

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023

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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 with the Company referred to as "the Group") as at 30 June 2023, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Board of Directors 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: 4 Safar 1445H
(20 August 2023)





ABDULLAH AL-OTHAIM MARKETS COMPANY

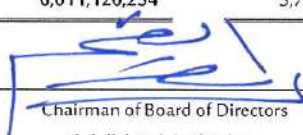
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
(Saudi Riyals)			
ASSETS			
Non-current assets			
Property, plant, and equipment	6	1,549,254,804	1,509,864,723
Right-of-use assets	7	1,813,824,931	1,617,127,983
Investment properties	8	651,919,805	479,763,738
Intangible assets		1,798,932	1,482,972
Other non-current assets		28,184,401	28,638,026
Investments in associates and joint venture	9	177,098,564	162,268,640
Investments in equity instruments at fair value through other comprehensive income		3,002,069	3,002,069
Total non-current assets		4,225,083,506	3,802,148,151
Current assets			
Inventories		1,059,842,010	941,562,039
Prepayments and other receivables		353,128,068	159,050,892
Trade receivables		40,267,242	34,788,377
Short-term Murabaha deposits		45,000,000	375,000,000
Cash and cash equivalents	10	286,788,996	313,074,107
Total current assets		1,785,026,316	1,823,475,415
Assets held for sale		1,016,432	87,676,466
TOTAL ASSETS		6,011,126,254	5,713,300,032
EQUITY AND LIABILITIES			
Equity			
Paid-in share capital	1	900,000,000	900,000,000
Statutory reserve	11	-	247,787,676
Retained earnings		521,598,258	267,309,239
Fair value reserve		(2,455,069)	(2,455,069)
Exchange differences on translation of foreign subsidiary	21	(5,341,334)	(5,441,017)
Equity attributable to shareholders		1,413,801,855	1,407,200,829
Non-controlling interests		37,448,617	36,948,261
TOTAL EQUITY		1,451,250,472	1,444,149,090
Non-current liabilities			
Lease contracts liabilities		1,790,524,464	1,574,265,858
Obligation for employees' end-of-service benefits	12	266,537,201	249,589,307
Total non-current liabilities		2,057,061,665	1,823,855,165
Current liabilities			
Accounts payable		1,891,822,318	1,812,744,124
Current portion of lease contracts liabilities		146,594,603	152,183,651
Accruals and other payables		436,345,190	447,153,979
Zakat provision	15	28,052,006	33,214,023
Total current liabilities		2,502,814,117	2,445,295,777
TOTAL LIABILITIES		4,559,875,782	4,269,150,942
TOTAL EQUITY AND LIABILITIES		6,011,126,254	5,713,300,032


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 (26) 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-months periods ended 30 June		For the six-months periods ended 30 June	
		2023	2022 (Restated – Note 22)	2023	2022 (Restated – Note 22)
Net sales	17	2,419,842,672	2,254,524,351	5,201,240,456	4,716,905,716
Cost of sales		(1,911,565,849)	(1,785,805,499)	(4,118,820,724)	(3,741,085,377)
Gross profit		508,276,823	468,718,852	1,082,419,732	975,820,339
Rental income, net	18	21,733,634	21,252,695	41,801,902	38,832,106
Sold voucher commissions		463,065	634,037	1,075,517	1,344,086
Selling and marketing expenses		(426,520,459)	(389,304,914)	(861,484,124)	(774,865,518)
General and administrative expenses		(39,110,882)	(38,968,779)	(76,269,236)	(76,562,165)
Operating profit		64,842,181	62,331,891	187,543,791	164,568,748
Share in (loss) profit of associates and joint venture, net	9	(3,805,417)	5,921,212	14,829,924	26,370,019
Gain on sale of investment property, net	8	99,475,744	-	99,475,744	-
Income from deposits and others		5,957,653	656,743	12,726,684	1,042,404
Finance charges, net	20	(27,263,498)	(18,463,208)	(53,546,687)	(36,989,939)
Other income, net		6,459,903	2,372,158	9,889,914	3,080,180
Income before zakat		145,666,566	52,818,796	270,919,370	158,071,412
Zakat	15	(4,811,228)	(2,724,431)	(8,415,893)	(6,132,815)
Income from continuing operations		140,855,338	50,094,365	262,503,477	151,938,597
Discontinued Operations:					
Loss from discontinued operations, after zakat		-	(34,446)	-	(98,890)
Net income for the period		140,855,338	50,059,919	262,503,477	151,839,707
Attributable to:					
Shareholders of the Company					
Continuing operations		139,427,269	50,061,095	259,440,561	151,883,931
Discontinued operations		-	(23,423)	-	(67,245)
		139,427,269	50,037,672	259,440,561	151,816,686
Non-controlling interest					
Continuing operations		1,428,069	33,270	3,062,916	54,666
Discontinued operations		-	(11,023)	-	(31,645)
		1,428,069	22,247	3,062,916	23,021
Earnings per share					
Basic and diluted earnings per share from the net income for the period attributable to the shareholders of the Company	16	0.15	0.06	0.29	0.17
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the company	16	0.15	0.06	0.29	0.17



