------------|------------------------------------|---------------|---------------|
| Property, plant, and equipment | 1,804,233,135 | - | 6,808,818 | 1,811,041,953 |
| Right-of-use assets | 1,747,001,335 | 192,456,629 | 5,153,330 | 1,944,611,294 |
| Other non-current assets | - | - | 25,502,584 | 25,502,584 |
| Investment properties | - | 671,012,544 | - | 671,012,544 |
| Intangible assets | 2,077,153 | - | - | 2,077,153 |
| Assets held for sale | - | - | 1,011,367 | 1,011,367 |
| Total assets | 5,348,875,547 | 869,851,464 | 434,414,894 | 6,653,141,905 |
| Total liabilities | 5,056,648,383 | 271,725,251 | 84,742,806 | 5,413,116,440 |

Consolidated statement of financial position as at 31 December 2023 (audited)

| <u>Item</u> | <u>Retail and Wholesale</u> | <u>Real Estate and Leasing</u> | <u>Others</u> | <u>Total</u> |
|--------------------------------|---------------------------------|------------------------------------|---------------|---------------|
| Property, plant, and equipment | 1,708,985,814 | - | 7,058,103 | 1,716,043,917 |
| Right-of-use assets | 1,706,373,790 | 196,401,395 | 5,734,394 | 1,908,509,579 |
| Other non-current assets | - | - | 24,769,504 | 24,769,504 |
| Investment properties | - | 677,049,309 | - | 677,049,309 |
| Intangible assets | 2,219,015 | - | - | 2,219,015 |
| Assets held for sale | - | - | 1,011,367 | 1,011,367 |
| Total assets | 4,749,548,246 | 879,284,807 | 414,682,040 | 6,043,515,093 |
| Total liabilities | 4,303,385,926 | 257,656,507 | 82,325,912 | 4,643,368,345 |

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16. SEGMENTAL INFORMATION (CONTINUED)

Interim condensed consolidated statement of income for the period ended 31 March 2024 (unaudited)

| Item | Retail and Wholesale | Real Estate and Leasing | Others | Total |
|--|-------------------------|----------------------------|------------|---------------|
| Sales | 2,963,029,768 | - | 95,842,129 | 3,058,871,897 |
| Sales outside the Group | 2,963,029,768 | - | 69,725,953 | 3,032,755,721 |
| Rental income outside the Group | - | 36,029,029 | - | 36,029,029 |
| Inter-segment sales and income | - | 15,000 | 26,116,176 | 26,131,176 |
| Total income, sales commissions, and net rental income | 613,060,146 | 21,577,790 | 13,922,404 | 648,560,340 |
| Operating profit | 103,955,906 | 21,577,790 | 4,002,307 | 129,536,003 |

Interim condensed consolidated statement of income for the period ended 31 March 2023 (unaudited)

| Item | Retail and Wholesale | Real Estate and Leasing | Others | Total |
|--|-------------------------|----------------------------|------------|---------------|
| Sales | 2,721,898,062 | - | 79,317,429 | 2,801,215,491 |
| Sales outside the Group | 2,721,898,062 | - | 59,606,511 | 2,781,504,573 |
| Rental income outside the Group | - | 34,131,087 | - | 34,131,087 |
| Inter-segment sales and income | - | 15,000 | 19,710,918 | 19,725,918 |
| Total income, sales commissions, and net rental income | 560,208,671 | 20,325,249 | 14,653,479 | 595,187,399 |
| Operating profit | 97,421,905 | 20,325,249 | 4,954,456 | 122,701,610 |

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

For the period ended 31 March 2024 (unaudited)

| Geographical area | Retail and Wholesale | Percentage % | Real Estate and Leasing | Percentage % | Others | Percentage % |
|--------------------------------|-------------------------|-----------------|----------------------------|-----------------|------------|-----------------|
| Central region - Saudi Arabia | 1,687,525,953 | 56.9% | 16,858,342 | 46.8% | 52,558,016 | 75.9% |
| Eastern region - Saudi Arabia | 282,513,749 | 9.5% | 14,335,859 | 39.8% | 13,552,368 | 19.6% |
| Southern region - Saudi Arabia | 413,985,727 | 14% | 1,210,615 | 3.4% | 269,252 | 0.4% |
| Northern region - Saudi Arabia | 248,646,047 | 8.4% | 1,814,034 | 5.0% | 9,988 | 0.0% |
| Western region - Saudi Arabia | 248,770,912 | 8.4% | 1,731,965 | 4.8% | 2,818,157 | 4.1% |
| Arab Republic of Egypt | 82,105,552 | 2.8% | 78,214 | 0.2% | - | - |
| Total | 2,963,547,940 | 100% | 36,029,029 | 100% | 69,207,781 | 100% |

