

ALAMAR FOODS COMPANY
(Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three and nine month periods ended 30 September 2023
together with the
Independent Auditor's Review Report

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

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 - 28



KPMG Professional Services

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، 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 2023 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 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and nine month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023; 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 condensed consolidated interim financial statements 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 2023 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.

For KPMG Professional Services

Fahad Mubark Al Dossari
License No: 469



Al Riyadh, 08 November 2023
Corresponding to: 24 Rabi Al-Thani 1445H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and 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، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة التجزئة محدودة بضمان. جميع الحقوق محفوظة.

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

	<i>Note</i>	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Property and equipment	5	184,700,305	180,698,644
Capital advances	5.1	3,595,233	7,387,255
Right of use assets	6	184,043,459	208,855,105
Goodwill	24	21,886,977	21,576,414
Other intangible assets		10,100,433	7,098,737
Equity-accounted investees		1,924,973	2,525,725
Deferred tax assets		1,707,090	1,539,998
Non-current assets		407,958,470	429,681,878
Inventories	7	69,840,861	84,644,776
Trade and other receivables	8	90,821,136	82,084,061
Due from related parties	9	3,173,433	2,695,761
Cash and cash equivalents	10	152,142,322	162,091,339
Current assets		315,977,752	331,515,937
TOTAL ASSETS		723,936,222	761,197,815
EQUITY AND LIABILITIES			
Equity			
Share capital	11	255,000,000	255,000,000
Treasury shares	11	(2,325,000)	(2,700,000)
Statutory reserve	12	25,766,788	25,766,788
Employee stock plan reserve	13	2,955,167	3,800,000
Other reserve	13	7,462,500	3,360,000
Retained earnings		68,095,923	69,794,884
Foreign currency translation reserve		(25,176,290)	(20,438,230)
Equity attributable to owners of the Company		331,779,088	334,583,442
Non-controlling interest		(1,368,262)	(822,912)
Total equity		330,410,826	333,760,530
Lease liabilities	15	122,851,379	153,951,753
Employee benefits	16	36,586,214	37,956,752
Trade and other payables	17	4,358,991	4,682,766
Loans and borrowings	22	–	1,730,782
Deferred tax liabilities		937,012	1,170,597
Non-current liabilities		164,733,596	199,492,650
Lease liabilities	15	75,909,442	71,845,165
Employee benefits	16	20,444,724	22,200,784
Trade and other payables	17	124,014,214	125,244,424
Due to related parties	9	2,819,863	2,349,368
Current portion of loan and borrowings	22	1,611,310	3,199,340
Provision for zakat and income tax		3,992,247	3,105,554
Current liabilities		228,791,800	227,944,635
Total liabilities		393,525,396	427,437,285
TOTAL EQUITY AND LIABILITIES		723,936,222	761,197,815

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 28 were approved on 22 Rabi Al-Thani 1445H (corresponding to 6 November 2023) and signed on behalf of the board of directors by:


Ibrahim A. AlJammaz
Chairman of Board


Filippo Sgattoni
Chief Executive Office


Yaser AlMasri
Chief Financial Officer

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

		<u>For the three months</u>		<u>For the nine months</u>	
		<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<i>Note</i>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue	18	263,582,064	275,801,821	765,992,794	802,749,989
Cost of sales		(183,904,572)	(188,425,365)	(538,138,896)	(531,131,336)
Gross profit		79,677,492	87,376,456	227,853,898	271,618,653
Selling and distribution expenses		(33,374,030)	(29,172,488)	(92,589,970)	(82,240,105)
Administrative expenses		(22,832,447)	(27,310,762)	(73,652,765)	(86,233,094)
Employee share plan compensation expense	13	(251,967)	(13,105,833)	(6,614,467)	(13,105,833)
Other income		3,207,505	4,864,064	12,234,739	14,527,066
Reversal / (charge) for impairment loss on trade and other receivables	8.1	(670,899)	446,298	1,371,301	446,298
Operating profit		25,755,654	23,097,735	68,602,736	105,012,985
Finance income		1,377,294	--	3,572,254	--
Finance costs and bank charges		(4,328,514)	(4,338,915)	(12,561,723)	(13,374,562)
Share of (loss) / gain of equity-accounted investee		(107,538)	(98,052)	(1,032,975)	(86,496)
Profit before zakat and tax		22,696,896	18,660,768	58,580,292	91,551,927
Zakat and income tax		(2,295,386)	401,003	(7,102,499)	(5,658,410)
Profit for the period		20,401,510	19,061,771	51,477,793	85,893,517
<i>Item that are reclassified subsequently to profit or loss</i>					
Foreign operation – foreign currency translation differences		(693,625)	(3,258,881)	(4,841,123)	(8,617,505)
Other comprehensive loss for the period		(693,625)	(3,258,881)	(4,841,123)	(8,617,505)
Total comprehensive income for the period		19,707,885	15,802,890	46,636,670	77,276,012
Profit /(loss) attributable to:					
Owners of the Company		20,063,090	18,790,811	51,920,080	86,013,264
Non-controlling interests		338,420	270,960	(442,287)	(119,747)
		20,401,510	19,061,771	51,477,793	85,893,517
Total comprehensive income /(loss) attributable to:					
Owners of the Company		19,440,715	15,636,898	47,182,020	77,531,778
Non-controlling interests		267,170	165,992	(545,350)	(255,766)
		19,707,885	15,802,890	46,636,670	77,276,012
Earnings per share - basic	26	0.79	0.75	2.06	3.41
Earnings per share - diluted	26	0.79	0.74	2.05	3.41

