

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three months period ended 31 March 2022
together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

INDEX	PAGES
Independent auditor's report on review of condensed consolidated interim financial statements	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated financial statements	6-25



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 101425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Alamar Foods Company

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of Alamar Foods Company ("the Company") and its subsidiaries ("the Group"), which comprise:

- the condensed consolidated interim statement of financial position as at 31 March 2022;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 31 March 2022 condensed consolidated interim financial statements of Alamar Foods Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Mubark Al Dossari
License No: 469

Date: 22 May 2022
Corresponding to: 21 Shawwal 1443H



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR, (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، منسجلة في المملكة العربية السعودية، رأس مالها (٢٥.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزات وشركاه محاسبون ومراجعون قفونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجائزة محدودة بضمان. جميع الحقوق محفوظة.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022
(Amount in Saudi Riyals)

	<i>Note</i>	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Property and equipment	5	166,298,174	162,987,240
Right of use assets	6	215,073,864	211,747,378
Goodwill	23	25,332,355	24,762,215
Other intangible assets		9,243,482	7,024,984
Equity-accounted investees		2,015,851	2,015,851
Deferred tax assets		4,066,130	3,652,008
Non-current assets		422,029,856	412,189,676
Inventories	7	55,772,565	50,807,427
Trade and other receivables	8	85,049,771	71,163,359
Due from related parties	9	26,753,503	25,178,420
Cash and cash equivalents	10	221,942,825	190,567,259
Current assets		389,518,664	337,716,465
Total assets		811,548,520	749,906,141
Equity and liabilities			
Equity			
Share capital	11	255,000,000	255,000,000
Treasury shares	11	(3,000,000)	(3,000,000)
Statutory reserve	12	14,240,824	14,240,824
Retained earnings		123,305,297	80,063,484
Foreign currency translation reserve		(6,281,013)	(5,643,362)
Equity attributable to owners of the Company		383,265,108	340,660,946
Non-controlling interests		(1,000,879)	(296,055)
Total equity		382,264,229	340,364,891
Lease liabilities	13	157,498,932	149,110,367
Employee benefits	14	29,968,756	28,605,824
Trade and other payables	15	750,798	5,693,181
Loans and borrowings	21	2,331,550	3,183,167
Deferred tax liabilities		1,401,143	1,622,220
Non-current liabilities		191,951,179	188,214,759
Lease liabilities	13	75,845,047	77,924,885
Employee benefits	14	23,951,781	19,550,194
Trade and other payables	15	121,974,280	110,829,332
Due to related parties	9	2,555,253	2,489,403
Loans and borrowings	21	2,314,775	1,646,857
Provision for zakat and income tax		10,691,976	8,885,820
Current liabilities		237,333,112	221,326,491
Total liabilities		429,284,291	409,541,250
Total equity and liabilities		811,548,520	749,906,141

The accompanying notes (1) through (27) form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements shown on pages 2 to 25 were approved on 22 May 2022 (corresponding to 21 Shawwal 1443H) and signed on behalf of the board of directors by:


Ibrahim A. AlJammaz
Chairman of Board


Filippo Sgattoni (May 22, 2022 02:02 GMT+3)
Filippo Sgattoni
Chief Executive Officer


Yaser AlMasri
Chief Financial Officer

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

(Amount in Saudi Riyals)

	<i>Note</i>	31 March 2022	31 March 2021
Revenue	16	270,968,388	204,144,649
Cost of sales		(172,085,831)	(127,213,637)
Gross profit		98,882,557	76,931,012
Selling and distribution expenses		(26,932,974)	(19,217,212)
Administrative expenses		(26,693,900)	(20,592,373)
Other income		5,111,275	5,754,495
Impairment of trade and other receivables		--	(1,500,000)
Operating profit		50,366,958	41,375,922
Finance costs and bank charges		(4,629,047)	(3,786,396)
Share of losses of equity-accounted investee		(71,270)	(246,707)
Profit before zakat and tax		45,666,641	37,342,819
Zakat and income tax		(2,468,492)	(2,144,502)
Profit for the period		43,198,149	35,198,317
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employee defined benefit liabilities		--	--
<i>Item that are reclassified subsequently to profit or loss</i>			
Foreign operation – foreign currency translation differences		(1,298,811)	(10,680,617)
Other comprehensive income for the period		(1,298,811)	(10,680,617)
Total comprehensive income for the period		41,899,338	24,517,700
Profit attributable to:			
Owners of the Company		43,241,813	36,390,797
Non-controlling interests		(43,664)	(1,192,480)
		43,198,149	35,198,317
Total comprehensive income attributable to:			
Owners of the Company		42,604,162	26,273,654
Non-controlling interests		(704,824)	(1,755,954)
		41,899,338	24,517,700
Earnings per share - basic and diluted	25	1.72	1.43

