

**ABDULLAH AL-OTHAIM MARKETS COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

## INDEX TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abdullah Al-Othaim Markets Company (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as at 31 December 2023, and the related interim condensed consolidated statements of income and comprehensive income for the three-months and year ended 31 December 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the year then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

for Ernst & Young Professional Services



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

Riyadh: 4 Sha’ban 1445H  
(14 February 2024)

# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Audited)
(Saudi Riyals)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	6	1,716,043,917	1,509,864,723
Right-of-use assets	7	1,903,862,746	1,617,127,983
Investment properties	8	677,049,309	479,763,738
Intangible assets		2,499,965	1,482,972
Other non-current assets		22,727,175	28,638,026
Investments in associates and joint venture	9	191,276,123	162,268,640
Investments in equity instruments at fair value through other comprehensive income		3,002,069	3,002,069
<b>Total non-current assets</b>		<b>4,516,461,304</b>	<b>3,802,148,151</b>
<b>Current assets</b>			
Inventories		1,089,686,034	941,562,039
Prepayments and other receivables		168,292,129	159,050,892
Trade receivables		43,009,766	34,788,377
Short-term Murabaha deposits		35,000,000	375,000,000
Cash and cash equivalents	10	182,885,369	313,074,107
<b>Total current assets</b>		<b>1,518,873,298</b>	<b>1,823,475,415</b>
Assets held for sale		1,011,367	87,676,466
<b>TOTAL ASSETS</b>		<b>6,036,345,969</b>	<b>5,713,300,032</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in share capital	1	900,000,000	900,000,000
Statutory reserve	11	-	247,787,676
Retained earnings		462,965,891	267,309,239
Fair value reserve		(2,455,069)	(2,455,069)
Currency exchange differences on translation of foreign subsidiary	21	(5,370,370)	(5,441,017)
<b>Equity attributable to shareholders</b>		<b>1,355,140,452</b>	<b>1,407,200,829</b>
Non-controlling interests		41,739,378	36,948,261
<b>TOTAL EQUITY</b>		<b>1,396,879,830</b>	<b>1,444,149,090</b>
<b>Non-current liabilities</b>			
Lease contracts liabilities		1,897,640,495	1,574,265,858
Obligation for employees' end-of-service benefits	12	294,561,348	249,589,307
<b>Total non-current liabilities</b>		<b>2,192,201,843</b>	<b>1,823,855,165</b>
<b>Current liabilities</b>			
Accounts payable		1,801,026,690	1,812,744,124
Current portion of lease contracts liabilities		148,236,829	152,183,651
Accruals and other payables		460,916,933	447,153,979
Zakat and foreign tax provision	15	37,083,844	33,214,023
<b>Total current liabilities</b>		<b>2,447,264,296</b>	<b>2,445,295,777</b>
<b>TOTAL LIABILITIES</b>		<b>4,639,466,139</b>	<b>4,269,150,942</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,036,345,969</b>	<b>5,713,300,032</b>

Chief Financial Officer  
Marwan Ahmed Ibrahim

Chief Executive Officer  
Muaffaq A. Mobarah

Chairman of Board of Directors  
Abdullah Saleh Al Othaim

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



# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	For the three-months periods ended		For the year ended	
		31 December		31 December	
		2023 (Unaudited)	2022 (Unaudited) (Restated – Note 22)	2023 (Unaudited)	2022 (Audited)
<b>(Saudi Riyals)</b>					
Net sales	17	2,563,425,175	2,492,101,882	10,203,776,010	9,549,545,554
Cost of sales		(1,913,660,743)	(1,863,554,466)	(7,932,226,530)	(7,463,923,350)
<b>Gross profit</b>		<b>649,764,432</b>	<b>628,547,416</b>	<b>2,271,549,480</b>	<b>2,085,622,204</b>
Rental income, net	18	22,577,974	20,378,289	86,935,759	78,527,056
Sold voucher commissions		725,130	683,877	2,500,251	2,577,962
Selling and marketing expenses		(443,704,700)	(431,246,448)	(1,740,752,929)	(1,605,808,200)
General and administrative expenses		(42,648,581)	(36,932,846)	(159,291,030)	(149,790,428)
<b>Operating profit</b>		<b>186,714,255</b>	<b>181,430,288</b>	<b>460,941,531</b>	<b>411,128,594</b>
Share in profit of associates and joint venture, net	9	9,898,282	13,914,250	28,812,880	52,374,563
Gain on sale of investment in associate	9	-	-	-	608,549,515
Gain on sale of investment property, net	8	-	-	99,475,744	110,625,695
Income from deposits and others		1,529,621	824,240	16,807,979	2,274,454
Finance charges, net	20	(31,952,005)	(25,035,009)	(112,889,274)	(83,489,404)
Reversal of impairment loss on property, plant, and equipment	6	4,068,057	-	4,068,057	-
Other income, net		4,880,463	6,325,086	14,727,452	12,155,115
<b>Income before zakat and foreign tax</b>		<b>175,138,673</b>	<b>177,458,855</b>	<b>511,944,369</b>	<b>1,113,618,532</b>
Zakat and foreign tax	15	(6,915,220)	(3,999,559)	(17,901,383)	(30,882,117)
<b>Income from continuing operations for the period/year</b>		<b>168,223,453</b>	<b>173,459,296</b>	<b>494,042,986</b>	<b>1,082,736,415</b>
<b>Discontinued Operations:</b>					
Loss from discontinued operations		-	(124,900)	-	(223,790)
<b>Net income for the period/year</b>		<b>168,223,453</b>	<b>173,334,396</b>	<b>494,042,986</b>	<b>1,082,512,625</b>
<b>Attributable to:</b>					
<b>Shareholders of the Company</b>					
Continuing operations		165,697,323	170,881,770	487,514,062	1,079,661,263
Discontinued operations		-	(84,932)	-	(152,177)
		<b>165,697,323</b>	<b>170,796,838</b>	<b>487,514,062</b>	<b>1,079,509,086</b>
<b>Non-controlling interest</b>					
Continuing operations		2,526,130	2,577,526	6,528,924	3,075,152
Discontinued operations		-	(39,968)	-	(71,613)
		<b>2,526,130</b>	<b>2,537,558</b>	<b>6,528,924</b>	<b>3,003,539</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share from the net income for the period/ year attributable to the shareholders of the Company	16	0.18	0.19	0.54	1.20
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the company	16	0.18	0.19	0.54	1.20