Chief Financial Officer
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ABDULLAH AL-OTHAIM MARKETS COMPANY


(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)


	Note	For the three-months periods ended		For the six-months periods ended	
		30 June		30 June	
		2023	2022 (Restated – Note 22)	2023	2022 (Restated – Note 22)
(Saudi Riyals)					
Net income for the period		140,855,338	50,059,919	262,503,477	151,839,707
Other comprehensive income (Loss) for the period					
Items will not be reclassified to statement of income in subsequent periods:					
Actuarial gains (losses) for employees' end of service benefits	12	2,798,939	(1,592,065)	(5,439,218)	(1,686,329)
Net changes in fair value of equity instruments at fair value through other comprehensive income		-	278,335	-	278,335
Items will be reclassified to statement of income in subsequent periods:					
Share in other comprehensive loss of associates and joint venture	9	-	-	-	(897,061)
Exchange differences on translation of foreign subsidiary	21	21,409	179,448	99,683	681,165
Other comprehensive (loss) income for the period		2,820,348	(1,134,282)	(5,339,535)	(1,623,890)
Total comprehensive income for the period		143,675,686	48,925,637	257,163,942	150,215,817
Attributable to:					
Shareholders of the Company		142,247,617	48,903,390	254,101,026	150,192,796
Non-controlling interests		1,428,069	22,247	3,062,916	23,021
		143,675,686	48,925,637	257,163,942	150,215,817



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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						Total equity
	Paid-in share capital	Statutory reserve	Retained earnings	Fair value reserve	Exchange differences on translation of foreign subsidiary	Share in other comprehensive income of associates and joint-venture	
For the six-months period ended							
30 June 2023							
Balance as at 1 January 2023 (Audited)	900,000,000	247,787,676	267,309,239	(2,455,069)	(5,441,017)	-	1,407,200,829
Net income for the period	-	-	259,440,561	-	-	-	36,948,261
Other comprehensive income (loss)	-	-	(5,439,218)	-	99,683	-	3,062,916
Total comprehensive income for the period	-	-	254,001,343	-	99,683	-	3,062,916
Transferred from the statutory reserve	-	(247,787,676)	247,787,676	-	-	-	-
Cash dividends (Note 24)	-	-	(247,500,000)	-	-	-	(2,562,560)
Balance as at 30 June 2023	900,000,000	-	524,598,258	(2,455,069)	(5,341,334)	-	1,413,801,855
For the six-months period ended							
30 June 2022							
Balance as at 1 January 2022 (Audited)	900,000,000	139,836,767	337,879,933	(2,733,404)	(6,483,025)	(149,088)	1,369,351,183
Net profit for the period, as previously stated	-	-	137,943,936	-	-	-	23,021
Restatement of prior period (Note 22)	-	-	13,872,750	-	-	-	13,872,750
Restated net income for the period (Note 22)	-	-	151,816,686	-	-	-	23,021
Other comprehensive income (loss)	-	-	(1,686,329)	278,335	681,165	(897,061)	(1,623,890)
Restated total comprehensive income for the period (Note 22)	-	-	150,130,357	278,335	681,165	(897,061)	150,192,796
Cash dividends (Note 24)	-	-	(180,000,000)	-	-	-	(180,000,000)
Balance as at 30 June 2022 (Unaudited)	900,000,000	139,836,767	308,010,290	(2,455,069)	(5,801,860)	(1,046,149)	1,338,543,979