The accompanying notes (1) through (27) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

(Amount in Saudi Riyals)

	Share capital	Treasury shares	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
For the three months ended 31 March 2022									
Balance at 1 January 2022	255,000,000	(3,000,000)	14,240,824	--	80,063,484	(5,643,362)	340,660,946	(296,055)	340,364,891
<i>Total comprehensive income for the period</i>									
Profit for the period	--	--	--	--	43,241,813	--	43,241,813	(43,664)	43,198,149
Other comprehensive loss for the period	--	--	--	--	--	(637,651)	(637,651)	(661,160)	(1,298,811)
Total comprehensive income for the period	--	--	--	--	43,241,813	(637,651)	42,604,162	(704,824)	41,899,338
Balance at 31 March 2022	255,000,000	(3,000,000)	14,240,824	--	123,305,297	(6,281,013)	383,265,108	(1,000,879)	382,264,229
For the three months ended 31 March 2021									
Balance at 1 January 2021	5,000,000	--	2,500,000	151,268,859	64,322,839	2,339,886	225,431,584	1,560,826	226,992,410
<i>Total comprehensive income for the period</i>									
Profit for the period	--	--	--	--	36,390,797	--	36,390,797	(1,192,480)	35,198,317
Other comprehensive loss for the period	--	--	--	--	--	(10,117,143)	(10,117,143)	(563,474)	(10,680,617)
Total comprehensive income for the period	--	--	--	--	36,390,797	(10,117,143)	26,273,654	(1,755,954)	24,517,700
Balance at 31 March 2021	5,000,000	--	2,500,000	151,268,859	100,713,636	(7,777,257)	251,705,238	(195,128)	251,510,110

The accompanying notes (1) through (27) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

	<i>Note</i>	31 March 2022	31 March 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		43,198,149	35,198,317
Adjustments for:			
- Income tax and zakat		2,468,492	2,144,502
- Depreciation of property and equipment	5	8,369,119	7,721,778
- Depreciation of right of use assets	6	17,634,229	15,316,337
- Amortization of intangible assets		457,043	76,407
- Share of loss in equity-accounted investee		71,270	246,707
- Employee benefits	14	1,547,665	1,141,680
- Interest expense of lease liabilities		3,280,625	3,786,397
- Impairment of trade and other receivables		--	1,500,000
- Net exchange differences		--	(5,710,441)
- Loss on disposal of property and equipment		63,399	--
		77,089,991	61,421,684
Changes in:			
Inventories		(4,965,139)	(1,683,801)
Trade and other receivables		(13,886,412)	(2,433,819)
Due from related parties		(1,575,082)	413,146
Employee benefits		7,865,380	(288,053)
Trade and other payables		6,202,564	(7,243,743)
Due to related parties		65,851	(24,329)
Cash generated from operations		70,797,153	50,161,085
Zakat and income tax paid		(662,304)	(456,686)
Employee benefits paid	14	(493,960)	(861,350)
Net cash generated from operating activities		69,640,889	48,843,049
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(10,128,511)	(7,044,632)
Acquisition of property and equipment – in progress	5.1	(5,500,000)	--
Acquisition of intangible assets		(2,959,065)	--
Proceeds from sale of property and equipment		358,228	--
Net cash used in investing activities		(18,229,348)	(7,044,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in loans and borrowings		(183,729)	(469,238)
Payments of lease liabilities		(19,058,689)	(17,866,768)
Payments of Interest expense of lease liabilities		(3,280,625)	(3,786,397)
Net cash used in financing activities		(22,523,043)	(22,122,403)
Net increase in cash and cash equivalents		28,888,498	19,676,014
Cash and cash equivalents at beginning of the period		190,567,259	128,105,607
Net exchange differences		2,487,068	(1,682,474)
Cash and cash equivalents at 31 March	10	221,942,825	146,099,147

The accompanying notes (1) through (27) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

1. ACTIVITIES

Alamar Foods Company (the “Company” or the “Parent Company”) is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422 H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Company and its subsidiaries (collectively referred to as “the Group”) consist of:

- i) Administration and operation of 393 restaurants (31 December 2021: 383) under a Domino’s franchise agreement catering service for cooked and non-cooked food and fast-food meals.
- ii) Administration and operation of 47 restaurants (31 December 2021: 44 restaurants) under Dunkin Donut’s franchisee agreement.

