

ALAMAR FOODS COMPANY
(A Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the nine months period ended 30 September 2022
together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 statements 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 - 29



KPMG Professional Services

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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 30 September 2022 condensed consolidated interim financial statements of Alamar Foods Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 30 September 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: 9 November 2022
Corresponding to: 15 Rabi II 1444H



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (25,000,000). 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 منفصلة، مسجلة في المملكة العربية السعودية، رأسمالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مفلوح بالكامل، المسماة سابقاً "شركة كي بي إم جي التوازن وشركاه محاسبين ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

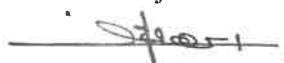
ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

	<i>Note</i>	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Property and equipment	5	184,913,109	162,987,240
Right of use assets	6	212,568,272	211,747,378
Goodwill	24	20,540,767	24,762,215
Other intangible assets		9,920,506	7,024,984
Equity-accounted investees		2,466,436	2,015,851
Deferred tax assets		3,324,242	3,652,008
Non-current assets		433,733,332	412,189,676
Inventories	7	70,193,004	50,807,427
Trade and other receivables	8	92,082,488	71,163,359
Due from related parties	9	2,400,023	25,178,420
Cash and cash equivalents	10	158,480,211	190,567,259
Current assets		323,155,726	337,716,465
Total assets		756,889,058	749,906,141
EQUITY AND LIABILITIES			
Equity			
Share capital	11	255,000,000	255,000,000
Treasury shares	11	(2,700,000)	(3,000,000)
Statutory reserve	12	14,240,824	14,240,824
Employee stock plan reserve	13	1,760,000	--
Other reserve	13	3,360,000	--
Retained earnings		71,499,314	80,063,484
Foreign currency translation reserve		(14,124,848)	(5,643,362)
Equity attributable to owners of the Company		329,035,290	340,660,946
Non-controlling interests		(551,821)	(296,055)
Total equity		328,483,469	340,364,891
Lease liabilities	15	153,717,151	149,110,367
Employee benefits	16	38,497,592	28,605,824
Trade and other payables	17	6,579,962	5,693,181
Loans and borrowings	22	1,838,095	3,183,167
Deferred tax liabilities		1,308,346	1,622,220
Non-current liabilities		201,941,146	188,214,759
Lease liabilities	15	79,407,779	77,924,885
Employee benefits	16	20,574,383	19,550,194
Trade and other payables	17	119,347,489	110,829,332
Due to related parties	9	2,095,535	2,489,403
Loans and borrowings	22	2,840,239	1,646,857
Provision for zakat and income tax	23	2,199,018	8,885,820
Current liabilities		226,464,443	221,326,491
Total liabilities		428,405,589	409,541,250
Total equity and liabilities		756,889,058	749,906,141

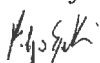
The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements shown on pages 2 to 29 were approved on 15 Rabi II 1444H (corresponding to 9 November 2022) and signed on behalf of the board of directors by:

Ibrahim A. AlJammaz
Chairman of Board



Filippo Sgattoni
Chief Executive Officer



Yaser AlMasri
Chief Financial Officer



ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

	Note	For the three months period		For the nine months period	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
Revenue	18	275,801,821	220,797,906	802,749,989	622,451,129
Cost of sales		(188,425,365)	(145,349,940)	(531,131,336)	(404,649,959)
Gross profit		87,376,456	75,447,966	271,618,653	217,801,170
Selling and distribution expenses		(29,172,488)	(20,314,640)	(82,240,105)	(57,763,201)
Administrative expenses		(27,310,762)	(24,923,702)	(86,233,094)	(66,396,992)
Employee stock plan expense	13	(13,105,833)	--	(13,105,833)	--
Other income		4,864,064	5,898,380	14,527,066	17,819,958
Impairment gain / (loss) on trade and other receivables	8.1	446,298	(290,621)	446,298	(1,790,621)
Operating profit		23,097,735	35,817,383	105,012,985	109,670,314
Finance costs and bank charges		(4,338,915)	(4,374,614)	(13,374,562)	(12,025,208)
Share of losses of equity-accounted investee		(98,052)	(1,186)	(86,496)	(415,159)
Profit before zakat and tax		18,660,768	31,441,583	91,551,927	97,229,947
Zakat and income tax	23	401,003	(5,746,780)	(5,658,410)	(10,681,619)
Profit for the period		19,061,771	25,694,803	85,893,517	86,548,328
<i>Item that are reclassified subsequently to profit or loss</i>					
Foreign operation – foreign currency translation differences		(3,258,881)	1,579,768	(8,617,505)	(12,826,597)
Other comprehensive (loss) / income for the period		(3,258,881)	1,579,768	(8,617,505)	(12,826,597)
Total comprehensive income for the period		15,802,890	27,274,571	77,276,012	73,721,731
Profit attributable to:					
Owners of the Company		18,790,811	25,493,302	86,013,264	87,398,428
Non-controlling interests		270,960	201,501	(119,747)	(850,100)
		19,061,771	25,694,803	85,893,517	86,548,328
Total comprehensive income attributable to:					
Owners of the Company		15,636,898	27,023,244	77,531,778	75,221,927
Non-controlling interests		165,992	251,327	(255,766)	(1,500,196)
		15,802,890	27,274,571	77,276,012	73,721,731
Earnings per share - basic	26	0.75	1.00	3.41	3.43
Earnings per share - diluted	26	0.74	1.00	3.41	3.43