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

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

	Share capital	Treasury shares	Statutory reserve	Employees share 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 2023</i>											
Balance at 1 January 2023	255,000,000	(2,700,000)	25,766,788	3,800,000	3,360,000		69,794,884	(20,438,230)	334,583,442	(822,912)	333,760,530
<i>Total comprehensive income for the period</i>											
Profit for the period	--	--	--	--	--	--	51,920,080	--	51,920,080	(442,287)	51,477,793
Other comprehensive loss for the period	--	--	--	--	--	--	--	(4,738,060)	(4,738,060)	(103,063)	(4,841,123)
Total comprehensive income for the period	--	--	--	--	--	--	51,920,080	(4,738,060)	47,182,020	(545,350)	46,636,670
Equity settled share based payment (note 13)	--	375,000	--	(844,833)	4,102,500	--	--	--	3,632,667	--	3,632,667
Dividends (note 14)	--	--	--	--	--	--	(53,040,750)	--	(53,040,750)	--	(53,040,750)
Tax recharge	--	--	--	--	--	--	(578,291)	--	(578,291)	--	(578,291)
Balance at 30 September 2023 (Un-audited)	255,000,000	(2,325,000)	25,766,788	2,955,167	7,462,500	--	68,095,923	(25,176,290)	331,779,088	(1,368,262)	330,410,826
<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

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

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

	Note	30 September <u>2023</u>	30 September <u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		51,477,793	85,893,517
Adjustments for:			
- Income tax and zakat		7,102,499	5,658,410
- Depreciation of property and equipment	5	28,198,479	26,010,543
- Depreciation of right of use assets	6	52,450,575	53,667,776
- Amortization of intangible assets		2,016,304	1,343,735
- Share of loss in equity-accounted investee		1,032,975	86,496
- Employee benefits	16	6,074,006	4,726,165
- Interest expense of lease liabilities	15	8,387,787	9,773,795
- Net of reversal/addition of impairment loss on trade and other		(1,371,301)	(446,298)
- Employees share plan compensation expense	13	6,614,467	13,105,833
- (Gain) / loss on disposal of property and equipment		(25,968)	110,979
- Impairment loss on inventories	7	806,450	10,363
		<u>162,764,066</u>	<u>199,941,314</u>
Changes in:			
Inventories		13,997,465	(19,395,940)
Trade and other receivables		(7,365,774)	(20,472,828)
Due from / to related parties		(585,468)	(1,409,740)
Employee benefits		(8,941,990)	751,080
Trade and other payables		(1,986,209)	7,906,487
Cash generated from operations		<u>157,882,090</u>	<u>167,320,373</u>
Zakat and income tax paid		(6,150,111)	(12,419,056)
Employee benefits paid	16	(3,100,385)	(2,216,701)
Net cash generated from operating activities		<u>148,631,594</u>	<u>152,684,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(38,079,928)	(54,799,491)
Acquisition of intangible assets		(5,053,343)	(4,868,262)
Proceeds from sale of property and equipment		265,380	572,754
Capital advances		3,792,022	--
Net cash used in investing activities		<u>(39,075,869)</u>	<u>(59,094,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in loans and borrowings		(3,318,812)	(151,720)
Payments of lease liabilities		(53,301,077)	(46,201,239)
Payment of interest on lease liabilities		(8,387,787)	(9,773,795)
Dividends paid		(53,040,750)	(69,821,694)
Net cash used in financing activities		<u>(118,048,426)</u>	<u>(125,948,448)</u>
Net decrease in cash and cash equivalents		(8,492,701)	(32,358,831)
Cash and cash equivalents at beginning of the period		162,091,339	190,567,259
Effect of movement in exchange rates on cash held		(1,456,316)	271,783
Cash and cash equivalents at end of period	10	<u>152,142,322</u>	<u>158,480,211</u>