Chief Financial Officer

Marwan Ahmed Ibrahim

Chief Executive Officer

Muaffaq A. Mobarah

Chairman of Board of Directors

Abdullah Saleh Al Othaim

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

# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

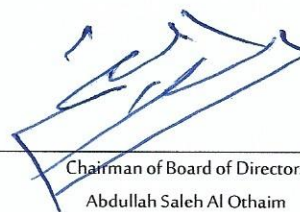
	Note	For the three-months periods ended 31 December		For the year ended 31 December	
		2023 (Unaudited)	2022 (Unaudited) (Restated – Note 22)	2023 (Unaudited)	2022 (Audited)
(Saudi Riyals)					
Net income for the period/ year		168,223,453	173,334,396	494,042,986	1,082,512,625
<b>Other comprehensive income (Loss)</b>					
<b>Items will not be reclassified to statement of income in subsequent periods:</b>					
Actuarial losses for employees' end-of-service benefits	12	(17,008,354)	(7,244,913)	(21,514,936)	(6,126,835)
Net changes in fair value of equity instruments at fair value through other comprehensive income		-	-	-	278,335
<b>Items will be reclassified to statement of income in subsequent periods:</b>					
Share in other comprehensive income (loss) of associates and joint venture	9	194,603	(89,062)	194,603	(986,123)
Currency exchange differences on translation of foreign subsidiary	21	(32,260)	219,369	70,647	1,042,008
<b>Other comprehensive loss for the period/ year</b>		<b>(16,846,011)</b>	<b>(7,114,606)</b>	<b>(21,249,686)</b>	<b>(5,792,615)</b>
<b>Total comprehensive income for the period/ year</b>		<b>151,377,442</b>	<b>166,219,790</b>	<b>472,793,300</b>	<b>1,076,720,010</b>
<b>Attributable to:</b>					
Shareholders of the Company		148,026,559	163,815,407	465,439,623	1,073,849,646
Non-controlling interests		3,350,883	2,404,383	7,353,677	2,870,364
		<b>151,377,442</b>	<b>166,219,790</b>	<b>472,793,300</b>	<b>1,076,720,010</b>



Chief Financial Officer  
Marwan Ahmed Ibrahim



Chief Executive Officer  
Muaffaq A. Mobarah



Chairman of Board of Directors  
Abdullah Saleh Al Othaim

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# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

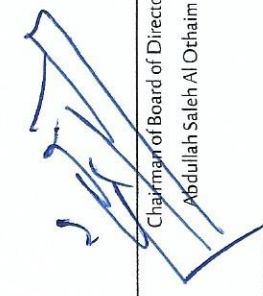
		Attributable to the shareholders of the Company						
		Currency exchange differences on translation of foreign subsidiary		Share in other comprehensive income of associates and joint venture		Total shareholders' equity		Total equity
		(Saudi Riyals)						
<b>For the year ended 31 December 2022</b>								
Balance as at 1 January 2022 (Audited)	900,000,000	139,836,767	337,879,933	(2,733,404)	(6,483,025)	(149,088)	1,368,351,183	1,405,597,080
Net income	-	-	1,079,509,086	-	-	-	1,079,509,086	3,003,539
Other comprehensive income (loss)	-	-	(5,993,660)	278,335	1,042,008	(986,123)	(5,659,440)	(133,175)
Total comprehensive income for the year	-	-	1,073,515,426	278,335	1,042,008	(986,123)	1,073,849,646	2,870,364
Reconciliations related to associates and joint venture	-	-	(1,135,211)	-	-	1,135,211	-	-
Transferred to statutory reserve	-	107,950,909	(107,950,909)	-	-	-	-	-
Cash dividends (Note 24)	-	-	(1,035,000,000)	-	-	-	(1,035,000,000)	(3,168,000)
<b>Balance as at 31 December 2022 (Audited)</b>	<b>900,000,000</b>	<b>247,787,676</b>	<b>267,309,239</b>	<b>(2,455,069)</b>	<b>(5,441,017)</b>	<b>-</b>	<b>1,407,200,829</b>	<b>1,444,149,090</b>
<b>For the year ended 31 December 2023</b>								
Balance as at 1 January 2023 (Audited)	900,000,000	247,787,676	267,309,239	(2,455,069)	(5,441,017)	-	1,407,200,829	1,444,149,090
Net income	-	-	487,514,062	-	-	-	487,514,062	6,528,924
Other comprehensive income (loss)	-	-	(22,339,689)	-	70,647	194,603	(22,074,439)	824,753
Total comprehensive income for the year	-	-	465,174,373	-	70,647	194,603	465,439,623	7,353,677
Reconciliations related to associates and joint venture	-	-	194,603	-	-	(194,603)	-	-
Transferred from statutory reserve (Note 11)	-	(247,787,676)	247,787,676	-	-	-	-	-
Cash dividends (Note 24)	-	-	(517,500,000)	-	-	-	(517,500,000)	(2,562,560)
<b>Balance as at 31 December 2023 (Unaudited)</b>	<b>900,000,000</b>	<b>-</b>	<b>462,965,891</b>	<b>(2,455,069)</b>	<b>(5,370,370)</b>	<b>-</b>	<b>1,355,140,452</b>	<b>1,396,879,830</b>