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

(Amount in Saudi Riyals)

	Share capital	Treasury shares	Statutory reserve	Employee stock plan reserve	Other reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
<i>For the nine months ended 30 September 2022</i>											
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	--	--	--	--	--	--	86,013,264	--	86,013,264	(119,747)	85,893,517
Other comprehensive loss for the period	--	--	--	--	--	--	--	(8,481,486)	(8,481,486)	(136,019)	(8,617,505)
Total comprehensive income for the period							86,013,264	(8,481,486)	77,531,778	(255,766)	77,276,012
Equity settled share based payment (note 13)	--	300,000	--	1,760,000	3,360,000	--	--	--	5,420,000	--	5,420,000
Dividends (note 14)	--	--	--	--	--	--	(110,725,735)	--	(110,725,735)	--	(110,725,735)
Contribution from shareholders	--	--	--	--	--	--	16,148,301	--	16,148,301	--	16,148,301
Balance at 30 September 2022 (Un-audited)	255,000,000	(2,700,000)	14,240,824	1,760,000	3,360,000	--	71,499,314	(14,124,848)	329,035,290	(551,821)	328,483,469
<i>For the nine months ended 30 September 2021</i>											
Balance at 1 January 2021	5,000,000	--	2,500,000	--	--	--	151,268,859	2,339,886	225,431,584	1,560,826	226,992,410
<i>Total comprehensive income for the period</i>											
Profit for the period	--	--	--	--	--	--	87,398,428	--	87,398,428	(850,100)	86,548,328
Other comprehensive loss for the period	--	--	--	--	--	--	--	(12,176,501)	(12,176,501)	(650,096)	(12,826,597)
Total comprehensive income for the period							87,398,428	(12,176,501)	75,221,927	(1,500,196)	73,721,731
Transfer to proposed increase in share capital	--	3,000,000	--	--	--	--	(3,000,000)	--	--	--	--
Increase in share capital	247,000,000	--	--	--	--	(151,268,859)	(95,731,141)	--	--	--	--
Contribution from shareholders	--	--	--	--	--	--	8,182,885	--	8,182,885	--	8,182,885
Balance at 30 September 2021 (Un-audited)	252,000,000	3,000,000	2,500,000	--	--	--	61,173,011	(9,836,615)	308,836,396	60,630	308,897,026

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

	<i>Note</i>	30 September 2022	30 September <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		85,893,517	86,548,328
Adjustments for:			
- Income tax and zakat		5,658,410	10,681,619
- Depreciation of property and equipment	5	26,010,543	23,629,564
- Depreciation of right of use assets	6	53,667,776	47,612,006
- Amortization of intangible assets		1,343,735	767,142
- Share of (gain) / loss in equity-accounted investee		86,496	415,159
- Employee benefits	16	4,726,165	3,040,108
- Interest expense of lease liabilities	15	9,773,795	9,165,069
- Impairment (gain) / loss on trade and other receivables		(446,298)	1,790,621
- Employee stock plan expense	13	13,105,833	--
- Loss on disposal of property and equipment		110,979	432,652
- Impairment loss on inventories		10,363	558,647
		199,941,314	184,640,915
Changes in operating assets and liabilities:			
Inventories		(19,395,940)	(16,872,943)
Trade and other receivables		(20,472,828)	188,312
Due from / to related parties		(1,409,740)	(19,481,989)
Employee benefits		751,080	3,193,156
Trade and other payables		7,906,487	(18,149,985)
Cash generated from operations		167,320,373	133,517,466
Zakat and income tax paid		(12,419,056)	(1,160,603)
Employee benefits paid	16	(2,216,701)	(3,609,259)
Net cash generated from operating activities		152,684,616	128,747,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(54,799,491)	(27,757,577)
Acquisition of intangible assets		(4,868,262)	(1,274,560)
Proceed from sale of property and equipment		572,754	427,991
Net cash used in investing activities		(59,094,999)	(28,604,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in loans and borrowings		(151,720)	172,686
Payments of lease liabilities		(46,201,239)	(50,752,213)
Payment of interest on lease liabilities	15	(9,773,795)	(9,165,069)
Dividends paid		(69,821,694)	--
Net cash used in financing activities		(125,948,448)	(59,744,596)
Net (decrease) / increase in cash and cash equivalents		(32,358,831)	40,398,862
Cash and cash equivalents at beginning of the period		190,567,259	128,105,607
Effect of movement in exchange rates on cash held		271,783	(246,482)
Cash and cash equivalents at 30 September	10	158,480,211	168,257,987