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

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(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 1422H (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 453 restaurants (31 December 2022: 439) under a Domino’s franchise agreement catering service for cooked and non-cooked food and fast food meals.
- ii) Administration and operation of 60 restaurants (31 December 2022: 56 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:

<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 2023</u>	<u>31 December 2022</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
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

1. ACTIVITIES (CONTINUED)

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the new Companies Law and will amend its By-laws for any changes to align the By-laws to the provisions of the Law. Consequently, the Company shall present the amended By-laws to the shareholders in their Annual General Assembly meeting for their ratification.

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 2022 ("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.

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

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.

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
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

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 2022.

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements. These are not expected to have a significant impact on the condensed consolidated interim financial statements of the Company.

1 January 2023	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)
1 January 2024	Non-current liabilities with Covenants – Amendments to IAS 1
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
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
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(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 2022 (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	--	783,929	35,726,536	2,734,667	18,186,338	4,574,912	1,322,614	63,328,996
Transfers	--	--	4,196,294	--	(1,202,507)	1,202,507	--	4,196,294
Disposals	--	(692)	(3,823,040)	(288,355)	(5,942,462)	(479,855)	(1,054,339)	(11,588,743)
Exchange rates movements	(1,098,559)	(217,404)	(6,501,871)	(891,189)	(7,969,794)	(638,700)	(544,416)	(17,861,933)
At 31 December 2022 (Audited)	1,900,364	1,689,257	203,842,948	19,351,607	142,043,792	29,408,131	7,856,788	406,092,887
Additions	--	78,066	20,241,129	2,290,469	12,343,129	2,283,182	843,953	38,079,928
Disposals	--	--	(569,076)	(198,078)	(660,758)	(28,871)	(332,251)	(1,789,034)
Exchange rates movements	(379,205)	(225,002)	(3,390,613)	(550,521)	(3,153,773)	(402,396)	(215,123)	(8,316,633)
At 30 September 2023 (Un-audited)	1,521,159	1,542,321	220,124,388	20,893,477	150,572,390	31,260,046	8,153,367	434,067,148
<i>Accumulated depreciation and impairment loss:</i>								
At 1 January 2022 (Audited)	--	361,962	84,991,827	12,622,623	81,618,114	19,576,023	5,860,484	205,031,033
Charge for the year	--	40,340	18,353,710	1,600,755	12,333,698	2,552,211	974,630	35,855,344
Transfers	--	--	1,126,456	--	(948,262)	948,262	--	1,126,456
Disposals	--	(351)	(2,306,894)	(259,727)	(5,036,300)	(425,308)	(797,773)	(8,826,353)
Exchange rates movements	--	(68,056)	(3,255,304)	(610,171)	(3,283,744)	(217,950)	(387,012)	(7,792,237)
At 31 December 2022 (Audited)	--	333,895	98,939,795	13,353,480	84,683,506	22,433,238	5,650,329	225,394,243
Charge for the period	--	25,613	14,827,798	1,122,278	9,568,485	2,020,710	633,595	28,198,479
Disposals	--	--	(514,786)	(127,331)	(566,637)	(26,886)	(313,982)	(1,549,622)
Exchange rates movements	--	(25,382)	(1,222,826)	(210,660)	(1,004,403)	(87,278)	(125,708)	(2,676,257)
At 30 September 2023 (Unaudited)	--	334,126	112,029,981	14,137,767	92,680,951	24,339,784	5,844,234	249,366,843
<i>Net book values:</i>								
At 30 September 2023 (Unaudited)	1,521,159	1,208,195	108,094,407	6,755,710	57,891,439	6,920,262	2,309,133	184,700,305
At 31 December 2022 (Audited)	1,900,364	1,355,362	104,903,153	5,998,127	57,360,286	6,974,893	2,206,459	180,698,644

5.1 As of 30 September 2023, an amount of SR 3.6 million (31 December 2022: SR 7.4 million) is also capitalized primarily relating to certain stores and head office assets improvements.