Chief Financial Officer  
Marwan Ahmed Ibrahim



Chief Executive Officer  
Muaffaq A. Mobarah



Chairman of Board of Directors  
Abdullah Saleh Al Othaim

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

# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2023	2022
	(Unaudited)	(Audited)
	(Saudi Riyals)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income from continuing operations before zakat and foreign tax	511,944,369	1,113,618,532
Loss from discounting operations before zakat	-	(223,790)
Income before zakat and foreign tax	511,944,369	1,113,394,742
<b>Adjustments for:</b>		
Depreciation of property, plant, and equipment and right-of-use assets	370,289,084	335,662,980
Depreciation of investment properties	26,051,534	26,088,077
Amortization of intangible assets	742,088	533,097
Loss (gain) on sale of property, plant, and equipment	3,411,009	(225,630)
Reversal of impairment loss on property, plant, and equipment	(4,068,057)	-
Loss (gain) on termination of lease contracts	1,018,632	(2,939,822)
Gain on sale of investment properties	(99,475,744)	(110,625,695)
Gain on sale of investment in associate	-	(608,549,515)
Finance charges, net	112,889,274	83,489,404
Income from deposits and others	(16,807,979)	(2,940,815)
Share in profit of associates and joint venture, net	(28,812,880)	(52,374,563)
Increase in provision for shrinkage, and slow-moving inventory	(5,441,387)	(5,449,905)
(Decrease) increase in provision for expected credit losses	(227,264)	3,396,698
Net movement in legal and other provisions	(1,708,170)	(262,302)
Obligation for employees' end-of-service benefits	42,628,399	49,439,920
<b>Changes in:</b>		
Inventories	(142,682,608)	(72,118,342)
Trade receivables	(7,994,125)	(2,377,414)
Prepayments and other receivables	(4,596,858)	9,788,404
Accounts payable	(11,717,434)	254,270,299
Accruals and other payables	15,302,546	36,624,769
	760,744,429	1,054,824,387
Employees' end-of-service benefits paid	(30,329,650)	(19,915,158)
Zakat and foreign tax paid	(13,223,442)	(11,507,296)
<b>Net cash flows generated from operating activities</b>	<b>717,191,337</b>	<b>1,023,401,933</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant, and equipment	2,788,122	2,454,614
Proceeds from sale of investment properties	186,568,704	211,327,580
Proceeds from sale of investment in associate	-	846,538,700
Income from deposits and others received	17,484,132	3,246,431
Additions to property, plant, and equipment	(384,970,590)	(285,145,096)
Additions to investment properties	(224,244,145)	(93,083,082)
Additions to intangible assets	(1,759,081)	(474,271)
Short-term Murabaha deposits	(691,537,500)	(465,000,000)
Redemptions of short-term Murabaha deposits	1,031,537,500	140,000,000
<b>Net cash flows (used in) generated from investing activities</b>	<b>(64,132,858)</b>	<b>359,864,876</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans and Murabahat	405,000,000	506,000,000
Payments of loans and Murabahat	(405,000,000)	(506,000,000)
Lease contracts liabilities, net	(262,279,789)	(217,744,081)
Finance charges paid	(1,387,571)	(1,488,247)
Dividends paid – shareholders of the Company	(517,500,000)	(1,032,091,240)
Dividends paid – non-controlling interest	(2,562,560)	(3,168,000)
<b>Net cash flows used in financing activities</b>	<b>(783,729,920)</b>	<b>(1,254,491,568)</b>
<b>Net change in cash and cash equivalents</b>	<b>(130,671,441)</b>	<b>128,775,241</b>
Cash and cash equivalents at the beginning of the year	313,074,107	182,743,351
Net exchange differences on translation of foreign currencies	482,703	1,555,515
<b>Cash and cash equivalents at the end of the year</b>	<b>182,885,369</b>	<b>313,074,107</b>

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



# ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

	For the year ended 31 December	
	2023	2022
	(Unaudited)	(Audited)
	(Saudi Riyals)	
<b>Significant non-cash transactions</b>		
Additions to right-of-use assets against lease contracts liabilities	532,228,634	375,737,770
Transfers from capital work in progress to property, plant, and equipment	121,139,516	109,271,576
Net transfer from investment properties to property, plant, and equipment	660,746	352,184
Net transfer from property, plant, and equipment to investment properties	222,709	868,948
Transferred from investment properties to assets held for sale	-	86,621,184



Chief Financial Officer  
Marwan Ahmed Ibrahim



Chief Executive Officer  
Muaffaq A. Mobarah



Chairman of Board of Directors  
Abdullah Saleh Al Othaim



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

## ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

#### FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

#### 1. INFORMATION ABOUT THE COMPANY, ITS SUBSIDIARIES AND THEIR ACTIVITIES

Abdullah Al-Othaim Markets Company (the "Company" or "Parent Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Register Number 1010031185, on 7 Rajab 1400H (corresponding to 21 May 1980). The Company changed from a limited liability company into a joint stock company according to the Ministerial Decree No.227/G on 3 Ramadan 1428H (corresponding to 15 September 2007).

The main activities of the Company include wholesale and retail trade of food, fish, meat, agricultural products, livestock, and household items. The Company is also engaged in establishing, managing, operating and maintaining supermarkets, commercial complexes, and bakeries, providing cooked and uncooked catering services, and managing training and educational centers, in addition to acquiring lands to construct buildings for lease or sale for the interest of the Company. The Company also provides import, export, and marketing services to others.

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

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

On 5 June 2023, the General Assembly of shareholders approved a resolution to divide the nominal value of the share from SR 10 per share to SR 1 per share, as a result the number of shares increased from 90 million shares to 900 million shares. Regulatory procedures have been completed to reflect the above-mentioned resolution during the current period. Accordingly, the company's capital amounting to SR 900 million, consisting of 900 million shares of SR 1 per share (31 December 2022: SR 900 million, consisting of 90 million shares of SR 10 per share).

The interim condensed consolidated financial statements include the financial statements of the Company and its controlled subsidiaries (collectively referred to as the "Group").

Below are the details of the subsidiaries listed in the interim condensed consolidated financial statements:

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Main Activity</u>	<u>Direct and Indirect ownership percentage %</u>	
			<u>31 December 2023</u>	<u>31 December 2022</u>
Haley Holding Company	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Universal Marketing Centre Company	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Seven Services Company	Kingdom of Saudi Arabia	Import, export and wholesale and retail trade	100%	100%
Bayt Al Watan Company	Kingdom of Saudi Arabia	Import, export and wholesale and retail trade	100%	100%
Marafeq Al Tashgheel Company	Kingdom of Saudi Arabia	General contracting for building	100%	100%
Abdullah Al Othaim Markets – Egypt	Arab Republic of Egypt	Wholesale and retail	100%	100%
Thamarat Al Qassim Company	Kingdom of Saudi Arabia	Cultivation of vegetables and fodder	100%	100%
Shurofat Al Jazeerah Company	Kingdom of Saudi Arabia	General contracting and operation of commercial complexes	100%	100%
Mueen for Human Resources Company	Kingdom of Saudi Arabia	Labor services	68%	68%

## ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

#### FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

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

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

##### **Haley Holding Company**

A limited liability company that operates under commercial registration number 1010314228 issued in Riyadh on 9 Ramadan 1432H (corresponding to 9 August 2011). The main activities of the company are investment in other companies to obtain control over them, wholesale and retail trading of food products, wheat, rice, meat, fish, home products, computer services (application systems and data bases), import and export services, marketing, maintenance of training and entertaining centers and cooked and uncooked catering services.

##### **Universal Marketing Centre Company**

A limited liability company that operates under commercial registration number 1010314201 issued in Riyadh on 9 Ramadan 1432H (corresponding to 9 August 2011). The main activities of the company are investment in other companies to obtain control over them, wholesale and retail trading of food products, wheat, rice, meat, fish, home products, vehicles spare parts, computer services (application systems and data bases), import and export services, marketing, Maintenance of training and entertaining centers and cooked and uncooked catering services.

##### **Seven Services Company**

A limited liability company that operates under commercial registration number 1010320848 issued in Riyadh on 2 Muharram 1433H (corresponding to 27 November 2011). The main activities of the company are importing, exporting, wholesale and retail trading of ready-made clothes, sport clothes, jewelry, sewing tools, bags, leather products, decorations, dropped ceilings, vehicles spare parts, agricultural produce, in addition to providing importing and exporting services on behalf of others, establishing agriculture projects, and operating and managing bakeries and cafes.