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

1. ACTIVITIES

Alamar Foods Company (the “Company” or the “Parent Company”) is a Saudi 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 413 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 51 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

On 7 Dhu al-Qidah 1443H (corresponding to 7 June 2022), the Capital Market Authority announced the approval to offer 10.6 million shares for public subscription representing 42.2% of the Company’s shares. On 9 August 2022, the Company’s shares started trading on Tadawul as a Joint Stock Company.

The legal procedures of updating the commercial register and other formalities to reflect the change to Joint Stock Company are in process.

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

<u>Name of the Company</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Date of acquisition</u>	<u>Effective holding percentage</u>	
				<u>30 September 2022</u>	<u>31 December 2021</u>
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 JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

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.

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.

Functional and presentation currency

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

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

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.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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.

4. SIGNIFICANT ACCOUNTING POLICIES

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 JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 except for:

Employee stock plan

The grant date fair value of equity-settled share based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the of the share-based payment is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share based payment arrangements, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the award. Any changes in the liability are recognized in profit or loss.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

(Amount in Saudi Riyals)

5. PROPERTY AND EQUIPMENT

	<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>
<i>Cost:</i>								
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	--	74,737	24,387,120	2,191,270	12,724,521	3,275,715	785,128	43,438,491
Disposals	--	(879)	(1,562,882)	(199,964)	(3,534,569)	(415,749)	(911,609)	(6,625,652)
Exchange rates movements	(586,797)	(116,127)	(4,314,682)	(522,080)	(4,973,710)	(348,155)	(348,634)	(11,210,185)
At 30 September 2022 (Un-audited)	2,412,126	1,081,155	192,754,585	19,265,710	143,188,459	27,261,078	7,657,814	393,620,927
<i>Accumulated depreciation and impairment loss:</i>								
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	--	31,767	13,160,445	1,203,119	9,053,701	1,786,440	775,071	26,010,543
Disposals	--	(555)	(1,447,938)	(191,456)	(3,236,232)	(399,141)	(666,598)	(5,941,920)
Exchange rates movements	--	(35,467)	(2,154,899)	(379,581)	(2,013,447)	(117,741)	(329,806)	(5,030,941)
At 30 September 2022 (Unaudited)	--	357,707	94,549,435	13,254,705	85,422,136	20,845,581	5,639,151	220,068,715
<i>Net book values:</i>								
At 30 September 2022 (Unaudited)	2,412,126	723,448	98,205,150	6,011,005	57,766,323	6,415,497	2,018,663	173,552,212
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 30 September 2022, a further amount of SR 11.4 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 11.4 million the total property and equipment amounts to SR 184.9 million (31 December 2021: SR 163 million)

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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</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)	352,741,695	35,731,773	388,473,468
Modifications	(3,204,587)	60,134	(3,144,453)
Additions	50,633,071	15,121,230	65,754,301
Disposals	(12,814,826)	(2,435,156)	(15,249,982)
Exchange rates movements	(15,088,385)	(544,546)	(15,632,931)
At 30 September 2022 (Unaudited)	372,266,968	47,933,435	420,200,403
<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)	163,364,277	13,361,813	176,726,090
Modifications	(2,465,503)	97,366	(2,368,137)
Charge for the period	46,891,508	6,776,268	53,667,776
Disposals	(12,695,765)	(2,244,906)	(14,940,671)
Exchange rates movements	(5,165,941)	(286,986)	(5,452,927)
At 30 September 2022 (Unaudited)	189,928,576	17,703,555	207,632,131
<i>Net book values:</i>			
At 30 September 2022 (Unaudited)	182,338,392	30,229,880	212,568,272
At 31 December 2021 (Audited)	189,377,418	22,369,960	211,747,378