The address of the Company's registered office is as follows:

Alamar Building
Olaya Road, Olaya District
P.O Box 4748
Riyadh 11412
Kingdom of Saudi Arabia

These condensed consolidated interim financial statements include the financial position and performance of the Company and its following subsidiaries:

<i><u>Name of the Company</u></i>	<i><u>Place of incorporation</u></i>	<i><u>Principal activity</u></i>	<i><u>Date of acquisition</u></i>	<i><u>Effective holding percentage</u></i>	
				31 March 2022	31 December 2021
Alamar Foods Company LLC	Amman, Jordan	Establishing, operating and managing of fast-food restaurants	9 January 2020	75%	75%
Alamar Foods Company LLC	Cairo, Egypt	Establishing, operating and managing of fast-food restaurants.	9 January 2020	99%	99%
Alamar Foods LLC	Doha, Qatar	Establishing, operating and managing of fast-food restaurants	9 January 2020	99%	99%
Alamar Foods DMCC	Dubai, UAE	Establishing, operating and managing of fast-food restaurants	9 January 2020	100%	100%
Alamar Foods LLC	Dubai, UAE	Establishing, operating and managing of fast-food restaurants	9 January 2020	99%	99%
Alamar Foods Company W.L.L	Manama, Bahrain	Establishing, operating and managing of fast-food restaurants	9 January 2020	99%	99%
Alamar Foods SARL	Beirut, Lebanon	Establishing, operating and managing of fast-food restaurants	9 January 2020	95%	95%
HEA Trade and Services Company	Rabat, Morocco	Establishing, operating and managing of fast-food restaurants	23 January 2020	49%	49%

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements (“consolidated financial statements”) have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2021 (“last annual financial statements”).

These consolidated financial statements do not include all of information required for complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These consolidated financial statements have been prepared for the information and use of the shareholders of the Group and should not be used for any other purpose.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method and equity-accounted investees which are measured at equity method. Further, the consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

The Board of Directors of the Company have approved the plan for initial public offering (IPO) of the Company by submitting an application and registering the securities to the Capital Market Authority (“the Authority”) and listing it through Saudi Stock Exchange (“Tadawul”). The listing of securities on Tadawul is still in process as of the date of approval of these consolidated financial statements.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (“SR”) which is the functional and presentation currency of the Group.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these consolidated financial statements, management has made estimates and judgments that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended 31 December 2021.

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements. These are not expected to have a significant impact on the consolidated financial statements of the Company.

1 January 2022	Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to International Financial Reporting Standards 2018- 2020
	Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)
	Refer to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies (Amendments to International Accounting Standards No. 1 and Practice Statement IFRS No. 2
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

(Amount in Saudi Riyals)

5. PROPERTY AND EQUIPMENT

Cost:

	<u>Land</u>	<u>Buildings and buildings improvements</u>	<u>Leasehold improvements</u>	<u>Furniture</u>	<u>Machines and equipment</u>	<u>Computer devices and hardware</u>	<u>Vehicles</u>	<u>Total</u>
At 1 January 2021 (Audited)	2,985,520	1,170,122	154,112,734	18,360,609	132,129,831	23,920,649	8,298,268	340,977,733
Additions	--	56,549	26,534,387	1,415,069	12,659,881	2,272,722	714,101	43,652,709
Disposals	--	(104,688)	(3,011,240)	(156,266)	(1,630,314)	(164,305)	(553,601)	(5,620,414)
Exchange rates movements	13,403	1,441	(3,390,852)	(1,822,928)	(4,187,181)	(1,279,799)	(325,839)	(10,991,755)
At 31 December 2021 (Audited)	2,998,923	1,123,424	174,245,029	17,796,484	138,972,217	24,749,267	8,132,929	368,018,273
Additions	--	80,038	5,369,164	818,253	3,065,914	725,673	69,469	10,128,511
Disposals	--	(930)	(292,111)	(70,787)	(1,504,474)	(212,984)	(408,900)	(2,490,186)
Exchange rates movements	(415,711)	(82,269)	(1,802,149)	(270,127)	(2,410,083)	(210,769)	(160,952)	(5,352,060)
At 31 March 2022 (Unaudited)	2,583,212	1,120,263	177,519,933	18,273,823	138,123,574	25,051,187	7,632,546	370,304,538

Accumulated depreciation and
impairment loss:

At 1 January 2021 (Audited)	--	349,081	76,044,062	12,351,648	74,388,040	18,642,807	5,570,375	187,346,013
Charge for the year	--	11,053	15,758,723	1,510,813	11,288,866	2,322,534	1,103,904	31,995,893
Reversal of impairment loss	--	--	(1,121,482)	--	--	--	--	(1,121,482)
Disposals	--	(1,245)	(1,448,955)	(104,440)	(914,084)	(126,091)	(551,797)	(3,146,612)
Exchange rates movements	--	3,073	(4,240,521)	(1,135,398)	(3,144,708)	(1,263,227)	(261,998)	(10,042,779)
At 31 December 2021 (Audited)	--	361,962	84,991,827	12,622,623	81,618,114	19,576,023	5,860,484	205,031,033
Charge for the period	--	10,565	4,187,309	391,890	2,948,278	551,930	279,147	8,369,119
Disposals	--	(247)	(264,410)	(68,348)	(1,380,119)	(205,509)	(276,724)	(2,195,357)
Exchange rates movements	--	(23,536)	(505,894)	(202,835)	(824,825)	(46,261)	(95,080)	(1,698,431)
At 31 March 2022 (Unaudited)	--	348,744	88,408,832	12,743,330	82,361,448	19,876,183	5,767,827	209,506,364
Net book value								
At 31 March 2022 (Unaudited)	2,583,212	771,519	89,111,101	5,530,493	55,762,126	5,175,004	1,864,719	160,798,174
At 31 December 2021 (Audited)	2,998,923	761,462	89,253,202	5,173,861	57,354,103	5,173,244	2,272,445	162,987,240

5.1 As of 31 March 2022, an amount of SR 5.5 million (31 December 2021: Nil) is also capitalized primarily relating to certain stores and head office assets improvements in progress. Including this amount of SR 5.5 million, the total of property and equipment amounts to SR 166,298,174 (31 December 2021: SR 162,987,240).

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

6. RIGHT OF USE ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16.

The Group leases stores and vehicles. The leases typically run for an average lease term of up to 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	<u>Buildings and land</u>	<u>Vehicles</u>	<u>Total</u>
<i>Cost:</i>			
At 1 January 2021 (Audited)	289,314,734	25,805,457	315,120,191
Additions	78,486,535	18,296,082	96,782,617
Disposals	(10,854,206)	(8,352,436)	(19,206,642)
Exchange rates movements	(4,205,368)	(17,330)	(4,222,698)
At 31 December 2021 (Audited)	<u>352,741,695</u>	<u>35,731,773</u>	<u>388,473,468</u>
Additions	17,631,971	8,890,735	26,522,706
Modification	(53,352)	--	(53,352)
Disposals	(3,491,040)	(1,464,099)	(4,955,139)
Exchange rates movements	(6,543,110)	73,545	(6,469,565)
At 31 March 2022 (Unaudited)	<u>360,286,164</u>	<u>43,231,954</u>	<u>403,518,118</u>
<i>Accumulated depreciation:</i>			
At 1 January 2021 (Audited)	112,080,664	14,733,492	126,814,156
Charge for the year	58,469,783	6,759,990	65,229,773
Disposal	(4,899,424)	(8,121,757)	(13,021,181)
Exchange rates movements	(2,286,746)	(9,912)	(2,296,658)
At 31 December 2021 (Audited)	<u>163,364,277</u>	<u>13,361,813</u>	<u>176,726,090</u>
Charge for the period	15,470,346	2,163,883	17,634,229
Disposals	(2,405,050)	(1,448,151)	(3,853,201)
Exchange rates movements	(2,101,624)	38,760	(2,062,864)
At 31 March 2022 (Unaudited)	<u>174,327,949</u>	<u>14,116,305</u>	<u>188,444,254</u>
<i>Net book values:</i>			
At 31 March 2022 (Unaudited)	<u>185,958,215</u>	<u>29,115,649</u>	<u>215,073,864</u>
At 31 December 2021 (Audited)	<u>189,377,418</u>	<u>22,369,960</u>	<u>211,747,378</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

7. INVENTORIES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Raw materials	49,986,124	44,856,610
Consumables and packing material	5,786,441	5,896,089
Goods in transit	--	54,728
	55,772,565	50,807,427

Movement in the provision for slow moving items for the period is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period	--	38,623
Charge during the period/year	--	236,860
Write off during the period/year	--	(275,483)
Balance at the end of the period	--	--

8. TRADE AND OTHER RECEIVABLES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	22,075,050	17,528,400
Impairment loss on trade receivables	8.1 (4,227,561)	(4,227,561)
Net trade receivables	17,847,489	13,300,839
Prepaid expenses	22,617,952	24,020,284
Advances to suppliers	22,480,362	15,354,487
Advances to employees	6,902,270	3,542,832
Other receivables	17,903,833	17,647,052
Less: impairment loss on other receivables	8.2 (2,702,135)	(2,702,135)
	85,049,771	71,163,359

8.1 Movement in the allowance for doubtful debts for the period / year is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	6,929,696	5,179,861
Charge during the period / year	--	2,712,050
Written off during the year	--	(962,215)
Balance at end of the period / year	6,929,696	6,929,696

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

8.2 It represents impairment loss on other receivables recognized during the period.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

9. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is Abdul Aziz Ibrahim AlJammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia. The related party transactions were made on terms agreed at group level. During the period, the Group entered into the following transactions with related parties:

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
<i>Transactions with shareholders</i>		
IPO costs charged to shareholders	1,041,437	--
<i>Transactions with associate / joint venture investment</i>		
Sale of goods	6,578	--
Expenses	--	864,808
Other charges	926	6,493
<i>Transactions with entities under common control</i>		
Expenses	747,416	--
Other charges	25,767	--
<i>Transactions with other related parties</i>		
Other charges	500,000	--

The following balances were outstanding with related parties at the reporting date:

	Nature of relationship	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<i>Due from related parties</i>			
Abdul Aziz Ibrahim AlJammaz and Brothers Company	Parent company	6,673,886	6,673,886
Alamar Foods Company, Oman	Associate company	951,249	424,872
Kasual + Limited Liability Company	Joint venture investment	21,577	14,073
Alamar Foods For Restaurants Management WLL	Associate company	12,552	12,552
AlJammaz Establishment	Company under common control	--	235
Meadow Holding (Cayman) Limited	Shareholder	10,917,459	10,332,171
Meadow Saudi Arabia Company*	Shareholder	6,976,477	6,520,328
Yasmine Flower Company*	Shareholder of subsidiary	1,200,303	1,200,303
		26,753,503	25,178,420
<i>Due to related parties</i>			
AlJammaz Agriculture	Company under common control	7,791	--
Hakam El Abbas	Shareholder of subsidiary	2,541,614	2,484,380
Sovana Inc. USA	Others	5,848	5,023
		2,555,253	2,489,403

The amounts outstanding with related parties are unsecured and will be settled in cash. No amounts have been expensed in respect of due from other related parties during the period. The payables by related parties are payable on demand and accordingly impact of expected credit losses is not considered material as the counter parties have sufficient liquid assets available at reporting date to repay the amounts.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

9. RELATED PARTIES INFORMATION (CONTINUED)

Compensation paid to key management personnel during the period is as follows:

	31 March 2022	31 March 2021
	(Unaudited)	(Unaudited)
Short-term benefits	2,868,168	2,839,497
Post-employment benefits	314,488	452,896

*During the period, the Company incurred IPO costs on behalf of selling shareholders amounted to SR 1 Million (31 March 2021: Nil). This amount represents the IPO cost which was agreed to be reimbursed by the selling shareholders upon successful completion of listing process.

10. CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Cash on hand	2,460,194	3,318,261
Cash at bank	223,232,631	190,998,998
Cash and cash equivalents- gross	225,692,825	194,317,259
Impairment loss allowance	(3,750,000)	(3,750,000)
Cash and cash equivalent- net	221,942,825	190,567,259

11. SHARE CAPITAL

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
25,500,000 shares of SR10 each	255,000,000	255,000,000

Treasury shares

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Outstanding number of treasury shares (300,000 shares of SR 10 each)	3,000,000	3,000,000

12. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and the Company's By-Laws, the Company is required to transfer 10% of its profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for dividend distribution.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

13. LEASE LIABILITIES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<i>Non-Current liabilities</i>		
Lease liabilities	<u>157,498,932</u>	<u>149,110,367</u>
<i>Current liabilities</i>		
Current portion of lease liabilities	<u>75,845,047</u>	<u>77,924,885</u>
	31 March 2021 (Unaudited)	31 December 2021 (Audited)
Balance as on 1 January	227,035,252	201,957,476
Additions	26,522,707	97,559,763
Finance cost	3,280,625	11,500,339
Disposals	(1,151,291)	(6,962,607)
Payments made during the year	<u>(22,339,314)</u>	<u>(77,019,719)</u>
Balance as on 31 December	<u>233,343,979</u>	<u>227,035,252</u>

The Company leased certain of its vehicles and its stores. The average lease term is 5 years (2021: 5 years).

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<u>Minimum lease payments</u>		
Not later than one year	90,581,413	94,769,504
Later than one year and not later than 5 years	152,848,911	145,157,334
More than 5 years	<u>20,635,888</u>	<u>18,080,667</u>
	264,066,212	258,007,505
Less: future finance charges	<u>(30,722,233)</u>	<u>(30,972,253)</u>
Present value of minimum lease payments	<u>233,343,979</u>	<u>227,035,252</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	75,845,047	77,924,885
Later than one year but not later than five years	149,444,839	140,667,144
More than five years	<u>8,054,093</u>	<u>8,443,223</u>
	<u>233,343,979</u>	<u>227,035,252</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

14. EMPLOYEE BENEFITS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<i>Non-Current liabilities</i>		
Defined benefit liabilities	26,612,904	25,559,199
Others	3,355,852	3,046,625
	29,968,756	28,605,824
<i>Current liabilities</i>		
Payroll & Bonus	10,314,028	8,403,904
Accrued vacation	7,735,637	7,191,163
Accrued air ticket & Iqama fee	3,170,273	2,762,938
Others	2,731,843	1,192,189
	23,951,781	19,550,194
	53,920,537	48,156,018