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

##### **Bayt Al Watan Company**

A limited liability company that operates under commercial registration number 1010320847 issued in Riyadh on 2 Muharram 1433H (corresponding to 27 November 2011). The main activities of the company are importing, exporting, and retail and whole sales trading of fruits and vegetables, fish, dairy products, ghee, olive, halawa, pasta, soft drinks, in addition to providing importing, exporting, and marketing services for others, maintenance of training, entertainment, and sports centers, general contracting, construction, maintenance, demolition and restoration and electrical and electronic works.



## **ABDULLAH AL-OTHAIM MARKETS COMPANY**

(A Saudi Joint Stock Company)

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

#### **FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

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

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

##### **Marafeq Al Tashgheel Company**

A limited liability company that operates under commercial registration number 1010321917 issued in Riyadh on 15 Muharram 1433H (corresponding to 10 December 2011). The main activities of the Company include general constructions and renovation of residential and non-residential buildings such as schools, hospitals, hotels, on-site ready-made houses, and restoration of residential and non-residential buildings.

##### **Abdullah AL Othaim Markets - Egypt**

A joint stock company that operates under commercial registration number 55010 issued in Arab Republic of Egypt on 20 Thul-Hijjah 1432H (corresponding to 16 November 2011). The main activities of the company are wholesale, retail trading, and general trade.

##### **Thamarat Al Qassim Company**

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

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

##### **Shurofat Al Jazeerah Company**

A limited liability company that operates under commercial registration number 1010878137 issued in Riyadh on 12 Shawwal 1444H (corresponding to 2 May 2023). The main activities of the company are general contracting and operating commercial complexes.

##### **Mueen for Human Resources Company**

A closed joint stock company that operates under commercial registration number 1010435202 issued in Riyadh on 6 Ramadan 1436H (corresponding to 23 June 2015). The main activities of the company are providing labor services regarding household workers and workers for both public and private sectors under an authorization from the Ministry of Human Resources and Social Development No. UMM 24 issued on 23 Thul-Hijjah 1436H (corresponding to 16 October 2015).

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

#### FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

## 2. BASIS OF PREPARATION

### 2-1 Statement of compliance

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

The interim condensed consolidated financial statements do not include all disclosures required in the full annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022. In addition, the interim period is considered an integral part of the whole year, however, the results of operations for the interim audit periods may not be fair indication of the results of the full year operations.

### 2-2 Basis of measurement

The interim condensed consolidated financial statements have been prepared at historical cost, except for the following significant items stated in the interim condensed consolidated statement of financial position as follows:

- Investment in equity instruments at fair value through other comprehensive income is measured at fair value.
- Obligation for the end-of-service benefits is measured at the present value of future obligations using the projected unit credit method.

### 2-3 Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Company, and presentation currency of the Group. All amounts in the interim condensed consolidated financial statements are in Saudi Riyals unless otherwise stated.

### 2-4 Use of judgments and estimates

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

The significant estimates made by management when applying the Group's accounting policies and significant sources of estimation uncertainty were similar to those disclosed in the Group's consolidated financial statements for the year ended 31 December 2022, except for the changes in the accounting treatment described in Note 4-1 to the interim condensed consolidated financial statements.

## 3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS

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

## ABDULLAH AL-OTHAIM MARKETS COMPANY

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

#### FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

#### 3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there is a change in one or more of the three elements of control. Consolidation of a subsidiary begins from the date when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary.

Assets, liabilities, revenues, and expenses of a subsidiary acquired are included in the consolidated financial statements from the date the Company obtains control until the date the Company ceases to control the subsidiary.

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

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

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

If the Group loses control over the subsidiary, it would:

- Derecognize the related assets and liabilities of the invested subsidiary.
- Derecognize the carrying amount of any non-controlling interest.
- Derecognize accumulated exchange differences recognized in equity.
- Recognize the fair value of the consideration received.
- Recognize the fair value of any held investment.
- Recognize any surplus or deficit in the consolidated statement of income.
- Reclassify its share of items previously recognized in other comprehensive income to the statement of income or transfer directly to retained earnings, if necessary, in accordance with other international standards.



## ABDULLAH AL-OTHAIM MARKETS COMPANY

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

#### FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

#### 4. SIGNIFICANT ACCOUNTS POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those policies in the Group's annual consolidated financial statements for the year ended 31 December 2022. Except for the changes in the accounting treatment described below.

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

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

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

The effect of the change in the above accounting treatment on the three-months period ended 31 December 2022 (comparative period) is shown in Note 22, as the recognition of these revenues in the comparative interim periods will not affect the comparative annual results.

#### 5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards that have been issued. However, a number of amendments to the standards are effective as at 1 January 2023, which were explained in the annual consolidated financial statements of the Group for the year ended 31 December 2022, but they do not have a material impact on the interim condensed consolidated financial statements of the group.

#### 6. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2023, the Group acquired property, plant, and equipment with a total cost of SR 384.97 million (31 December 2022: SR 285.15 million).

During the year ended 31 December, the Group also disposed property, plant, and equipment with a net book value of SR 6.2 million (31 December 2022: SR 2.23 million), of which the sale of those assets resulted in a capital gains of SR 160 thousand and capital losses of SR 3.41 million for the three-months and year ended 31 December 2023, respectively (for the three months and year ended 31 December 2022, capital gains of SR 38 thousand and SR 226 thousand, respectively).

During the year ended 31 December 2023, depreciation expense amounted to SR 175.38 million (31 December 2022: SR 160.17 million).

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

#### **FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

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

#### **6. PROPERTY, PLANT AND EQUIPMENT**

During the year ended 31 December 2023, the Group assessed that the impairment loss recorded in a previous year related to the property, plant, and equipment of Abdullah Al Othaim Markets Company - Egypt (Subsidiary) no longer exists. Accordingly, during the year the Group estimated the recoverable amount of these property, plant, and equipment and determined their value in use, which showed a greater amount than their book value. As a result, the Group reversed the impairment loss on property, plant, and equipment amounting to SR 4.07 million in the interim condensed consolidated statement of income. The reversed amount during the year does not exceed the previously recorded loss.

The Group has some lands that are not available for disposal, use or development at the present time, for reasons related to the regulation of areas in which these lands located by the competent government bodies. The Group's management cannot estimate the impact of this procedure on the recoverable value, as this depends on the results of the work of the competent authorities. As at 31 December 2023, the book value of these lands amounted to SR 27.5 million (31 December 2022: SR 27.5 million).