7. INVENTORIES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Raw materials	62,620,287	44,856,610
Consumables and packing material	7,583,080	5,896,089
Goods in transit	-	54,728
Provision	(10,363)	-
	70,193,004	50,807,427

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

8. TRADE AND OTHER RECEIVABLES

		30 September 2022	31 December 2021
	Note	(Unaudited)	(Audited)
Trade receivables		28,170,159	17,528,400
Impairment loss on trade receivables	8.1	(4,676,268)	(4,227,561)
Net trade receivables		<u>23,493,891</u>	<u>13,300,839</u>
Prepaid expenses		32,337,798	24,020,284
Advances to suppliers		17,406,393	15,354,487
Advances to employees		4,424,813	3,542,832
Other receivables		16,178,003	17,647,052
Less: Impairment loss on other receivables	8.1	(1,758,410)	(2,702,135)
		<u>92,082,488</u>	<u>71,163,359</u>

8.1 Movement in the impairment loss on trade and other receivables for the period / year is as follows:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Balance at beginning of the period / year	6,929,696	5,179,861
Charge during the period / year	--	2,712,050
Reversal	(446,298)	--
Written off during the period / year	(48,720)	(962,215)
Balance at end of the period / year	<u>6,434,678</u>	<u>6,929,696</u>

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 or provides 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.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Group's different customer types.

30 September 2022 (Un-audited)	Trade receivables – Days past due					Total
	Not past due	<30	31-60	61-90	>90	
Expected credit loss rate %	--	--	--	--	92%	17%
Gross carrying amount	18,162,709	3,071,185	1,470,839	364,075	5,101,351	28,170,159
Lifetime ECL	--	--	--	--	4,676,268	4,676,268

31 December 2021 (Audited)	Trade receivables – Days past due					Total
	Not past due	<30	31-60	61-90	>90	
Expected credit loss rate %	0.5%	0.7%	--	--	97%	24%
Gross carrying amount	11,072,516	1,696,381	182,439	286,944	4,290,120	17,528,400
Lifetime ECL	55,041	12,852	--	--	4,159,668	4,227,561

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:

	For the nine months Period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Transactions with shareholders		
IPO Charges	10,129,566	5,404,624
Collections and payments	42,759,069	--
Contribution from shareholders	16,148,301	8,182,885
Dividends	92,563,320	--
Transactions with associates/joint venture investment		
Sales of goods & other assets	157,682	29,646
Purchases	15,355	--
Expenses	205,262	279,938
Royalty, Opening Fees & technology fees	2,981,755	2,692,598
Collections and payments	2,133,977	4,058,404
Financing	--	6,311
Other charges	47,218	19,895
Transactions with entities under common control		
Expenses	8,026	314,013
Collections and payments	31,781	--
Other charges	23,990	429
Transactions with other related parties		
Expenses	1,674,656	--
Collections and payments	1,591,506	1,289,740
Other charges	83,150	1,373,329

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

9. RELATED PARTIES INFORMATION (CONTINUED)

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

		30 September 2022	31 December 2021
	<u>Nature of relationship</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<i>Due from related parties</i>			
Abdul Aziz Ibrahim AlJammaz and Brothers Company	Parent Company	--	6,673,886
Alamar Foods Company LLC, Oman	Associate company	1,165,676	424,872
Kasual + limited liability company	Associate company	21,492	14,073
Alamar Foods For Restaurants Management WLL	Associate company	12,552	12,552
Yasmine Flower	Shareholder of subsidiary	1,200,303	1,200,303
AlJammaz Establishment	Company under common control	--	235
Meadow Holdings (Cayman) Limited	Shareholder till 9 August 2022	--	10,332,171
Meadow Saudi Arabia Company	Shareholder till 9 August 2022	--	6,520,328
		<u>2,400,023</u>	<u>25,178,420</u>
		30 September 2022	31 December 2021
	<u>Nature of relationship</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<i>Due to related parties</i>			
Hakam El Abbes	Shareholder of subsidiary	2,091,928	2,484,380
Sovana Inc. USA	Others	3,607	5,023
		<u>2,095,535</u>	<u>2,489,403</u>

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.