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ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the six-months periods ended 30 June	
	2022	
	2023	(Restated – Note 22)
	(Saudi Riyals)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before Zakat	270,919,370	158,071,412
Loss from discounting operations before Zakat	-	(98,890)
Income before Zakat	<u>270,919,370</u>	<u>157,972,522</u>
Adjustments for:		
Depreciation of property, plant, and equipment and right-of-use assets	182,145,233	160,077,391
Depreciation of investment properties	13,030,758	13,236,286
Amortization of intangible assets	285,040	262,307
(Gain) Loss from sale of property, plant, and equipment	(185,427)	611,364
Loss (gain) from termination of lease contracts	1,017,708	(1,794,624)
Gain from the sale of investment properties	(99,475,744)	-
Finance charges, net	53,546,687	36,989,939
Income from deposits and others	(12,726,684)	(1,042,404)
Share in result of associates and joint venture, net	(14,829,924)	(26,370,019)
Increase (decrease) in provision for shrinkage, and slow-moving inventory	595,631	(775,865)
(Decrease) increase in provision for expected credit losses	(1,456,233)	2,892,836
Net movement in legal and other provisions	(2,278,396)	(269,747)
Obligation for employees' end-of-service benefits	20,899,865	20,383,828
Changes in:		
Inventories	(118,875,602)	(131,497,955)
Trade receivables	(4,022,632)	(2,193,464)
Prepayments and other receivables	(6,662,687)	(26,741,802)
Accounts payable	79,078,194	125,943,051
Accruals and other payables	(11,078,506)	(7,640,815)
	<u>349,926,651</u>	<u>320,042,829</u>
Employees' end of service benefits paid	(14,541,609)	(7,322,652)
Zakat paid	(13,577,910)	(11,507,296)
Net cash flows generated from operating activities	<u>321,807,132</u>	<u>301,212,881</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant, and equipment	1,348,934	698,234
Income from deposits and others received	12,358,927	539,814
Additions to property, plant and equipment	(128,042,997)	(97,808,174)
Additions to investment properties	(185,658,601)	(92,058,582)
Additions to intangible assets	(601,000)	(474,271)
Short-term Murabaha deposits	(456,537,500)	(50,000,000)
Redemptions of short-term Murabaha deposits	786,537,500	45,000,000
Net cash flows generated from (used in) investing activities	<u>29,405,263</u>	<u>(194,102,979)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and Murabahat	405,000,000	246,000,000
Payments of loans and Murabahat	(405,000,000)	(166,000,000)
Lease contracts liabilities, net	(129,056,195)	(97,505,179)
Finance charges paid	(1,387,571)	(357,612)
Dividends paid – shareholders of the Company	(247,500,000)	(180,000,000)
Net cash flows used in financing activities	<u>(377,943,766)</u>	<u>(197,862,791)</u>
Net change in cash and cash equivalents	(26,731,371)	(90,752,889)
Cash and cash equivalents at the beginning of the period	313,074,107	182,743,351
Net exchange differences on translation of foreign currencies	446,260	669,914
Cash and cash equivalents at the end of the period	<u>286,788,996</u>	<u>92,660,376</u>

The accompanying notes from (1) to (26) form an integral part of these interim condensed consolidated financial statements

ABDULLAH AL-OTHAIM MARKETS COMPANY

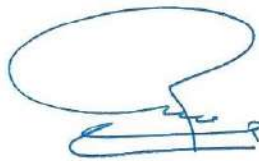
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

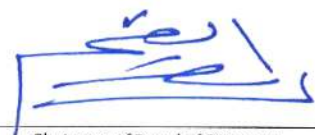
	For the six-months periods ended 30 June	
	2023	2022 (Restated - Note 22)
	(Saudi Riyals)	
Significant non-cash transactions		
Transfers from capital work in progress to property, plant, and equipment	32,188,243	41,949,996
Additions of right-of-use assets against lease contracts liabilities	326,819,174	97,774,482
Disposal of investment properties through related party accounts (Note 8)	186,568,704	-
Dividends related to non-controlling interests	2,562,560	-
Net transfer from investment properties to property, plant, and equipment	-	258,660



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)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023

(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 Rabwa, Eastern Ring 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 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 legal formalities to reflect the aforementioned were completed subsequent to period end. Accordingly, the company's capital amounting to SR 900 million, consisting of 900 million shares of SR 1 per share (31 December 2022: SR 900 million, consisting of 90 million shares of SR 10 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>	<u>Direct and Indirect ownership percentage %</u>	
			<u>30 June 2023</u>	<u>31 December 2022</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	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 AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023

(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 related to the liquidation of Seven Services 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 AND SIX-MONTHS PERIODS ENDED 30 JUNE 2023

(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 related to the liquidation of Thamarat Al Qassim 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 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 Human Resources and Social Development No. UMM 24 issued on 23 Thul-Hijjah 1436H (corresponding to 16 October 2015).