#### **7. RIGHT-OF-USE ASSETS**

During the year ended 31 December 2023, the net additions to right-of-use assets amounted to SR 532.2 million (31 December 2022: SR 375.73 million).

During the year ended 31 December 2023, depreciation expense amounted to SR 194.9 million (31 December 2022: SR 175.49 million).

#### **8. INVESTMENT PROPERTIES**

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

During the year ended 31 December 2023, the Group acquired investment properties with a total cost of SR 224.24 million (31 December 2022: SR 93.08 million).

During the year ended 31 December 2023, depreciation expense amounted to SR 26.05 million (31 December 2022: SR 26.08 million).

The Group has some buildings owned as investment properties with a net book value of SR 98.6 million (31 December 2022: SR 158.6 million) that are built on lands leased from third parties.

On 5 June 2023, the General Assembly of shareholders approved the sale of vacant land owned by the company, with a net book value of SR 87,092,960, with an area space of 44,421 square meters, at a price of SR 4,200 per meter, with a total amount of SR 186,568,704, to Abdullah Al-Othaim for Investment Company (related to the Chairman of the Board of Directors). The sale of the land resulted in a net capital gain of SR 99,475,744 before zakat, which was recognized in the interim condensed consolidated statement of income. The title of the land has been transferred and the sale amount has been collected during the year.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)****FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

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

**9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE**

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

<u>Company</u>	<u>Country of Incorporation</u>	<u>Ownership percentage %</u>	
		<u>31 December 2023</u>	<u>31 December 2022</u>
AlWousta Food Services Company - Associate <sup>(1)</sup>	Kingdom of Saudi Arabia	25%	25%
Riyadh Food Industries Company - Associate <sup>(2)</sup>	Kingdom of Saudi Arabia	55%	55%
Gulf Flour Milling Industrial Company - Joint venture <sup>(3)</sup>	Kingdom of Saudi Arabia	33.33%	33.33%

(1) The main activities of the company are managing, operating, and monitoring of Al Baik restaurants in Riyadh, Qassim, Hail and Al Jouf. The Company is a limited liability company and the headquarter of the Company is in Jeddah. The investment has been classified as an investment in associate company since there is a significant influence over the company.

(2) The main activities of the company are the purchase of lands to construct buildings for manufacturing plants for the purpose of investment for its own interest, management, maintenance, and development of manufacturing plants for others, marketing food and consumable goods, and whatever necessary to establish or participate in shops and markets, import and export of food and consumable goods. The investment has been classified as an investment in associate company since there is a significant influence over company.

(3) The main activities of the company are packaging and grinding grains, flour manufacturing, feed manufacturing, and storage in grain silos, in accordance with the ministry of investment license number 101034210105632, dated 15 Shawwal 1442H (corresponding to 27 May 2021). The investment has been classified as an investment in joint arrangements (joint venture) since there is a significant influence over the company.

**a) Summary of investment movements during the year**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	162,268,640	348,869,385
Share in profit or loss of associates and joint venture	28,812,880	52,374,563
Share in other comprehensive income (loss) of associates and joint venture	194,603	(986,123)
Disposals *	-	(237,989,185)
Balance at the end of the year	191,276,123	162,268,640

\* On 27 September 2022, the General Assembly of shareholders approved the sale of all the Company's shares in Abdullah Al-Othaim Investment Company to Al-Othaim Holding Company (Founding shareholder) at a price of SR 62 per share, based on the Group's management estimates, with a total amount of SR 846,538,700 which resulted in gains before zakat amounted to SR 608,549,515 (After zakat: SR 593,335,777).



**ABDULLAH AL-OTHAIM MARKETS COMPANY**

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)****FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

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

**9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)****b) Investments in associates and joint venture balances**

	<b>31 December 2023</b>	31 December 2022
Gulf Flour Milling Industrial Company - Joint venture	<b>124,036,743</b>	96,513,311
Riyadh Food Industries Company - Associate	<b>37,601,246</b>	38,507,734
AlWousta Food Services Company - Associate	<b>29,638,134</b>	27,247,595
	<b>191,276,123</b>	162,268,640

**10. CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	31 December 2022
Cash at banks	<b>110,531,409</b>	265,072,962
Cash on hand	<b>32,353,960</b>	48,001,145
Short-term Murabaha deposits <sup>(1)</sup>	<b>40,000,000</b>	-
	<b>182,885,369</b>	313,074,107

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

**11. STATUTORY RESERVE**

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

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

	<b>31 December 2023</b>	31 December 2022
Balance at the beginning of the year	<b>249,589,307</b>	206,961,651
Service cost for the year	<b>42,628,399</b>	49,439,920
Cost of discount factor for the year	<b>11,158,356</b>	6,976,059
Paid during the year	<b>(30,329,650)</b>	(19,915,158)
Actuarial losses from remeasurement of obligation for employees' end-of-service benefits	<b>21,514,936</b>	6,126,835
Balance at the end of the year	<b>294,561,348</b>	249,589,307

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

#### FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023

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

#### 13. LOANS AND SHORT-TERM MURABAHA

The Group utilizes Islamic bank facilities (Murabaha) to finance its trade operations. These facilities bear financing costs at prevailing market rates. These facilities are secured by promissory notes under the name of the Company.

As at 31 December 2023, the available and unused facilities for the purposes of meeting the Group's obligations when due amounted to SR 1.095 million (31 December 2022: SR 1.095 million).

#### 14. RELATED PARTIES

Transactions with related parties represent transactions entered between the Company and its associates, subsidiaries, board of directors, and senior management of the Group, in addition to the entities related to these parties. Management of the Group approved a policy for prices and conditions for transactions with related parties. Transactions with related parties are mainly represented in rental income and expenses, purchases of inventory, and labor services.