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

	For the nine months period ended	
	30 September 2022	30 September 2021
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Short-term benefits	10,628,620	9,547,605
Employee stock plan	7,840,833	--
Post-employment benefits	1,160,565	1,211,286

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

10. CASH AND CASH EQUIVALENTS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Cash on hand	2,719,864	3,318,261
Cash at bank	60,645,320	190,998,998
Murabaha contract*	100,000,000	--
Cash and cash equivalents – gross	<u>163,365,184</u>	<u>194,317,259</u>
Impairment loss allowance	<u>(4,884,973)</u>	<u>(3,750,000)</u>
Cash and cash equivalent – net	<u>158,480,211</u>	<u>190,567,259</u>

* Maturity dates less than three months and return of 2.85%.

11. SHARE CAPITAL

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
25,500,000 shares of SR10 each	<u>255,000,000</u>	<u>255,000,000</u>
<i>Treasury shares:</i>		
Outstanding number of treasury shares 270,000 (2021: 300,000) shares of SR 10 each	<u>2,700,000</u>	<u>3,000,000</u>

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.

13. EMPLOYEE STOCK PLAN RESERVE

On 23 May 2022, the Board resolved to amend the Company's employee stock plan by issuing 300,000 treasury shares which shall be granted by the Company as shares to the employees in accordance with the Plan.

The awards are subject to graded vesting. 25% of the awards have vested upon listing in the Tadawul, 35% of the awards will vest on the first anniversary of listing, and the remaining 40% of the awards will vest on the second anniversary of listing, at which point in time, the awards will have fully vested.

The fair values of awards granted will be determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the Balance Sheet date for cash-settled awards. The fair value of the employee services received in exchange for the grant of shares will be recognized as an expense in profit or loss, together with a corresponding increase in ESP reserves, in equity, over the period during which the vesting conditions are fulfilled. Accordingly, the ESP reserves are transferred to Other reserve account to recognize issuance of new shares.

For shares granted to employees, the fair value of the shares shall be measured at the market value of the entity's shares as at 9 August 2022 and 30 September 2022.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

13. EMPLOYEE STOCK PLAN (CONTINUED)

The Company recognized the following employee stock plan expense:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Equity-settled	5,420,000	--
Cash-settled	7,685,833	--
	<u>13,105,833</u>	<u>--</u>

At 30 September 2022, the total carrying amount of the liabilities in respect of the cash settlement elements of the respective awards was SAR 7.7 million (2021: SAR NIL). The total carrying amount of the employee stock plan reserve in respect of the equity settlement elements of the respective awards was SAR 1.8 million (2021: SAR NIL). The total carrying amount of Other reserve which pertains to the vested portion of equity settled share based payment awards is SAR 3.4 million (2021: NIL)

The reconciliation of share based payment awards is as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Outstanding at 9 August opening / grant date	209,000	--
Vested during the period – cash settled	(51,500)	--
Vested during the period – equity settled	(30,000)	--
Outstanding as at 30 September / 31 December	<u>127,500</u>	<u>--</u>

14. DIVIDENDS

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 (SAR 68 million) 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. These dividends have been paid in the period net of certain related party receivable balances.

On 23 Muharram 1444 H corresponding to 21 August 2022, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of forty three million (SAR 43 million) Saudi Riyals from the Company's retained earnings for the six months period ended 30 June 2022. The amount of dividend pertaining to treasury shares not yet vested on the date of dividend declaration is SR 369,265 and has therefore, been deduced from the total amount of dividend declared.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

15. LEASE LIABILITIES

	30 September 2022 <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
<i>Non-Current liabilities</i>		
Lease liabilities	<u>153,717,151</u>	<u>149,110,367</u>
<i>Current liabilities</i>		
Current portion of lease liabilities	<u>79,407,779</u>	<u>77,924,885</u>

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

	30 September 2022 <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
<u>Minimum lease payments</u>		
Not later than one year	89,669,726	94,769,504
Later than one year and not later than five years	144,967,232	145,157,334
More than five years	<u>29,196,168</u>	<u>18,080,667</u>
	263,833,126	258,007,505
Less: future finance charges	<u>(30,708,196)</u>	<u>(30,972,253)</u>
Present value of minimum lease payments	<u>233,124,930</u>	<u>227,035,252</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	79,407,779	77,924,885
Later than one year but not later than five years	130,202,600	140,667,144
More than five years	<u>23,514,551</u>	<u>8,443,223</u>
	<u>233,124,930</u>	<u>227,035,252</u>

Movement in lease liability during the year is as follows:

	30 September 2022 <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
Balance on 1 January	227,035,252	201,957,476
Additions	65,754,301	97,559,763
Finance cost	9,773,795	11,500,339
Modification	(776,316)	--
Disposal	(73,753)	(6,962,607)
Payments made during the period / year	<u>(56,210,592)</u>	<u>(77,019,719)</u>
Exchange rates movements	<u>(12,377,757)</u>	<u>--</u>
Balance as on 30 September / 31 December	<u>233,124,930</u>	<u>227,035,252</u>