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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 2022. In addition, the results for the three and six-months periods ended 30 June 2023 are not necessarily indicative of the results that can be expected for the fiscal year ended 31 December 2023.

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 2022, except for the changes in the accounting treatment described in Note 4-1 to the interim condensed consolidated financial statements.

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

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3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS (CONTINUED)

- 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. SIGNIFICANT ACCOUNTS 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 2022. Except for the changes in the accounting treatment described below.

4-1 Change in accounting treatment to recognize progressive rebate from suppliers

The Group has reconsidered the estimates of some significant judgments that it had previously implemented and disclosed in Note 3-a "Progressive incentives from suppliers" on the consolidated financial statements for the year ended 31 December 2022, which are related to recognizing the incentive for additional growth at the end of the year.

The Group relied on the requirements of International Financial Reporting Standard (15) "Revenues from Contracts with Customers" and the requirements of International Accounting Standard (34) "Interim Financial Reporting", in addition to the contractual terms with suppliers when reconsidering the estimates and judgements related to the progressive incentives. Accordingly, the Group changed the accounting treatment for these incentives so that they are recognized on an interim basis instead of at year end.

The effect of the change in the above accounting treatment on the three and six-months periods ended 30 June 2022 (comparative periods) is shown in note 22.

5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards that have been issued. However, a number of amendments to the standards are effective as at 1 January 2023, which were explained in the annual consolidated financial statements of the Group for the year ended 31 December 2022, 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 six-months period ended 30 June 2023, the Group acquired property, plant, and equipment with a total cost of SR 128,04 million (30 June 2022: SR 97,80 million). During the period, the Group also disposed property, plant, and equipment with a net book value of SR 1,16 million (30 June 2022: SR 1,31 million), of which the sale of those assets resulted in a capital gains of SR 263 thousand and SR 185 thousand for the three and six-month periods ended 30 June 2023, respectively (for the three and six-months periods ended 30 June 2022, capital gains of SR 78 thousand and capital losses of SR 611 thousand, respectively).

During the six-months period ended 30 June 2023, depreciation expense amounted to SR 85,80 million (30 June 2022: SR 79,03 million).

During the six-months period ended 30 June 2023, the building permit was suspended on two plots of land for the group with a cost of SR 27,5 million.

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7. RIGHT-OF-USE ASSETS

During the six-months period ended 30 June 2023, the net additions on right-of-use assets amounted to SR 326,82 million (30 June 2022: SR 97,77 million).

During the six-months period ended 30 June 2023, depreciation expense amounted to SR 96,31 million (30 June 2022: SR 81,05 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.

The Group acquired investment properties during the six-months period ended 30 June 2023, with a total cost of SR 185.65 million (30 June 2022: SR 92.06 million). The transfer of the ownership of one of the lands, which has a net book value of SR 55.15 million was completed in the subsequent period of the interim condensed consolidated financial statements.

During the six-months period ended 30 June 2023, depreciation expense amounted to SR 13,03 million (30 June 2022: SR 13,24 million).

The Group has some buildings owned as investment properties with a net book value of SR 110,35 million (31 December 2022: SR 122,3 million) that are built on lands leased from third parties.

The fair value of investment properties as at 31 December 2022 amounted to SR 689 million, which were valued by qualified and independent experts. The following are the information of the real estate valuer:

Name: Olaat Real Estate Appraisal Company
Qualifications: Membership of the Saudi Authority for Accredited Valuers
License number: 1210000397

The fair value was measured based on the valuation techniques applied (market approach – comparable method and income approach – residual value method).

On 5 June 2023, the General Assembly of shareholders approved the sale of vacant land owned by the company, with a net book value of SR 87,092,960, with an area space of 44,421 square meters, at a price of SR 4,200 per meter, with a total amount of SR 186,568,704, to Abdullah Al-Othaim for Investment Company (related to the chairman of the board of directors). The sale of the land resulted in a net capital gain of SR 99,475,744, which was recognized in the interim condensed consolidated statement of income for the six-months period ended 30 June 2023. The transfer of the ownership of the land, and the collection of the sale amount were completed in the subsequent period of the interim condensed consolidated financial statements.