For the period ended 31 March 2023 (unaudited)

| Geographical area | Retail and Wholesale | Percentage % | Real Estate and Leasing | Percentage % | Others | Percentage % |
|--------------------------------|-------------------------|-----------------|----------------------------|-----------------|------------|-----------------|
| Central region - Saudi Arabia | 1,606,346,317 | 59% | 17,096,143 | 50.2% | 47,015,819 | 78.8% |
| Eastern region - Saudi Arabia | 268,219,839 | 9.9% | 14,001,393 | 41% | 10,110,039 | 16.9% |
| Southern region - Saudi Arabia | 374,034,083 | 13.7% | 853,848 | 2.5% | 420,997 | 0.7% |
| Northern region - Saudi Arabia | 213,251,902 | 7.8% | 1,199,177 | 3.5% | - | - |
| Western region - Saudi Arabia | 203,715,813 | 7.5% | 901,407 | 2.6% | 2,166,445 | 3.6% |
| Arab Republic of Egypt | 56,223,319 | 2.1% | 79,119 | 0.2% | - | - |
| Total | 2,721,791,273 | 100% | 34,131,087 | 100% | 59,713,300 | 100% |

ABDULLAH AL-OTHAIM MARKETS COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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

17. RENTAL INCOME, NET

| | 31 March 2024 | 31 March 2023 |
|-------------------------|---------------|---------------|
| Stores rental income | 27,498,549 | 29,016,978 |
| Marketing rental income | 8,530,480 | 5,114,109 |
| Total rental income | 36,029,029 | 34,131,087 |
| Rental expenses | (14,451,239) | (13,805,838) |
| Net rental income | 21,577,790 | 20,325,249 |

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

| | 31 March 2024 | 31 December 2024 |
|---|---------------|------------------|
| Letters of guarantee ⁽¹⁾ | 96,988,968 | 95,402,468 |
| Letters of credit | 38,607,359 | 57,468,874 |
| Commitments on capital work in progress | 88,347,890 | 43,851,564 |
| Long-term capital contracts | 17,554,854 | 25,198,296 |

(1) The balance includes an amount of SR 85.71 million (31 December 2023: SR 85.71 million) related to promissory note issued under the name of the Company as a guarantee for bank facilities obtained by Riyadh Foods Industries Company (Associate).

19. FINANCE CHARGES

| | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Finance costs on lease contracts liabilities | 27,860,553 | 23,118,069 |
| Cost of discount factor on obligation for employees' end of service benefits | 3,528,595 | 2,657,608 |
| Financing costs, net | 137,655 | 507,512 |
| | 31,526,803 | 26,283,189 |

20. FOREIGN CURRENCY TRANSLATION DIFFERENCES

Losses arising from the foreign currency translation differences included in the interim condensed consolidated statement of comprehensive income amounted to SR 3.28 million for the period ended 31 March 2024 (31 March 2023: gains amounted to SR 78.27 thousand), which is mainly due to exchange difference resulted from the Company's net investment in its subsidiary in Egypt, whose functional currency is the Egyptian Pound, which has been affected by the devaluation since March 2022 by the Egyptian Authorities. The Egyptian Authorities decided during the previous periods to adopt a flexible exchange policy in which the Egyptian Pound is subject to a pricing policy based on supply and demand forces against other foreign currencies.

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

21. COMPARATIVE FIGURE

Certain comparative figures for the previous period have been reclassified to be in line with the presentation of the current period. The reclassifications shown below have no impact on the net profit, retained earnings, or previously disclosed financial positions:

Interim condensed consolidated statement of income for the three-month period ended 31 March 2023

| | Balances as previously presented | Reclassification | Balances as currently presented |
|--------------------------------|--|------------------|---------------------------------------|
| Net sales | 2,781,397,784 | 106,789 | 2,781,504,573 |
| Rental income, net | 20,068,268 | 256,981 | 20,325,249 |
| Selling and marketing expenses | (434,963,665) | (363,770) | (435,327,435) |
| | | - | |

22. DIVIDENDS

- On 6 February 2024, the Board of directors decided to distribute interim cash dividends to the shareholders for the second half of 2023, amounting to SR 270 million, at SR 0.30 per share. The dividends were paid during the first quarter of 2024.
- On 11 February 2023, the Board of Directors decided by circulation to distribute cash dividends 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 were paid during the first quarter of 2023.

23. SUBSEQUENT EVENTS

On 12 May 2024, the Board of directors decided to distribute interim cash dividends to the shareholders for the first quarter of 2024, amounting to SR 135 million, at SR 0.15 per share, and will be paid during the second quarter of 2024.

The Group's management believes that no additional material events have occurred after the end of the period that may require an adjustment or disclosure in these interim condensed consolidated financial statements.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Director on 4 Duh Al-Qi'dah 1445H (corresponding to 12 May 2024).