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(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>
Cost:			
At 1 January 2022 (Audited)	352,741,695	35,731,773	388,473,468
Additions	66,447,811	18,723,197	85,171,008
Modifications	(6,231,626)	444,498	(5,787,128)
Disposals	(38,264,925)	(5,467,021)	(43,731,946)
Exchange rates movements	(22,868,189)	(410,953)	(23,279,142)
At 31 December 2022 (Audited)	<u>351,824,766</u>	<u>49,021,494</u>	<u>400,846,260</u>
Additions	32,784,042	2,309,848	35,093,890
Modifications	(123,908)	--	(123,908)
Disposals	(2,137,159)	(1,869,574)	(4,006,733)
Exchange rates movements	(8,319,680)	92,747	(8,226,933)
At 30 September 2023 (Unaudited)	<u>374,028,061</u>	<u>49,554,515</u>	<u>423,582,576</u>
Accumulated depreciation:			
At 1 January 2022 (Audited)	163,364,277	13,361,813	176,726,090
Charge for the year	64,467,700	9,361,510	73,829,210
Modification	(5,397,000)	102,277	(5,294,723)
Disposal	(38,038,549)	(5,184,169)	(43,222,718)
Exchange rates movements	(9,797,019)	(249,685)	(10,046,704)
At 31 December 2022 (Audited)	<u>174,599,409</u>	<u>17,391,746</u>	<u>191,991,155</u>
Charge for the period	45,594,899	6,855,676	52,450,575
Disposals	(1,204,255)	(788,919)	(1,993,174)
Exchange rates movements	(2,942,511)	33,072	(2,909,439)
At 30 September 2023 (Unaudited)	<u>216,047,542</u>	<u>23,491,575</u>	<u>239,539,117</u>
Net book values:			
At 30 September 2023 (Unaudited)	<u>157,980,519</u>	<u>26,062,940</u>	<u>184,043,459</u>
At 31 December 2022 (Audited)	<u>177,225,357</u>	<u>31,629,748</u>	<u>208,855,105</u>

7. INVENTORIES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Raw materials	61,789,841	77,727,993
Consumables and packing material	8,412,621	6,915,606
Goods in transit	--	83,052
Provision for slow moving items	(361,601)	(81,875)
	<u>69,840,861</u>	<u>84,644,776</u>

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

7. INVENTORIES (CONTINUED)

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	81,875	--
Charge during the period/year	806,450	81,875
Write off during the period/year	(526,724)	--
Balance at the end of the period/year	<u>361,601</u>	<u>81,875</u>

8. TRADE AND OTHER RECEIVABLES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	
Trade receivables	32,474,347	28,070,758
Allowance for doubtful debts	8.1 (2,794,417)	(4,165,718)
Net trade receivables	<u>29,679,930</u>	<u>23,905,040</u>
Prepaid expenses	25,922,364	24,590,756
Advances to suppliers	15,568,636	15,004,967
Advances to employees	2,766,768	4,215,494
Other receivables	18,590,959	16,194,073
Less: Impairment loss on other receivables	8.1 (1,707,521)	(1,826,269)
	<u>90,821,136</u>	<u>82,084,061</u>

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	5,991,987	6,929,696
Exchange rates movements	(118,748)	(97,031)
Written off during the period / year	--	(31,608)
(reversal) of impairment loss on trade and other receivables	(1,371,301)	(809,070)
Balance at end of the period / year	<u>4,501,938</u>	<u>5,991,987</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
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company'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 Company's different customer types.

Trade receivables – Days past due						
30 September 2023 (Unaudited)	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %		-	-	-	40%	7%
Gross carrying amount	22,726,025	2,399,989	1,703,507	363,807	5,281,019	32,474,347
Lifetime ECL	-	-	-	-	2,794,417	2,794,417

Trade receivables – Days past due						
31 December 2022 (Audited)	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %	14%	-	-	-	87%	15%
Gross carrying amount	21,500,200	3,838,042	873,107	453,866	1,405,543	28,070,758
Lifetime ECL	2,937,658	-	-	-	1,228,060	4,165,718

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 2023 (Unaudited)	30 September 2022 (Unaudited)
<i>Transactions with shareholders</i>		
Recharges	--	10,129,566
Collections and payments	600	42,759,069
Contribution from shareholders	--	16,148,301
Dividends	30,786,235	92,678,414
<i>Transactions with associates</i>		
Sales of goods & other assets	30,928	157,682
Purchases	--	15,355
Expenses	259,854	205,262
Royalty, opening fees & technology fees	2,781,563	2,981,755
Collections and payments	2,020,454	2,133,977
Other charges	40,682	47,218
<i>Transactions with entities under common control</i>		
Expenses	202,742	8,026
Collections and payments	231,556	31,781
Other charges	--	23,990
<i>Transactions with other related parties</i>		
Expenses	2,878,541	1,674,656
Collections and payments	2,524,344	1,591,506
Other charges	91,552	83,150