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Defined benefit liability		
Balance at the beginning of the period/ year	25,559,199	22,087,041
Current service cost	1,403,782	5,014,313
Interest cost	143,883	225,958
	1,547,665	5,240,271
Paid during the period / year	(493,960)	(4,174,009)
Actuarial loss	--	2,813,506
Exchange rate movements	--	(407,610)
Balance at the end of the period/ year	26,612,904	25,559,199

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Discount rate	2.35%	1.81%
Rate of salary increases	4.1%	2.75%

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analyses

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Increase in discount rate of 1%	(1,544,500)	(1,242,976)
Decrease in discount rate of 1%	1,775,525	2,650,052
Increase in rate of salary increase of 1%	248,235	140,364
Decrease in rate of salary increase of 1%	(1,654,065)	(2,832,148)

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

15. TRADE AND OTHER PAYABLES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<i>Non-Current liabilities</i>		
Other long-term liabilities	<u>750,798</u>	<u>5,693,181</u>
<i>Current liabilities</i>		
Trade payables	59,840,584	56,876,508
Accrued expenses	43,267,837	30,760,746
Deferred revenues	15,448,204	15,067,514
Other payables	3,417,655	8,124,564
	<u>121,974,280</u>	<u>110,829,332</u>

15.1 Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (AED 25.7 million) during 2018 which is being amortized based on the quantity procured in accordance with the terms of the contract.

15.2 No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. REVENUE

Revenue streams

The Group generates revenue primarily from the sale of food and beverages:

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Sale of products:		
- Domino's Pizza	244,230,572	187,983,627
- Dunkin Donuts	22,637,113	12,120,844
- Other	4,100,703	4,040,178
	<u>270,968,388</u>	<u>204,144,649</u>

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
<i>Primary geographical markets</i>		
Kingdom of Saudi Arabia	175,080,115	144,317,265
Other GCC and Levant	60,240,339	38,607,387
North Africa	35,647,934	21,219,997
Net revenue as reported in note 24	<u>270,968,388</u>	<u>204,144,649</u>
Products transferred at a point in time	<u>270,968,388</u>	<u>204,144,649</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

17. CAPITAL COMMITMENTS

The Group had capital commitments of SR 18.5 million for the construction of new outlets at the reporting date (31 December 2021: SR 10.1 million).

18. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity comprising share capital, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Financial assets		
<i>Amortized cost</i>		
Cash and cash equivalents (note 10)	221,942,825	190,567,259
Trade receivables (note 8)	33,049,187	28,245,756
Due from related parties (note 9)	26,753,503	25,178,420
Financial liabilities		
<i>Amortized cost</i>		
Trade and other payables (note 15)	78,706,443	95,761,818
Due to related parties (note 9)	2,555,253	2,489,403
Employees payable (note 14)	23,951,781	19,550,194
Lease liabilities (note 13)	233,343,979	227,035,252
Loans and borrowings (note 21)	4,646,325	4,830,054

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Group was not exposed significantly to market risk during the period under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management

The Group did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to any material foreign currency fluctuations. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks. Accordingly, no foreign currency sensitivity analysis has been presented.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

18. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and liquidity risks management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 March 2022 (Unaudited) Details	Interest rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	78,706,443	--	--	78,706,443
Due to related parties	Interest free	2,555,253	--	--	2,555,253
Employee benefits	Interest free	23,951,781	--	--	23,951,781
Lease liabilities	2-4%	90,581,413	152,848,911	20,635,888	264,066,212
Loans and borrowings	3-6%	2,314,775	2,331,550	--	4,646,325
		198,109,665	155,180,461	20,635,888	373,926,014
31 December 2021 (Audited) Details	Interest Rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	95,761,818	--	-	95,761,818
Due to related parties	Interest free	2,489,403	-	-	2,489,403
Employee benefits	Interest free	19,550,194	--	-	19,550,194
Lease liabilities	3-6%	94,769,504	145,157,334	18,080,667	258,007,505
Loans and borrowings	3-4%	1,646,887	3,183,167	-	4,830,054
		214,217,806	148,340,501	18,080,667	380,638,974

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the condensed consolidated statement of financial position. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers.

Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

19. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management (continued)

Trade receivables consist mainly aggregators. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group is primarily engaged in the cash business and trade receivables are mainly on account of sub franchise fee. The Group had 3 (31 December 2021: 3) trade receivables at the reporting date which comprised more than 97% (31 December 2021: 98%) of the trade receivables balance. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

20. RETIREMENT BENEFIT INFORMATION

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 2.2 million (31 March 2021: SR 0.76 million).