##### Related party

Al-Othaim Holding Company

Abdullah Al-Othaim for Investment Company

AlWousta Food Services Company

Riyadh Food Industries Company

Gulf Flour Milling Industrial Company

General Organization of Social Insurance

Almarai Company

Al-Jouf Agricultural Development Company

The Arabic Company for Agricultural Services "ARASCO"

Members of the Board of Directors and Senior Management

Abdullah Al-Othaim for Fashion Company

Abdullah Al-Othaim for Entertainment Company

Emtiyaz Al Riyadh Trading Company

Fourth Milling Company

Rimal Al Sawahil for Contracting and Maintenance

Radial Construction and Development Contracting Company (Previously

Saudi Pillar for Contracting)

Bait Alshateera Fast Food Restaurants Company

##### Nature of relationship

Founding shareholder

Related to the Chairman of the Board of Directors

Associate

Associate

Joint venture

Related to a Board of Directors member

Related to a Board of Directors member

Related to a Board of Directors member

Related to a Board of Directors member

Group's management

Related to the Chairman of the Board of Directors

Related to the Chairman of the Board of Directors

Related to the Chairman of the Board of Directors

Subsidiary of an associate

Founding shareholder of a subsidiary

Related to the Chairman of the Board of Directors

Related to a Board of Directors member

**ABDULLAH AL-OTHAIM MARKETS COMPANY**

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)****FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

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

**14. RELATED PARTIES (CONTINUED)**

Transactions with related parties for the year ended 31 December 2023 are as follows:

<u>Related Party</u>	<u>Rent Expense</u>	<u>Rental Income</u>	<u>Purchase of Inventory</u>	<u>Labor Revenues and Others</u>	<u>Labor Expenses and Others</u>	<u>Sale of Investment Properties</u>
Abdullah Al-Othaim for Investment Company	14,171,513	36,198,173	-	-	4,734,679	186,568,704
AlWousta Food Services Company	-	616,720	-	-	-	-
Riyadh Foods Industries Company	-	-	95,275,698	1,181,975	93,431	-
General Organization of Social Insurance	6,032,486	-	-	-	-	-
Almarai Company	-	-	498,268,322	-	-	-
Al-Jouf Agricultural Development Company	-	-	31,464,298	-	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	28,932,360	-	-	-
Bait Alshateera Fast Food Restaurants Company	-	398,875	-	-	-	-
Abdullah Al-Othaim for Fashion Company	-	153,003	-	-	-	-
Radial Construction and Development Contracting Company	-	-	-	-	5,783,282	-
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	23,473,462	-	-
Abdullah Al-Othaim for Entertainment Company	-	1,524,911	-	151,549	-	-
Fourth Milling Company	-	-	8,593,992	517,546	-	-

Transactions with related parties for the year ended 31 December 2022 are as follows:

<u>Related Party</u>	<u>Rent Expense</u>	<u>Rental Income</u>	<u>Purchase of Inventory</u>	<u>Labor Revenues and Others</u>	<u>Labor Expenses and Others</u>	<u>Sale of Investment Properties and investment in associate</u>
Al-Othaim Holding Company	10,000	-	-	1,001,224	-	846,538,700
Abdullah Al-Othaim for Investment Company	13,630,410	36,384,550	-	-	4,582,284	211,327,580
AlWousta Food Services Company	-	566,625	-	-	-	-
Riyadh Foods Industries Company	-	-	104,229,720	140,096	-	-
General Organization of Social Insurance	5,735,346	-	-	-	-	-
Almarai Company	-	-	470,223,631	-	-	-
Al-Jouf Agricultural Development Company	-	-	26,038,513	-	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	27,951,420	-	-	-
Bait Alshateera Fast Food Restaurants Company	-	388,375	-	-	-	-
Abdullah Al-Othaim for Fashion Company	-	175,525	-	-	-	-
Radial Construction and Development Contracting Company	-	-	-	-	17,587,323	-
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	18,719,433	-	-
Abdullah Al-Othaim for Entertainment Company	-	1,524,911	-	-	-	-
Emtiyaz Al Riyadh Trading Company	-	-	-	11,500	-	-
Fourth Milling Company	-	-	7,949,003	1,046,350	-	-

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)****FOR THE THREE-MONTHS AND YEAR ENDED 31 DECEMBER 2023**

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

**14. RELATED PARTIES (CONTINUED)**

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

	<b>Charged to comprehensive income</b>	
	<b>31 December 2023</b>	31 December 2022
Short term benefits	<b>25,518,303</b>	27,159,226
Post-employment benefits	<b>1,364,913</b>	620,744
	<b>26,883,216</b>	27,779,970

Below are the balances due from/to related parties:

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

	<b>31 December 2023</b>	31 December 2022
Rimal Al Sawahil for Contracting and Maintenance	<b>12,669,700</b>	2,897,039
Bait Alshateera Fast Food Restaurants Company	<b>2,776</b>	-
Al-Othaim Holding Company	-	161,872
Abdullah Al-Othaim for Entertainment Company	-	133,319
Emtiyaz Al Riyadh Trading Company	-	70,104
	<b>12,672,476</b>	3,262,334

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

	<b>31 December 2023</b>	31 December 2022
Almarai Company	<b>127,147,413</b>	117,068,013
Riyadh Foods Industries Company	<b>28,987,799</b>	33,544,544
The Arabic Company for Agricultural Services (ARASCO)	<b>3,994,542</b>	5,075,970
Al-Jouf Agricultural Development Company	<b>2,706,170</b>	9,981,178
Fourth Milling Company	<b>1,357,085</b>	894,885
Abdullah Al-Othaim for Investment Company	<b>1,155,300</b>	1,070,337
Radial Construction and Development Contracting Company	<b>1,071,403</b>	1,763,279
Bait Alshateera Fast Food Restaurants Company	-	765
	<b>166,419,712</b>	169,398,971

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**15. ZAKAT AND FOREIGN TAX**

**15-1 Zakat Provision**

Zakat is calculated on the basis of adjusted net income or zakat base whichever is higher according to the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in Saudi Arabia. Zakat is calculated in the current period on the basis of the adjusted net income method.

The movement in zakat provision is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of year	33,214,023	13,839,202
Charged for the year	16,803,274	30,882,117
Paid during the year	(13,223,442)	(11,507,296)
Prior years' adjustments	(800,039)	-
Balance at the end of year	<u>35,993,816</u>	<u>33,214,023</u>

- The Group submitted its consolidated zakat declarations for all years up to 2022 and paid zakat liabilities accordingly.
- The Group received its final zakat assessment for all previous years up to 2011 and for the years from 2014 to 2018.
- ZATCA was communicated to conclude on the Group's zakat status and issue the final zakat assessment for the years 2012 and 2013, and the final assessment has not been issued to date.
- On 24 October 2023, the Group received the zakat assessment from ZATCA for the years 2019 and 2020.
- Zakat declarations for the years 2021 and 2022 are subject to the examination by ZATCA, and the final assessment has not been issued to date.

**15-2 Income tax for Abdullah Al-Othaim Company - Egypt**

The company is subject to the Egyptian Corporate Income Tax Law No. 91 of 2005 and its amendments. The company has submitted its tax returns to the Tax Authority for all years up to 2022 within the legal deadlines, and all tax returns have been examined up to 2019.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of year	-	-
Charged for the year	1,098,109	-
Paid during the year	-	-
Foreign tax translation differences	(8,081)	-
Balance at the end of year	<u>1,090,028</u>	<u>-</u>

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

Earnings per share for the ordinary shareholders for the year ended 31 December 2023 and 31 December 2022 (Restated – Note 22), are calculated based on the weighted average number of shares outstanding during the period. The Group does not have any dilutive instruments, accordingly, the diluted earnings per share is equal to the basic earnings per share.