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

9. RELATED PARTIES INFORMATION (CONTINUED)

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

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
Due from related parties			
Alamar Foods Company LLC, Oman	Associate company	1,741,103	1,267,170
Kasual + limited liability company	Associate company	227,324	228,288
Alamar Foods For Restaurants Management WLL	Associate company	4,703	--
Yasmine Flower Management	Shareholder of subsidiary	1,200,303	1,200,303
		3,173,433	2,695,761
Due to related parties			
	Nature of relationship	(Unaudited)	(Audited)
AlJammaz Agriculture	Company under common control	294	47,200
Hakam El Abbès	Shareholder of subsidiary	2,273,998	2,208,648
Sovana Inc. USA	Others	15,440	3,276
Intermob LLC	Others	187,164	75,815
Abdullah Ibrahim AlJammaz	Others	--	600
Alamar Foods For Restaurants Management WLL	Associate company	--	13,829
Abdulaziz AlJammaz Heirs	Others	324,875	--
Abdulaziz & Abdullah AlJammaz for Travel & Tourism Company	Company under common control	18,092	--
		2,819,863	2,349,368

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 2023 (Unaudited)	30 September 2022 (Unaudited)
Short-term benefits	16,137,730	18,469,453
Long-term benefits	911,210	1,160,565

10. CASH AND CASH EQUIVALENTS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cash on hand	3,916,539	3,602,131
Cash at bank	54,825,565	47,069,399
Murabaha return contracts*	94,315,000	111,600,000
Cash and cash equivalents – gross	153,057,104	162,271,530
Impairment loss allowance	(914,782)	(180,191)
Cash and cash equivalent – net	152,142,322	162,091,339

* Maturity dates less than three months and return of 5.73% (31 December 2022: 4.67%).

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

11. SHARE CAPITAL

	30 September 2023 (Unaudited)	31 December 2022 (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 232,500 (2022: 270,000) of SR 10 each	<u>(2,325,000)</u>	<u>(2,700,000)</u>

12. STATUTORY RESERVE

In accordance with 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 SHARE OPTION SCHEME

On 23 May 2022, the Board resolved to amend the Company's employee stock ownership 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 31 December 2022 and 30 September 2023.

The Company recognized the following share-based compensation expense:

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Equity-settled		
- Gross expense	6,214,500	5,420,000
- Reversal of accrued expenses related to employee leavers	(1,746,033)	--
	4,468,467	5,420,000
Cash-settled		
- Gross expense	2,465,000	7,016,333
- Change in fair value of share price	(319,000)	669,500
	2,146,000	7,685,833
	<u>6,614,467</u>	<u>13,105,833</u>

At 30 September 2023, the total carrying amount of the liabilities in respect of the cash settlement elements of the respective awards was SR 5.5 million (31 December 2022: SR 8.6 million). The total carrying amount of the employee share plan reserve in respect of the equity settlement elements of the respective awards was SR 3 million (31 December 2022: SR 3.8 million). The total carrying amount of other reserve which pertains to the vested portion of equity settled share based payment awards is SR 7.5 million (31 December 2022: SR 3.4 million)

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

13. EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

The reconciliation of share based payment awards is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Outstanding at opening / 9 August grant date	127,500	209,000
Further issue of share options	2,500	--
Vested during the period – cash settled	(17,500)	(51,500)
Vested during the period – equity settled	(44,500)	(30,000)
Outstanding as at 30 September / 31 December	<u>68,000</u>	<u>127,500</u>

14. DIVIDENDS

On 4 Ramadan 1444H corresponding to 26 March 2023, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of Twenty-Five million Two Hundred Forty-Two Thousand Five Hundred (SR 25.2 million) Saudi Riyals from the Company's retained earnings for the three months period ended 31 December 2022.

On 24 Shawwal 1444H corresponding to 14 May 2023, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of Twelve million Six Hundred Twenty-One Thousand Two Hundred Fifty Riyals (SAR 12.6 million Saudi Riyals) from the Company's retained earnings for the three months period ended 31 March 2023.

On 23 Muharram 1445 H corresponding to 10 August 2023, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of Fifteen Million One Hundred Forty-Five Thousand Five Hundred (SAR 15.2 million) Saudi Riyals from the Company's retained earnings for the three months period ended 30 June 2023.