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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:

<u>Company</u>	<u>Country of Incorporation</u>	<u>Ownership percentage %</u>	
		<u>30 June 2023</u>	<u>31 December 2022</u>
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). It has been classified as an investment in joint arrangements (joint venture).

a) Summary of investment movements during the period / year

	<u>30 June 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the period / year	162,268,640	348,869,385
Share in profit or loss of associates and joint venture	14,829,924	52,374,563
Share in other comprehensive loss of associates and joint venture	-	(986,123)
Disposals	-	(237,989,185)
Balance at the end of the period / year	<u>177,098,564</u>	<u>162,268,640</u>

b) Investments in associates and joint venture balances

	<u>30 June 2023</u>	<u>31 December 2022</u>
Gulf Flour Milling Industrial Company - Joint venture	108,376,305	96,513,311
Riyadh Food Industries Company - Associate	40,724,894	38,507,734
AlWousta Food Services Company - Associate	27,997,365	27,247,595
	<u>177,098,564</u>	<u>162,268,640</u>

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10. CASH AND CASH EQUIVALENTS

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash at banks	157,691,284	265,072,962
Cash on hand	99,097,712	48,001,145
Short-term Murabaha deposits ⁽¹⁾	30,000,000	-
	<u>286,788,996</u>	<u>313,074,107</u>

(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 bear a rate of 6.2%.

11. STATUTORY RESERVE

In accordance with the Company's amended By-laws which was approved by the General Assembly of the shareholders in its extraordinary meeting that was held on 5 June 2023 to comply with the provisions of the new Companies' Laws, the company is no longer required to maintain a percentage of profits as a statutory reserve as it was applicable in the previous Companies' Laws, where companies were required to transfer 10% of the net profit for the year to the statutory reserve until the statutory reserve reaches 30% of the share capital. In addition, the General Assembly of the shareholders approved in the same meeting transferring the entire balance of the statutory reserve to retained earnings.

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the period / year	249,589,307	206,961,651
Service cost for the period / year	20,899,865	49,439,920
Cost of discount factor for the period / year	5,150,420	6,976,059
Paid during the period / year	(14,541,609)	(19,915,158)
Actuarial losses from remeasurement of obligation for employees' end-of-service benefits	5,439,218	6,126,835
Balance at the end of the period / year	<u>266,537,201</u>	<u>249,589,307</u>

13. 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.

The available and unused facilities for the purposes of meeting the Group's obligations when due, as at 30 June 2023, amounted to SR 1,095 million (31 December 2022: SR 1,095 million).

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14. 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 represent mainly in rental income and expenses, purchases of inventory, and labor 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"

Members of the Board of Directors and Senior Management

Abdullah Al-Othaim for Fashions 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

Related to the Chairman of the Board of Directors

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

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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14. RELATED PARTIES (CONTINUED)

Transactions with related parties for the period ended 30 June 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>	<u>Sale of Investment Properties</u>
Abdullah Al-Othaim for Investment Company	6,931,698	18,192,275	-	-	2,202,117	186,568,704
AlWousta Food Services Company	-	297,783	-	-	-	-
Riyadh Foods Industries Company	-	-	58,631,228	-	-	-
General Organization of Social Insurance	2,844,103	-	-	-	-	-
Almarai Company	-	-	258,167,865	-	-	-
Al-Jouf Agricultural Development Company	-	-	22,773,356	-	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	16,105,165	-	-	-
Abdullah Al-Othaim for Fashions Company	-	87,763	-	-	-	-
Saudi Pillar Contracting Company	-	-	-	-	5,783,282	-
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	6,932,853	-	-
Abdullah Al-Othaim for Entertainment Company	-	758,218	-	135,793	-	-
Fourth Milling Company	-	-	5,196,210	517,546	-	-

Transactions with related parties for the period ended 30 June 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>
Al-Othaim Holding Company	10,000	-	-	756,925	-
Abdullah Al-Othaim for Investment Company	6,815,205	18,192,275	-	-	832,794
AlWousta Food Services Company	-	293,750	-	-	-
Riyadh Foods Industries Company	-	-	65,651,516	103,980	-
General Organization of Social Insurance	2,844,103	-	-	-	-
Almarai Company	-	-	244,372,581	-	-
Al-Jouf Agricultural Development Company	-	-	10,585,718	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	13,097,596	-	-
Abdullah Al-Othaim for Fashions Company	-	87,763	-	-	-
Saudi Pillar Contracting Company	-	-	-	-	7,828,397
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	4,780,389	-
Abdullah Al-Othaim for Entertainment Company	-	758,218	-	82,239	-
Emtiyaz Al Riyadh Trading Company	-	-	-	67,537	-
Fourth Milling Company	-	-	3,658,369	517,546	-