16. EMPLOYEE BENEFITS

	30 September 2022 <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
<i>Non-current liability</i>		
Defined benefit liability	28,038,249	25,559,199
Employee stock plan liability	7,685,833	--
Others	<u>2,773,510</u>	<u>3,046,625</u>
	38,497,592	28,605,824
<i>Current liabilities:</i>		
Payroll and bonus	7,047,681	8,403,904
Accrued vacation	8,756,144	7,191,163
Accrued air ticket and iqama fees	3,257,651	2,762,938
Others	<u>1,512,907</u>	<u>1,192,189</u>
	<u>20,574,383</u>	<u>19,550,194</u>
	<u>59,071,975</u>	<u>48,156,018</u>

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

16. EMPLOYEE BENEFITS (CONTINUED)

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Defined benefit liability		
Balance at the beginning of the year	25,559,199	22,087,041
Acquisitions through business combination	--	--
Current service cost	4,293,163	5,014,313
Interest cost	433,002	225,958
	4,726,165	5,240,271
Paid during the year	(2,216,701)	(4,174,009)
Actuarial loss arising from		
- Demographic assumptions	--	(142,035)
- Financial assumptions	--	1,696,985
- Experience adjustments	--	1,258,556
	--	2,813,506
Exchange rate movements	(30,414)	(407,610)
Balance at the end of the year	28,038,249	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:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Discount rate	1.81%	1.81%
Rate of salary increases	2.75%	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.

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Increase in discount rate of 1%	(1,631,008)	(1,242,976)
Decrease in discount rate of 1%	1,851,652	2,650,052
Increase in rate of salary increase of 1%	1,945,278	140,364
Decrease in rate of salary increase of 1%	(1,748,871)	(2,832,148)

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

17. TRADE AND OTHER PAYABLES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<i>Non-Current liabilities</i>		
Other long-term liabilities	<u>6,579,962</u>	<u>5,693,181</u>
<i>Current liabilities</i>		
Trade payables	63,410,690	56,876,508
Accrued expenses	35,884,677	30,760,746
Deferred revenues	12,946,741	15,067,514
Other payables	<u>7,105,381</u>	<u>8,124,564</u>
	<u>119,347,489</u>	<u>110,829,332</u>

- 17.1. Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (SR 26.2 million) during 2018 which is being amortized based on the quantity procured in accordance with the terms of the contract.
- 17.2. 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.
- 17.3. Other payables include additional losses against investment on Associate amounting to SR 1.5 million (2021: SR 0.96 million) since the Group has legal and constructive obligation to record additional losses in proportion to its ownership percentage in accordance with the terms of the agreement.
- 17.4. Other payables include dividends payable amounting to SR 0.59 million (2021: SR NIL).

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

18. REVENUE

Revenue streams

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

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Sale of products:		
- Domino's Pizza	725,681,823	569,398,823
- Dunkin Donuts	63,460,659	40,779,669
- Other	13,607,507	12,272,637
	<u>802,749,989</u>	<u>622,451,129</u>

Disaggregation of revenue

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

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
<i>Primary geographical markets</i>		
Kingdom of Saudi Arabia	531,827,922	427,414,543
Other GCC and Levant	166,794,030	123,309,128
North Africa	104,128,037	71,727,458
Net revenue as reported in note 24	<u>802,749,989</u>	<u>622,451,129</u>
Products transferred at a point in time	<u>802,749,989</u>	<u>622,451,129</u>

19. CAPITAL COMMITMENTS

The Group had capital commitments of SR 22.4 million for the construction of new outlets at the reporting date (31 December 2021: SR 10.1 million).

20. 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.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

20. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Financial assets		
<i>Amortized cost</i>		
Cash and cash equivalents (note 10)	158,480,211	190,567,259
Trade and other receivables	42,338,297	31,788,588
Due from related parties (note 9)	2,400,023	25,178,420
Financial liabilities		
<i>Amortized cost</i>		
Trade and other payables	106,400,748	95,761,818
Due to related parties (note 9)	2,095,535	2,489,403
Employees benefits (note 16)	20,574,383	19,550,194
Lease liabilities (note 15)	233,124,930	227,035,252
Loans and borrowings (note 22)	4,678,334	4,830,024

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.