15. LEASE LIABILITIES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-Current liabilities</i>		
Lease liabilities	<u>122,851,379</u>	<u>153,951,753</u>
<i>Current liabilities</i>		
Current portion of lease liabilities	<u>75,909,442</u>	<u>71,845,165</u>

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

15. LEASE LIABILITIES (CONTINUED)

The Company leased certain of its vehicles and its stores. The average lease term is 5 years (2022: 5 years).

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>Minimum lease payments</u>		
Not later than one year	74,160,003	82,043,359
Later than one year and not later than five years	126,377,874	143,551,635
More than five years	<u>27,086,626</u>	<u>30,871,261</u>
	227,624,503	256,466,255
Less: future finance charges	<u>(28,863,682)</u>	<u>(30,669,337)</u>
Present value of minimum lease payments	<u>198,760,821</u>	<u>225,796,918</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	73,659,443	71,845,165
Later than one year but not later than five years	103,761,989	129,533,175
More than five years	<u>21,339,389</u>	<u>24,418,578</u>
	<u>198,760,821</u>	<u>225,796,918</u>

Movement in lease liability during the year is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>Balance on 1 January</u>	225,796,917	227,035,252
Additions	35,093,890	85,171,008
Finance cost	8,387,787	12,915,274
Modification	<u>(123,908)</u>	<u>(1,111,784)</u>
Disposal	<u>(2,013,558)</u>	<u>(508,987)</u>
Payments made during the period / year	<u>(61,688,864)</u>	<u>(78,161,680)</u>
Exchange rates movements	<u>(6,691,443)</u>	<u>(19,542,165)</u>
Balance as on 30 September / 31 December	<u>198,760,821</u>	<u>225,796,918</u>

16. EMPLOYEE BENEFITS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>Non-current liability</u>		
Defined benefit liability (note 16.1)	34,565,033	31,731,442
Employees stock plan liability	--	3,318,333
Others	<u>2,021,181</u>	<u>2,906,977</u>
	36,586,214	37,956,752
<u>Current liabilities:</u>		
Payroll and bonus	2,676,509	7,753,397
Employees stock plan liability	5,464,333	5,265,000
Accrued vacation	7,347,603	4,308,317
Accrued air ticket and iqama fee	3,468,253	3,380,592
Others	<u>1,488,026</u>	<u>1,493,478</u>
	<u>20,444,724</u>	<u>22,200,784</u>
	<u>57,030,938</u>	<u>60,157,536</u>

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

16. EMPLOYEE BENEFITS (CONTINUED)

16.1. Movement in the defined benefit liability for the period / year is as follows:

Defined benefit liability	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the year	31,731,442	25,559,199
Current service cost	5,141,058	6,524,839
Interest cost	932,948	546,274
	6,074,006	7,071,113
Paid during the year	(3,100,385)	(2,888,597)
Actuarial loss arising from		
- Demographic assumptions	--	807,072
- Financial assumptions	--	158,758
- Experience adjustments	--	1,061,437
	--	2,027,267
Exchange rate movements	(140,030)	(37,540)
Balance at the end of the year	<u>34,565,033</u>	<u>31,731,442</u>

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 2023 (Unaudited)	31 December 2022 (Audited)
Discount rate	4.63%	4.63%
Rate of salary increases	<u>6.00%</u>	<u>6.00%</u>

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 2023 (Unaudited)	31 December 2022 (Audited)
Increase in discount rate of 1%	(2,012,234)	(1,778,896)
Decrease in discount rate of 1%	2,283,952	2,020,110
Increase in rate of salary increase of 1%	2,391,188	2,113,945
Decrease in rate of salary increase of 1%	<u>(2,149,935)</u>	<u>(1,900,487)</u>

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

17. TRADE AND OTHER PAYABLES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-Current liabilities</i>		
Other long-term liabilities	<u>4,358,991</u>	<u>4,682,766</u>
<i>Current liabilities</i>		
Trade payables	49,804,892	70,605,329
Accrued expenses	47,753,707	32,953,321
Deferred revenues	9,814,697	11,606,279
Other payables	<u>16,640,918</u>	<u>10,079,495</u>
	<u>124,014,214</u>	<u>125,244,424</u>

- 17.1 Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (SAR 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 2.2 million (31 December 2022: SR 1.77 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 0.42 million (31 December 2022: SR 0.83 million).