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14. RELATED PARTIES (CONTINUED)

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

	Charged to comprehensive income	
	30 June 2023	30 June 2022
Short term benefits	14,095,930	14,672,865
Post-employment benefits	217,476	212,439
	14,313,406	14,885,304

Below are the balances due from/to related parties:

Amounts due from related parties (included in trade receivables):

	30 June 2023	31 December 2022
Saudi Pillar Contracting Company	3,458,733	676,666
Rimal Al Sawahil for Contracting and Maintenance	2,886,751	2,897,038
Riyadh Foods Industries Company	7,284	13,571
Abdullah Al-Othaim for Entertainment Company	-	133,319
Al-Othaim Holding Company	-	161,873
Emtiyaz Al Riyadh Trading Company	-	70,104
	6,352,768	3,952,571

Amounts due from related parties (included in prepayments and other receivables):

	30 June 2023	31 December 2022
Abdullah Al-Othaim for Investment Company	185,888,457	-
	185,888,457	-

Amounts due to related parties (included in accounts payable):

	30 June 2023	31 December 2022
Almarai Company	107,634,745	117,068,013
Riyadh Foods Industries Company	34,174,175	33,558,115
Al-Jouf Agricultural Development Company	9,360,134	9,981,178
The Arabic Company for Agricultural Services (ARASCO)	6,174,394	5,075,970
Saudi Pillar Contracting Company	2,439,945	2,439,945
Fourth Milling company	1,120,990	894,885
Abdullah Al-Othaim for Investment Company	-	1,070,337
	160,904,383	170,088,443

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15. 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 period on the basis of the adjusted net income method.

The movement in Zakat provision is as follows:

	30 June 2023	31 December 2022
Balance at the beginning of period/ year	33,214,023	13,839,202
Charged for the period/ year	8,415,893	30,882,117
Paid during the period/ year	(13,577,910)	(11,507,296)
Balance at the end of period/ year	28,052,006	33,214,023

- 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 the years from 2014 to 2018.
- ZATCA was communicated to conclude on 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 2019 and 2020 are subject to the examination by ZATCA, and the final assessment has not been issued to date.

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

Earnings per share for the ordinary shareholders for the period ended 30 June 2023 and 30 June 2022 (Restated – Note 22), 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.

The number of shares for the period ended 30 June 2023 has been adjusted retrospectively to reflect the share division described in note 1. Since this represents an increase in the number of the basic shares, without a corresponding change in resources, the weighted average number of basic shares outstanding during all reported periods is adjusted retrospectively.

17. 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.

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17. SEGMENTAL INFORMATION (CONTINUED)

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

Interim condensed consolidated statement of financial position as at 30 June 2023

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Property, plant, and equipment	1,543,144,045	-	6,110,759	1,549,254,804
Right-of-use assets	1,607,973,501	204,867,017	984,413	1,813,824,931
Other non-current assets	-	-	28,184,401	28,184,401
Investment properties	-	651,919,805	-	651,919,805
Intangible assets	1,151,398	-	647,534	1,798,932
Assets held for sale	-	-	1,016,432	1,016,432
Total assets	4,741,649,504	868,481,724	400,995,026	6,011,126,254
Total liabilities	4,203,660,287	268,427,631	87,787,864	4,559,875,782

Interim condensed consolidated statement of financial position as at 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	-	-	28,638,026	28,638,026
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

Interim condensed consolidated statement of income for the period ended 30 June 2023

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Sales	5,080,965,453	-	156,964,252	5,237,929,705
Sales outside the Group	5,080,965,453	-	120,275,003	5,201,240,456
Rental income outside the Group	-	71,189,727	-	71,189,727
Inter-segment sales and income	-	30,000	36,689,249	36,719,249
Total income, sales commissions, and net rental income	1,055,621,826	41,801,902	27,873,423	1,125,297,151
Operating profit	136,820,978	41,801,902	8,920,911	187,543,791

Interim condensed consolidated statement of income for the period ended 30 June 2022 (Restated – Note 22)

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Sales	4,605,042,369	-	137,252,373	4,742,294,742
Sales outside the Group	4,605,042,369	-	111,863,347	4,716,905,716
Rental income outside the Group	-	68,124,057	-	68,124,057
Inter-segment sales and income	-	46,126	25,389,026	25,435,152
Total income, sales commissions, and net rental income	957,347,546	38,832,106	19,816,879	1,015,996,531
Operating profit (loss)	129,692,925	38,832,106	(3,956,283)	164,568,748