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.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

20. FINANCIAL INSTRUMENTS (CONTINUED)

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:

30 September 2022

(Unaudited)

Details	Interest rate %	Within one year	One year to five years	Over five years	Total
Trade and other payables	Interest free	106,400,748	--	--	106,400,748
Due to related parties	Interest free	2,095,535	--	--	2,095,535
Employee benefits	Interest free	20,574,383	--	--	20,574,383
Lease liabilities	3-4%	89,669,726	144,967,232	29,196,168	263,833,126
Loans and borrowings	3-6%	2,840,239	1,838,095	--	4,678,334
		221,580,631	146,805,327	29,196,168	397,582,126

31 December 2021

(Audited)

Details	Interest Rate %	Within one year	One year to five years	Over five years	Total
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	3-4%	94,769,504	145,157,334	18,080,667	258,007,505
Loans and borrowings	3-6%	1,646,857	3,183,167	--	4,830,024
		214,217,776	148,340,501	18,080,667	380,638,944

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 30 September 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 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.

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 and amounts due from aggregators. The Group had 5 (31 December 2021: 3) trade receivables at the reporting date which comprised more than 96% (31 December 2021: 97%) of the trade receivable balance.

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

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

21. 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 3.52 million (30 September 2021: SR 2.2 million).

22. 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.

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<i>Non-Current liabilities</i>		
Loan and borrowings	1,838,095	3,183,167
<i>Current liabilities</i>		
Current portion of loan and borrowings	<u>2,840,239</u>	<u>1,646,857</u>
	<u>4,678,334</u>	<u>4,830,024</u>

23. CONTINGENT LIABILITIES

As at 30 September 2022, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 6.99 million (31 December 2021: SR 5.8 million).

Contingencies:

There were no contingencies in existence at the reporting period 30 September 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 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 30 September 2022.

During the period, the Company recorded a receivable of SR. 2.6 million in respect of zakat and income tax refund recoverable from ZATCA pertaining to prior years.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

24. GOODWILL

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

	30 September 2022 <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
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	<u>(6,254,650)</u>	<u>(6,254,650)</u>
Goodwill	23,194,104	23,194,104
Accumulated foreign currency translation change	<u>(2,653,337)</u>	1,568,111
Net goodwill reported in the statement of financial position	<u>20,540,767</u>	<u>24,762,215</u>

Goodwill is retranslated at rates prevailing at the reporting date and a decrease of SR 2.7 million for the period is recognized in foreign currency translation reserve.

25. 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 JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
30 September 2022 (Un-audited)				
External revenue	531,827,922	166,794,030	104,128,037	802,749,989
Internal revenue	495,822	20,120,377	1,383,297	21,999,496
Segment revenue	532,323,744	186,914,407	105,511,334	824,749,485
External revenue as reported in note 17	531,827,922	166,794,030	104,128,037	802,749,989
Major products				
Domino's Pizza	518,265,706	166,748,738	40,667,379	725,681,823
Dunkin Donuts	--	--	63,460,659	63,460,659
Other	14,058,038	20,165,669	1,383,297	35,607,004
	532,323,744	186,914,407	105,511,335	824,749,486
Timing of revenue recognition				
Point in time	532,323,744	186,914,407	105,511,335	824,749,486
Segment profit before zakat and income tax	80,678,728	10,824,006	1,414,984	92,917,718
Interest expense	(4,828,698)	(3,542,944)	(5,002,920)	(13,374,562)
Depreciation:				
- Property and equipment	(14,017,731)	(7,114,903)	(4,877,909)	(26,010,543)
- Right of use assets	(30,383,074)	(13,775,404)	(9,509,298)	(53,667,776)
Share of (losses) / profit of equity-accounted investee	(537,035)	450,539	--	(86,496)
30 September 2022 (unaudited)				
Segment non-current assets*	200,657,649	116,056,422	93,589,223	410,303,294
Segment assets	547,071,011	297,142,733	127,119,721	971,333,465
Segment liabilities	231,654,636	232,974,253	107,311,944	571,940,833