18 REVENUE

Revenue streams

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

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Sale of products:		
- Domino's Pizza	699,799,449	725,681,823
- Dunkin Donuts	53,175,072	63,460,659
- Other	<u>13,018,273</u>	<u>13,607,507</u>
	<u>765,992,794</u>	<u>802,749,989</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 2023 (Unaudited)	30 September 2022 (Unaudited)
<i>Primary geographical markets</i>		
Kingdom of Saudi Arabia	508,427,109	531,827,922
Other GCC and Levant	164,541,429	166,794,030
North Africa	<u>93,024,256</u>	<u>104,128,037</u>
Net revenue as reported in note 25	<u>765,992,794</u>	<u>802,749,989</u>
Products transferred at a point in time	<u>765,992,794</u>	<u>802,749,989</u>

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

19 CAPITAL COMMITMENTS

The Group had capital commitments of SR 22.3 million for the construction of new outlets at the reporting date (31 December 2022: SR 24.9 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.

Categories of financial instruments:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Financial assets		
<i>Amortized cost</i>		
Cash and cash equivalents (note 10)	152,142,322	162,091,339
Trade and other receivables (note 8)	46,563,368	38,272,844
Due from related parties (note 9)	3,173,433	2,695,761
Financial liabilities		
<i>Amortized cost</i>		
Trade and other payables (note 17)	114,199,517	113,638,145
Due to related parties (note 9)	2,819,863	2,349,368
Lease Liabilities (note 15)	198,760,821	225,796,918
Employee benefits (note 16)	22,465,905	28,426,094
Loans and borrowings (note 22)	1,611,310	4,930,122

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
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

20. 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:

30 September 2023
(Unaudited)

<u>Details</u>	<u>Interest rate %</u>	<u>Within one year</u>	<u>One year to five years</u>	<u>Over five years</u>	<u>Total</u>
Trade and other payables	Interest free	114,199,517	--	--	114,199,517
Due to related parties	Interest free	2,819,863	--	--	2,819,863
Employee benefits	Interest free	20,444,724	2,021,181	--	22,465,905
Lease liabilities	3-6%	85,276,382	104,818,385	37,529,736	227,624,503
Loans and borrowings	3-4%	1,675,762	--	--	1,675,762
		<u>224,416,248</u>	<u>106,839,566</u>	<u>37,529,736</u>	<u>368,785,550</u>

31 December 2022

<u>Details</u>	<u>Interest rate %</u>	<u>Within one year SR</u>	<u>One year to five years SR</u>	<u>Over five years SR</u>	<u>Total SR</u>
Trade and other payables	Interest free	113,638,145	--	--	113,638,145
Due to related parties	Interest free	2,349,368	--	--	2,349,368
Employee benefits	Interest free	22,200,784	6,225,310	--	28,426,094
Loans and borrowings	3-6%	3,280,321	1,853,225	--	5,133,546
Lease liabilities	3-4%	82,043,359	143,551,635	30,871,261	256,466,255
		<u>223,511,977</u>	<u>151,630,170</u>	<u>30,871,261</u>	<u>406,013,408</u>

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 2023, 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.

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

20. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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 3.40 million (30 September 2022: SR 2.29 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 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-Current liabilities</i>		
Loan and borrowings	--	1,730,782
<i>Current liabilities</i>		
Current portion of loan and borrowings	1,611,310	3,199,340

23. CONTINGENT LIABILITIES

As at 30 September 2023, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.20 million (31 December 2022: SR 6.99 million).

Contingencies:

There were no contingencies in existence at the reporting period 30 September 2023 except for the following:

Zakat and income tax declaration up to and including the year ended 31 December 2022 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 the year ended 31 December 2022. There are no material open assessments or claims as of 30 September 2023.

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(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 <u>2023</u> <u>(Unaudited)</u>	31 December <u>2022</u> <u>(Audited)</u>
Balance at 1 January	21,576,414	24,762,215
Foreign currency translation	310,563	(3,185,801)
Balance at 30 September / 31 December	<u>21,886,977</u>	<u>21,576,414</u>

Goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 0.31 million for the period is recognized in foreign currency translation reserve.