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17. SEGMENTAL INFORMATION (CONTINUED)

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

For the period ended 30 June 2023

<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	3,000,666,989	59.1%	35,490,095	49.9%	93,831,520	78.0%
Eastern region - Saudi Arabia	497,928,974	9.8%	28,306,267	39.8%	20,497,410	17.0%
Southern region - Saudi Arabia	699,645,245	13.8%	2,373,224	3.3%	1,078,747	1.0%
Northern region - Saudi Arabia	399,246,395	7.9%	2,705,950	3.8%	-	0.0%
Western region - Saudi Arabia	380,116,897	7.5%	2,158,538	3.0%	4,867,326	4.0%
Arab Republic of Egypt	103,360,953	2.0%	155,653	0.2%	-	0.0%
Total	5,080,965,453	100%	71,189,727	100%	120,275,003	100%

For the period ended 30 June 2022 (Restated – Note 22)

<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	2,877,123,657	62.4%	33,910,984	49.7%	90,106,095	80.5%
Eastern region - Saudi Arabia	460,512,662	10.0%	27,755,257	40.7%	10,021,180	9.0%
Southern region - Saudi Arabia	565,892,166	12.3%	2,306,418	3.4%	2,422,735	2.2%
Northern region - Saudi Arabia	315,802,866	6.9%	2,289,091	3.4%	142,872	0.1%
Western region - Saudi Arabia	257,788,122	5.6%	1,616,816	2.4%	9,170,465	8.2%
Arab Republic of Egypt	127,922,896	2.8%	245,491	0.4%	-	0.0%
Total	4,605,042,369	100%	68,124,057	100%	111,863,347	100%

18. RENTAL INCOME, NET

	<u>For the three-months periods ended 30 June</u>		<u>For the six-months periods ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Stores rental income	28,928,357	29,207,192	57,945,335	57,665,580
Marketing rental income	8,130,283	6,746,832	13,244,392	10,458,477
Total rental income	37,058,640	35,954,024	71,189,727	68,124,057
Rental expenses	(15,325,006)	(14,701,329)	(29,387,825)	(29,291,951)
Net rental income	21,733,634	21,252,695	41,801,902	38,832,106

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19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	30 June 2023	31 December 2022
Letters of credit	19,685,761	33,029,042
Letters of guarantee ⁽¹⁾	89,305,268	86,082,268
Commitments on capital work in progress	82,109,399	54,720,766

(1) The balance includes an amount of SR 85.71 million (31 December 2022: SR 85.71 million) related to promissory note issued under the name of the Company as a guarantee for bank facilities obtained by Riyadh Food Industries Company (associate).

20. FINANCE CHARGES

	For the three-months periods ended 30 June		For the six-months periods ended 30 June	
	2023	2022	2023	2022
Finance costs on lease contracts liabilities	23,890,627	16,722,716	47,008,696	33,867,274
Cost of discount factor on obligation for employees' end of service benefits	2,492,812	1,531,953	5,150,420	2,765,053
Financing costs, net	880,059	208,539	1,387,571	357,612
	27,263,498	18,463,208	53,546,687	36,989,939

21. FOREIGN CURRENCY TRANSLATION DIFFERENCES

Gains arising from the foreign currency translation differences included in the interim condensed consolidated statement of comprehensive income amounted to SR 99,683 for the current period ended 30 June 2023 (for the six-months period ended 30 June 2022: SR 681,165), 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. In October 2022, the Egyptian Authorities decided 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.

22. CHANGES TO COMPARATIVE FIGURES AS A RESULT OF A CHANGE IN ACCOUNTING TREATMENT

During the period, the Group's management estimated the revenues from progressive incentive from suppliers based on purchases made during the interim periods (quarterly), instead of recognizing them on an annual basis, and has reallocated these revenues to the interim periods. According to management estimates, these incentives have been recognized in the current interim condensed consolidated financial statements, as well as adjusting the comparative interim periods retrospectively in order to comply with the requirements of International Financial Reporting Standard (15) – "Revenue from Contracts with Customers" and International Accounting Standard (34) – "Interim Financial Reporting". The Group's management believes that by using reasonable accounting estimates to calculate the revenues from progressive incentives from suppliers on an interim basis (quarterly), taking into account the seasonality of sales, growth rates and expected returns in subsequent periods, in addition to providing more relevant financial information to the users of the interim condensed consolidated financial statements.

The recognition of these revenues in the comparative interim periods does not affect the comparative annual results.