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

<u>30 September 2021 (unaudited)</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	427,414,543	123,305,341	71,731,245	622,451,129
Internal revenue	633,521	15,675,893	1,051,036	17,360,450
Segment revenue	<u>428,048,064</u>	<u>138,981,234</u>	<u>72,782,281</u>	<u>639,811,579</u>
External revenue as reported in note 17	<u>427,414,543</u>	<u>123,309,128</u>	<u>71,727,458</u>	<u>622,451,129</u>
Major Products				
Domino's Pizza	415,263,280	123,183,967	30,951,576	569,398,823
Dunkin Donuts	--	--	40,779,669	40,779,669
Others	12,784,784	15,797,267	1,051,036	29,633,087
	<u>428,048,064</u>	<u>138,981,234</u>	<u>72,782,281</u>	<u>639,811,579</u>
Timing of revenue recognition				
Point in time	<u>428,048,064</u>	<u>138,981,234</u>	<u>72,782,281</u>	<u>639,811,579</u>
Segment profit / (loss) before tax and zakat	84,615,791	13,479,226	(138,475)	97,956,542
Interest expense	(4,984,446)	(2,732,981)	(4,307,781)	(12,025,208)
Depreciation:				
- Property, plant and equipment	(14,117,558)	(5,640,003)	(3,872,003)	(23,629,564)
- Right of use assets	(27,835,820)	(11,100,322)	(8,675,864)	(47,612,006)
Share of losses of equity-accounted investee	(415,159)	--	--	(415,159)
<u>30 September 2021 (unaudited)</u>				
Segment non-current assets*	187,237,064	181,818,910	80,366,347	449,422,321
Segment assets	521,698,800	266,488,308	113,237,223	901,424,331
Segment liabilities	209,622,763	217,077,739	90,110,314	516,810,816

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

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

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

i. Revenue:

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Total revenue for reportable segments	824,749,486	639,811,579
Elimination of inter-segment revenue	<u>(21,999,497)</u>	<u>(17,360,450)</u>
Consolidated revenue	<u>802,749,989</u>	<u>622,451,129</u>

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

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Total profit /(loss) before zakat and tax for reportable segments	92,917,718	97,956,542
Unallocated corporate items	<u>(1,365,791)</u>	<u>(726,595)</u>
Consolidated profit before zakat and tax	<u>91,551,927</u>	<u>97,229,947</u>

iii. Assets:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Total assets for reportable segments	971,333,465	948,552,940
Elimination of inter-segment balances	<u>(214,444,407)</u>	<u>(198,646,799)</u>
Consolidated total assets	<u>756,889,058</u>	<u>749,906,141</u>

iv. Liabilities:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Total liabilities for reportable segments	571,940,833	541,413,183
Elimination of inter-segment balances	<u>(143,535,244)</u>	<u>(131,871,933)</u>
Consolidated total liabilities	<u>428,405,589</u>	<u>409,541,250</u>

v. Other material items:

<u>30 September 2022 (Un-audited)</u>	<u>Reportable segments total</u>	<u>Consolidated</u>
Interest expense	(13,374,562)	(13,374,562)
Depreciation:		
- Property and equipment	(26,010,543)	(26,010,544)
- Right of use assets	(53,667,776)	(53,667,776)
Share of losses of equity-accounted investee	(86,496)	(86,496)

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS (CONTINUED)

30 September 2021 (Un-audited)	Reportable segments total	Consolidated
Interest expense	(12,025,208)	(12,025,208)
Depreciation:		
- Property and equipment	(23,629,185)	(23,629,185)
- Right of use assets	(47,612,006)	(47,612,006)
Share of losses of equity-accounted investee	(415,159)	(415,159)

26. 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.

	For the three months period		For the nine months period	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Basic:				
Profit for the period	18,790,811	25,493,302	86,013,264	87,398,428
Weighted average number of shares	25,216,957	25,500,000	25,205,714	25,500,000
Basic earnings per share (SR)	0.75	1.00	3.41	3.43
Reconciliation of weighted average number of shares (Basic)				
Outstanding number of ordinary shares	25,500,000	25,200,000	25,500,000	25,200,000
Bonus shares issued during 2021	--	300,000	--	300,000
Weighted average outstanding number of treasury shares	(283,043)	--	(294,286)	--
	25,216,957	25,500,000	25,205,714	25,500,000
Diluted:				
Profit for the period	18,790,811	25,493,302	86,013,264	87,398,428
Weighted average number of shares (diluted)	25,289,022	25,500,000	25,230,000	25,500,000
Diluted earnings per share (SR)	0.74	1.0	3.41	3.43
Reconciliation of weighted average number of shares (Diluted)				
Weighted average number of ordinary shares (basic)	25,216,957	25,500,000	25,205,714	25,500,000
Effect of employee share awards vested	72,065	--	24,286	--
	25,289,022	25,500,000	25,230,000	25,500,000

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022
(Amount in Saudi Riyals)

27. SUBSEQUENT EVENTS

No other events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure thereto.

28. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 15 Rabi II 1444H (corresponding to 9 November 2022).