The number of shares for the period ended 31 December 2023 has been adjusted to reflect the share division described in Note 1. Since this represents an increase in the number of the basic shares, without a corresponding change in resources, the weighted average number of basic shares outstanding during all reported periods is adjusted retrospectively.

**17. SEGMENTAL INFORMATION**

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

**a. Selected information for each business segment is summarized below:****Interim condensed consolidated statement of financial position as at 31 December 2023**

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Property, plant, and equipment	1,708,985,815	-	7,058,102	1,716,043,917
Right-of-use assets	1,701,432,265	196,401,395	6,029,086	1,903,862,746
Other non-current assets	-	-	22,727,175	22,727,175
Investment properties	-	677,049,309	-	677,049,309
Intangible assets	2,499,965	-	-	2,499,965
Assets held for sale	-	-	1,011,367	1,011,367
Total assets	4,745,929,863	879,284,807	411,131,299	6,036,345,969
Total liabilities	4,299,492,367	257,656,507	82,317,265	4,639,466,139

**Consolidated statement of financial position as at 31 December 2022**

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Property, plant, and equipment	1,504,200,469	-	5,664,254	1,509,864,723
Right-of-use assets	1,591,446,768	24,278,351	1,402,864	1,617,127,983
Other non-current assets	-	-	28,638,026	28,638,026
Investment properties	-	479,763,738	-	479,763,738
Intangible assets	835,438	-	647,534	1,482,972
Assets held for sale	-	-	87,676,466	87,676,466
Total assets	4,743,289,385	512,430,770	457,579,877	5,713,300,032
Total liabilities	4,092,922,344	85,713,255	90,515,343	4,269,150,942



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**17. SEGMENTAL INFORMATION (CONTINUED)**
**Interim condensed consolidated statement of income for the year ended 31 December 2023**

<b>Item</b>	<b>Retail and Wholesale</b>	<b>Real Estate and Leasing</b>	<b>Others</b>	<b>Total</b>
Sales	9,954,183,399	-	325,590,518	10,279,773,917
Sales outside the Group	9,954,183,399	-	249,592,611	10,203,776,010
Rental income outside the Group	-	145,171,469	-	145,171,469
Inter-segment sales and income	-	60,000	75,997,907	76,057,907
Total income, sales commissions, and net rental income	2,214,891,460	86,935,759	59,158,271	2,360,985,490
Operating profit	353,211,591	86,935,759	20,794,181	460,941,531

**Consolidated statement of income for the year ended 31 December 2022**

<b>Item</b>	<b>Retail and Wholesale</b>	<b>Real Estate and Leasing</b>	<b>Others</b>	<b>Total</b>
Sales	9,309,096,651	-	294,652,024	9,603,748,675
Sales outside the Group	9,309,096,651	-	240,448,903	9,549,545,554
Rental income outside the Group	-	135,585,492	-	135,585,492
Inter-segment sales and income	-	92,252	54,203,121	54,295,373
Total income, sales commissions, and net rental income	2,041,165,150	78,527,056	47,035,016	2,166,727,222
Operating profit	330,669,001	78,527,056	1,932,537	411,128,594

**b. Distribution of retail and wholesale sales and rental income on geographical regions as follows:**
**For the year ended 31 December 2023**

<b>Geographical area</b>	<b>Retail and Wholesale</b>	<b>Percentage %</b>	<b>Real Estate and Leasing</b>	<b>Percentage %</b>	<b>Others</b>	<b>Percentage %</b>
Central region - Saudi Arabia	5,809,557,622	58.4%	72,609,766	50%	189,504,034	75.9%
Eastern region - Saudi Arabia	972,084,066	9.8%	56,914,643	39.2%	45,952,534	18.4%
Southern region - Saudi Arabia	1,394,702,391	14%	4,597,191	3.2%	2,252,874	0.9%
Northern region - Saudi Arabia	799,369,225	8%	5,659,926	3.9%	523,812	0.2%
Western region - Saudi Arabia	758,359,885	7.6%	5,076,199	3.5%	11,359,357	4.6%
Arab Republic of Egypt	220,110,210	2.2%	313,744	0.2%	-	-
<b>Total</b>	<b>9,954,183,399</b>	<b>100%</b>	<b>145,171,469</b>	<b>%100</b>	<b>249,592,611</b>	<b>100%</b>

**For the year ended 31 December 2022**

<b>Geographical area</b>	<b>Retail and Wholesale</b>	<b>Percentage %</b>	<b>Real Estate and Leasing</b>	<b>Percentage %</b>	<b>Others</b>	<b>Percentage %</b>
Central region - Saudi Arabia	5,739,881,031	61.7%	67,612,215	49.8%	191,677,253	79.8%
Eastern region - Saudi Arabia	925,242,480	9.9%	55,023,864	40.6%	27,762,543	11.5%
Southern region - Saudi Arabia	1,184,800,909	12.7%	3,933,170	2.9%	4,421,141	1.8%
Northern region - Saudi Arabia	672,490,582	7.2%	4,687,044	3.5%	195,578	0.1%
Western region - Saudi Arabia	556,749,080	6%	3,868,497	2.9%	16,392,388	6.8%
Arab Republic of Egypt	229,932,569	2.5%	460,702	0.3%	-	-
<b>Total</b>	<b>9,309,096,651</b>	<b>100%</b>	<b>135,585,492</b>	<b>100%</b>	<b>240,448,903</b>	<b>100%</b>

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**18. RENTAL INCOME, NET**

	For the three-months period ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022
Stores rental income	28,767,947	28,857,429	116,193,928	115,859,088
Marketing rental income	8,286,546	4,430,694	28,977,541	19,726,404
<b>Total rental income</b>	<b>37,054,493</b>	<b>33,288,123</b>	<b>145,171,469</b>	<b>135,585,492</b>
Rental expenses	(14,476,519)	(12,909,834)	(58,235,711)	(57,058,436)
<b>Net rental income</b>	<b>22,577,974</b>	<b>20,378,289</b>	<b>86,935,758</b>	<b>78,527,056</b>

**19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Group has the following contingent liabilities and capital commitments:

	31 December 2023	31 December 2022
Letters of guarantee <sup>(1)</sup>	95,402,468	86,082,268
Letters of credit	57,468,874	33,029,042
Commitments on capital work in progress	43,851,564	54,720,766
Long-term capital contracts	25,198,296	-