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22. CHANGES TO COMPARATIVE FIGURES AS A RESULT OF A CHANGE IN ACCOUNTING TREATMENT (CONTINUED)

The following is the effect of the adjustments to the comparative figures as a result of the change in the accounting treatment:

Interim condensed consolidated statement of income and comprehensive income

	For the three-months period ended 30 June 2022 Increase/(Decrease)	For the six-months period ended 30 June 2022 Increase/(Decrease)
Cost of sales	(3,490,500)	(14,230,500)
Gross profit	3,490,500	14,230,500
Operating profit	3,490,500	14,230,500
Income before zakat	3,490,500	14,230,500
Zakat	87,750	357,750
Net income for the period	3,402,750	13,872,750
<u>Attributable to:</u>		
Shareholders of the Company		
Continuing operations	3,402,750	13,872,750
<u>Earnings per share</u>		
Basic and diluted earnings per share from the net income for the period attributable to the shareholders of the Company	0.004	0.015
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the company	0.004	0.015
Total comprehensive income for the period	3,402,750	13,872,750
<u>Attributable to:</u>		
Shareholders of the Company		
	3,402,750	13,872,750

Interim condensed consolidated statement of changes in equity

	As at 30 June 2022 Increase/(Decrease)
Retained earnings	13,872,750
Total shareholders' equity	13,872,750
Total equity	13,872,750

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22. CHANGES TO COMPARATIVE FIGURES AS A RESULT OF A CHANGE IN ACCOUNTING TREATMENT (CONTINUED)

Interim condensed consolidated statement of cash flows

	For the six-months period ended 30 June 2022 <u>Increase/(Decrease)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Income before Zakat	14,230,500
<u>Changes in:</u>	
Accounts payable	(14,230,500)

23. COMPARATIVE FIGURE

In addition to the adjustments to the comparative figures as a result of the change in the accounting treatment shown in note 22 above, 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-months period ended 30 June 2022

	Balances as previously presented	Adjustments related to the change in accounting treatment (Note 22)	Reclassification	Balances after adjustments and reclassifications
Cost of Sales	(1,796,393,220)	3,490,500	7,097,221	(1,785,805,499)
Selling and marketing expenses	(384,494,886)	-	(4,810,028)	(389,304,914)
General and administrative expenses	(38,143,110)	-	(825,669)	(38,968,779)
Income from deposits and others	534,126	-	122,617	656,743
Finance charges, net	(16,931,255)	-	(1,531,953)	(18,463,208)
Other income, net	2,307,897	-	64,261	2,372,158
Zakat	(2,630,742)	(87,750)	(5,939)	(2,724,431)
Income (loss) from discontinued operations	76,064	-	(110,510)	(34,446)
Total		<u>3,402,750</u>	<u>-</u>	

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23. COMPARATIVE FIGURE (CONTINUED)

Interim condensed consolidated statement of income for the six-months period ended 30 June 2022

	Balances as previously presented	Adjustments related to the change in accounting treatment (Note 22)	Reclassification	Balances after adjustments and reclassifications
Cost of Sales	(3,769,912,520)	14,230,500	14,596,643	(3,741,085,377)
Selling and marketing expenses	(764,722,003)	-	(10,143,615)	(774,865,618)
General and administrative expenses	(74,812,633)	-	(1,749,532)	(76,562,165)
Income from deposits and others	798,517	-	243,887	1,042,404
Finance charges, net	(34,224,886)	-	(2,765,053)	(36,989,939)
Other income, net	3,024,952	-	55,228	3,080,180
Zakat	(5,769,126)	(357,750)	(5,939)	(6,132,815)
Income (loss) from continuing operations	132,729	-	(231,619)	(98,890)
Total		13,872,750	-	

24. DIVIDENDS

- On 20 June 2023, the General Assembly of the shareholders of Mueen for Human Resources Company (subsidiary) decided to distribute dividends to the Company's shareholders for the fiscal year ended 31 December 2022, with a total amount of SR 8,008,000 of which SR 2,562,560 represent distributions to non-controlling interests.
- 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.
- On 15 February 2022, the Board of Directors decided by circulation to distribute cash dividends 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.

25. SUBSEQUENT EVENTS

On 9 August 2023, the Board of Directors decided to distribute interim cash dividends to shareholders for the first half of 2023 with a total amount of SR 270 million, at SR 0.3 per share. The dividends will be paid during the third quarter of 2023.

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

26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Director on 22 Muharram 1445H (corresponding to 9 August 2023).