21. LOANS AND BORROWINGS

The Group has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges at ranging between 3% - 6%. These facilities and loans are secured against promissory notes, personal and corporate guarantees.

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<i>Non-Current liabilities</i>		
Loan and borrowings	<u>2,331,550</u>	<u>3,183,167</u>
<i>Current liabilities</i>		
Current portion of loan and borrowings	<u>2,314,775</u>	<u>1,646,857</u>

22. CONTINGENT LIABILITIES

As at 31 March 2022, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.8 million (31 December 2021: SR 5.8 million).

Contingencies:

There were no contingencies in existence at the reporting period 31 March 2022 except for the following:

Zakat and income tax declaration up to and including the year ended 31 December 2021 have been submitted to the Zakat, Tax and Customs Authority ('ZATCA').

During 2020, ZATCA had raised an assessment for the year ended 31 December 2018, amounting to SR 4.4 million initially, which is subsequently reduced to SR 2.1 million based on partial acceptance of appeal of the Company. The Company has filed appeal in respect of revised assessment to the high appeal committee which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company.

Income tax declarations for foreign jurisdictions were submitted to the relevant authorities up to year ended 31 December 2021. There are no material open assessments or claims as at 31 March 2022.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

23. GOODWILL

Goodwill represents goodwill arising from the acquisition of HEA Trade and Services Company - Morocco which has been recognized as follows:

	Fair value recognized on acquisition January 2020 31 March 2022 (Unaudited)	Fair value recognized on acquisition January 2020 31 December 2021 (Audited)
Consideration transferred	26,258,883	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	3,189,871	3,189,871
Identifiable net assets acquired	(6,254,650)	(6,254,650)
Initial goodwill	23,194,104	23,194,104
Accumulated foreign currency translation change	2,138,251	1,568,110
Net goodwill reported in the statement of financial position	25,332,355	24,762,215

Goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 2.1 Million is recognized in foreign currency translation reserve.

24. REPORTING SEGMENTS

Basis of segmentation

Beginning with the third quarter 2021, the Group reports Core Segment results as follows:

<u>Reportable segments</u>	<u>Previous reportable segments</u>
Kingdom of Saudi Arabia	Alamar Foods – KSA
Other GCC and Levant	Alamar Foods LLC – UAE
North Africa	Alamar Foods DMCC – UAE

The segment reporting changes reflect a corresponding change in how the Company's Board of Directors (its chief operating decision maker) reviews financial information in order to allocate resources and assess performance. The Group's Board of Directors reviews the internal management reports of each segment at least quarterly.

These changes have no impact on previously reported consolidated statement of financial position, statements of profit or loss and other comprehensive income and changes in equity or cash flows.

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer products and services in different geographical regions and are managed separately.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Kingdom of Saudi Arabia	Establishing, operating and managing of fast-food restaurants
Other GCC and Levant	Establishing, operating and managing of fast-food restaurants
North Africa	Establishing, operating and managing of fast-food restaurants

The Group's Board of Directors reviews the internal management reports of each segment at least quarterly.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

24. REPORTING SEGMENTS(CONTINUED)

Information about reportable segments:

31 March 2022 (unaudited)	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	175,080,115	60,240,339	35,647,934	270,968,388
Internal revenue	372,804	6,481,416	456,279	7,310,499
Segment revenue	175,452,919	66,721,755	36,104,213	278,278,887
External revenue as reported in note 16	175,080,115	60,240,339	35,647,934	270,968,388
Major Products				
Domino's Pizza	170,994,546	60,143,182	13,092,844	244,230,572
Dunkin Donuts	--	--	22,637,113	22,637,113
Others	4,458,373	6,578,573	374,256	11,411,202
	175,452,919	66,721,755	36,104,213	278,278,887
Timing of revenue recognition				
Point in time	175,452,919	66,721,755	36,104,213	278,278,887
Segment profit before zakat and income tax	36,144,192	10,096,292	1,454,264	47,694,748
Interest expense	(1,763,711)	(1,174,975)	(1,690,361)	(4,629,047)
Depreciation:				
- Property and equipment	(4,599,550)	(2,203,239)	(1,566,330)	(8,369,119)
- Right of use assets	(9,807,741)	(4,374,835)	(3,451,653)	(17,634,229)
Share of loss of equity-accounted investee	(71,270)	-	-	(71,270)
31 March 2022 (unaudited)				
Segment non-current assets*	194,719,407	196,251,846	92,629,552	483,600,805
Segment assets	596,626,617	279,444,361	125,428,547	1,001,499,525
Segment liabilities	230,783,765	218,442,190	103,891,815	553,117,770