25. REPORTING SEGMENTS

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
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS(CONTINUED)

Information about reportable segments:

30 September 2023 (Unaudited)

	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	508,427,108	164,541,429	93,024,257	765,992,794
Internal revenue	407,518	18,156,661	926,233	19,490,412
Segment revenue	508,834,626	182,698,090	93,950,490	785,483,206
External revenue as reported in note 18	508,427,109	164,541,429	93,024,256	765,992,794
Major products				
Domino's Pizza	495,408,835	164,541,429	39,849,184	699,799,448
Dunkin Donuts	--	--	53,175,073	53,175,073
Other	13,425,791	18,156,661	926,233	32,508,685
	508,834,626	182,698,090	93,950,490	785,483,206
Timing of revenue recognition				
Point in time	508,834,626	182,698,090	93,950,490	785,483,206
Segment profit before zakat and income tax				
Interest expense	48,682,087	3,848,325	(702,187)	51,828,225
Depreciation:	(5,080,315)	(3,754,005)	(3,727,403)	(12,561,723)
- Property and equipment	(15,311,395)	(8,436,393)	(4,450,691)	(28,198,479)
- Right of use assets	(29,593,808)	(14,464,245)	(8,392,522)	(52,450,575)
Share of losses of equity-accounted investee	432,223	600,752		1,032,975
30 September 2023 (unaudited)				
Segment non-current assets*	185,919,475	209,855,855	82,326,391	478,101,721
Segment assets	529,194,870	327,182,285	120,973,174	977,350,329
Segment liabilities	217,384,970	248,362,073	111,681,035	577,428,078

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(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	
<u>30 September 2022 (Un-audited)</u>				
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 18	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)
<u>30 September 2022 (unaudited)</u>				
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

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

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(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 2023 (Unaudited)	30 September 2022 (Unaudited)
Total revenue for reportable segments	785,483,206	824,749,486
Elimination of inter-segment revenue	(19,490,412)	(21,999,497)
Consolidated revenue	<u>765,992,794</u>	<u>802,749,989</u>

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

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Total profit before zakat and tax for reportable segments	51,828,225	92,917,718
Unallocated corporate items	6,752,067	(1,365,791)
Consolidated profit before zakat and tax	<u>58,580,292</u>	<u>91,551,927</u>

iii. Assets:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Total assets for reportable segments	976,387,503	980,892,206
Elimination of inter-segment balances	(252,451,281)	(219,694,391)
Consolidated total assets	<u>723,936,222</u>	<u>761,197,815</u>

iv. Liabilities:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Total liabilities for reportable segments	577,178,476	578,022,913
Elimination of inter-segment balances	(183,653,080)	(150,585,628)
Consolidated total liabilities	<u>393,525,396</u>	<u>427,437,285</u>

v. Other material items:

<u>30 September 2023 (Unaudited)</u>	<u>Reportable segments total</u>	<u>Consolidated</u>
Interest expense	(12,561,723)	(12,561,723)
Depreciation:		
- Property and equipment	(28,198,479)	(28,198,479)
- Right of use assets	(52,450,575)	(52,450,575)
Share of losses of equity-accounted investee	1,032,975	1,032,975

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS(CONTINUED)

<u>30 September 2022 (Unaudited)</u>	Reportable segments total	Consolidated
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)

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.

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		For the nine months period	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Basic:				
Profit attributable to owners of the Company	20,063,090	18,790,811	51,920,080	86,013,264
Weighted average number of shares	25,251,603	25,216,957	25,237,280	25,205,714
Basic earnings per share (SR)	0.79	0.75	2.06	3.41
Reconciliation of weighted average number of shares (Basic)				
Outstanding number of ordinary shares at beginning of period	25,500,000	25,500,000	25,500,000	25,500,000
Effect of employee share awards vested	(248,397)	(283,043)	(262,720)	(294,286)
	25,251,603	25,216,957	25,237,280	25,205,714
Diluted:				
Profit attributable to ordinary shareholders	20,063,090	18,790,811	51,920,080	86,013,264
Weighted average number of shares (diluted)	25,372,500	25,289,022	25,372,500	25,230,000
Diluted earnings per share (SR)	0.79	0.74	2.05	3.41
Reconciliation of weighted average number of shares (Diluted)				
Weighted average number of ordinary shares (basic)	25,251,603	25,216,957	25,237,280	25,205,714
Effect of employee share awards vested	120,897	72,065	135,220	24,286
	25,372,500	25,289,022	25,372,500	25,230,000

ALAMAR FOODS COMPANY
(JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Amount in Saudi Riyals)

27. SUBSEQUENT EVENTS

On 22 Rabi Al-Thani 1445 H corresponding to 6 November 2023, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of Fifteen Million One Hundred Seventy-Seven Thousand (SAR 15.2 million) Saudi Riyals from the Company's retained earnings for the three months period ended 30 September 2023.

28. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 22 Rabi Al-Thani 1445H (corresponding to 6 November 2023).