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

24. REPORTING SEGMENTS(CONTINUED)

<u>31 March 2021 (unaudited)</u> <u>restated for reporting segment change</u>	<u>Reporting Segments</u>			<u>Total reportable segments</u>
	<u>Kingdom of Saudi Arabia</u>	<u>Other GCC and Levant</u>	<u>North Africa</u>	
	External revenue	144,768,295	38,156,357	
Internal revenue	116,268	4,566,036	899,546	5,581,850
Segment revenue	144,884,563	42,722,393	22,119,543	209,726,499
External revenue as reported in note 16	144,768,295	38,156,357	21,219,997	204,144,649
Major Products				
Domino's Pizza	141,168,765	37,715,709	9,099,153	187,983,627
Dunkin Donuts	--	--	12,120,844	12,120,844
Others	3,715,798	5,006,684	899,546	9,622,028
	144,884,563	42,722,393	22,119,543	209,726,499
Timing of revenue recognition				
Point in time	144,884,563	42,722,393	22,119,543	209,726,499
Segment profit before zakat and income tax	32,091,766	5,872,348	(621,295)	37,342,819
Interest expense	(1,615,031)	(810,892)	(1,360,473)	(3,786,396)
Depreciation:				
- Property and equipment	(4,767,472)	(1,732,185)	(1,222,121)	(7,721,778)
- Right of use assets	(9,309,987)	(3,344,899)	(2,661,451)	(15,316,337)
Share of loss of equity-accounted investee	(246,707)	--	--	(246,707)
<u>31 December 2021 (audited)</u>				
Segment non-current assets*	190,459,402	192,149,220	92,136,265	474,744,887
Segment assets	550,492,765	270,705,536	127,354,639	948,552,940
Segment liabilities	218,073,571	219,074,848	104,264,764	541,413,183

*Non-current assets exclude financial instruments and deferred tax assets

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

24. REPORTING SEGMENTS(CONTINUED)

Information about reportable segments:

Reconciliations of information on reportable segments to the amounts reported in the consolidated financial statements:

i. Revenue:

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Total revenue for reportable segments	278,278,887	209,726,499
Elimination of inter-segment revenue	(7,310,499)	(5,581,850)
Consolidated revenue	270,968,388	204,144,649

ii. Profit /(loss) before zakat and tax:

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Total profit before tax for reportable segments	47,694,748	35,637,245
Unallocated corporate items	(2,028,107)	1,705,574
Consolidated profit before zakat and tax	45,666,641	37,342,819

iii. Assets:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Total assets for reportable segments	1,001,499,525	948,552,940
Elimination of inter-segment balances	(189,951,005)	(198,646,799)
Consolidated total assets	811,548,520	749,906,141

iv. Liabilities:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Total liabilities for reportable segments	553,932,514	541,413,183
Elimination of inter-segment balances	(124,648,223)	(131,871,933)
Consolidated total liabilities	429,284,291	409,541,250

v. Other material items:

31 March 2022 (Unaudited)	Reportable segments total	Consolidated
Interest expense	(4,629,047)	(4,629,047)
Depreciation:		
- Property and equipment	(8,369,119)	(8,369,119)
- Right of use assets	(17,634,229)	(17,634,229)
Share of losses of equity-accounted investee	(71,270)	(71,270)

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(Amount in Saudi Riyals)

24. REPORTING SEGMENTS(CONTINUED)

Information about reportable segments:

31 March 2021 (Unaudited)	Reportable segments total	Consolidated
Interest expense	(3,786,396)	(3,786,396)
Depreciation:		
- Property and equipment	(7,721,778)	(7,721,778)
- Right of use assets	(15,316,337)	(15,316,337)
Share of losses of equity-accounted investee	(246,707)	(246,707)

25. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is same as basic earnings per share as the Group does not have any dilutive instruments in issues.

	For the three months period	
	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Profit attributable to owners of the Company (SR)	43,241,813	36,390,797
Weighted average number of shares	25,200,000	25,500,000
Basic and diluted earnings per share (SR)	1.72	1.43
Reconciliation of weighted average number of shares		
Outstanding number of ordinary shares	25,500,000	500,000
Bonus shares issued during 2021*	--	25,000,000
Outstanding number of treasury shares	(300,000)	-
	25,200,000	25,500,000

* Impact of bonus shares issued during 2021 is adjusted retrospectively for all periods presented in these condensed interim consolidated financial statements.

26. SUBSEQUENT EVENTS

On 26 Ramadan 1443 H corresponding to 27 April 2022 the Board of Directors proposed and approved the distribution of dividends to the Company's shareholders in an amount of sixty eight million (68,000,000) Saudi Riyals from the Company's retained earnings for the financial year ended 31 December 2021. This was approved by the shareholders in their meeting dated 12 May 2022.

No events have occurred subsequent to the reporting date which require adjustment or disclosure in the consolidated financial statements

27. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 22 May 2022 (corresponding to 21 Shawwal 1443H).