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

**20. FINANCE CHARGES**

	For the three-months periods ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022
Finance costs on lease contracts liabilities	28,606,380	22,137,922	100,343,347	75,025,098
Cost of discount factor on obligation for employees' end of service benefits	3,345,625	2,492,372	11,158,356	6,976,059
Financing costs, net	-	404,715	1,387,571	1,488,247
	<b>31,952,005</b>	<b>25,035,009</b>	<b>112,889,274</b>	<b>83,489,404</b>

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**21. FOREIGN CURRENCY TRANSLATION DIFFERENCES**

S&P Global Ratings has downgraded Egypt's sovereign rating (credit rating) in local and foreign currencies from B to B-, with a stable outlook. Also, Moody's has downgraded Egypt's sovereign rating (credit rating) from B3 to Caa1, with a negative outlook. The Group reviewed the potential effects resulting from downgrading Egypt's sovereign rating and its impact on the Group's interim condensed consolidated financial statements. The Group's management believes that there is no potential material impact on the Group's interim condensed consolidated financial statements.

The impact of the current uncertain economic environment on Egypt is judgmental, and management will continue to regularly assess the current situation and its associated impact. It should also be taken into consideration that the assumptions used about economic forecasts in Egypt are subject to a high degree of inherent uncertainty, therefore, the actual result may differ significantly from the forecast information. The Group considered the potential effects of the current economic fluctuations in Egypt in determining the amounts reported for the Group's financial and non-financial assets; representing the management's best estimate based on available information. However, markets remain volatile and recorded amounts remain sensitive to Egypt's market fluctuations.

Gains arising from the foreign currency translation differences included in the interim condensed consolidated statement of comprehensive income amounted to SR 70,647 for the year ended 31 December 2023 (for year ended 31 December 2022: SR 1,042,008), which is mainly due to exchange difference resulted from the Company's net investment in its subsidiary in Egypt, whose functional currency is the Egyptian Pound, which has been affected by the devaluation since March 2022 by the Egyptian Authorities. In October 2022, the Egyptian Authorities decided to adopt a flexible exchange policy in which the Egyptian Pound is subject to a pricing policy based on supply and demand forces against other foreign currencies.

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

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

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

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

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

**Interim condensed consolidated statement of comprehensive income**

	For the three-months period ended 31 December 2022
	<u>Increase/(Decrease)</u>
Cost of sales	26,850,000
<b>Gross profit</b>	<b>(26,850,000)</b>
<b>Operating profit</b>	<b>(26,850,000)</b>
<b>Income before zakat</b>	<b>(26,850,000)</b>
Zakat	(675,000)
<b>Net income for the period</b>	<b>(26,175,000)</b>
<b><u>Attributable to:</u></b>	
<b>Shareholders of the Company</b>	
Continuing operations	(26,175,000)
<b><u>Earnings per share</u></b>	
Basic and diluted earnings per share from the net income for the period attributable to the shareholders of the Company	(0.029)
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the Company	(0.029)
<b>Total comprehensive income for the period/ year</b>	<b>(26,175,000)</b>
<b><u>Attributable to:</u></b>	
<b>Shareholders of the Company</b>	
	(26,175,000)

The above adjustments include the total value of progressive incentive from suppliers, the effect of which was allocated over the three quarterly reporting periods of 2022 and was reversed from the amounts recognized in the three-months period ended 31 December 2022.

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**23. COMPARATIVE FIGURE**

In addition to the adjustments to the comparative figures as a result of the change in the accounting treatment shown in Note 22 above, certain comparative figures for the previous period have been reclassified to be in line with the presentation of the current period. The reclassifications shown below have no impact on the net profit, retained earnings, or previously disclosed financial positions:

**Interim condensed consolidated statement of income for the three-months period ended 31 December 2022**

	<b>Balances as previously presented</b>	<b>Adjustments related to the change in accounting treatment (Note 22)</b>	<b>Reclassification</b>	<b>Balances after adjustments and reclassifications</b>
Net sales	2,492,101,882	-	-	2,492,101,882
Cost of sales	(1,836,704,466)	(26,850,000)	-	(1,863,554,466)
Rental income, net	20,066,986	-	311,303	20,378,289
Selling and marketing expenses	(427,310,612)	-	(3,935,836)	(431,246,448)
General and administrative expenses	(36,073,692)	-	(859,154)	(36,932,846)
Share in profit of associates and joint venture, net	13,914,250	-	-	13,914,250
Income from deposits and others	824,240	-	-	824,240
Finance charges, net	(29,518,696)	-	4,483,687	(25,035,009)
Other income, net	6,325,086	-	-	6,325,086
Zakat	(4,674,559)	675,000	-	(3,999,559)
Loss from discontinued operations	(124,900)	-	-	(124,900)
<b>Total</b>		<b>(26,175,000)</b>	<b>-</b>	

**Interim condensed consolidated statement of income for the year ended 31 December 2022**

	<b>Balances as previously presented</b>	<b>Reclassification</b>	<b>Balances after adjustments and reclassifications</b>
Net sales	9,549,545,554	-	9,549,545,554
Cost of sales	(7,463,923,350)	-	(7,463,923,350)
Rental income, net	77,829,367	697,689	78,527,056
Selling and marketing expenses	(1,606,423,432)	615,232	(1,605,808,200)
General and administrative expenses	(148,477,507)	(1,312,921)	(149,790,428)
Share in profit of associates and joint venture, net	52,374,563	-	52,374,563
Income from deposits and others	2,274,454	-	2,274,454
Finance charges, net	(83,489,404)	-	(83,489,404)
Other income, net	12,155,115	-	12,155,115
Zakat	(30,882,117)	-	(30,882,117)
Loss from discontinued operations	(223,790)	-	(223,790)
<b>Total</b>		<b>-</b>	

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#### **24. DIVIDENDS**

- On 9 August 2023, the Board of Directors decided to distribute interim cash dividends to shareholders for the first half of 2023 with a total amount of SR 270 million, at SR 0.3 per share. The dividends were paid during the third quarter of 2023.
- On 20 June 2023, the General Assembly of the shareholders of Mueen for Human Resources Company (Subsidiary) decided to distribute dividends to the Company's shareholders for the fiscal year ended 31 December 2022, with a total amount of SR 8,008,000 of which SR 2,562,560 represent distributions to non-controlling interests.
- On 11 February 2023, the Board of Directors decided by circulation to distribute cash dividends to the shareholders for the fourth quarter of 2022 with a total amount of SR 247.5 million, at SR 2.75 per share. The dividends were paid during the first quarter of 2023.
- On 15 November 2022, the Board of Directors decided by circulation to distribute interim cash dividends to shareholders for the third quarter of 2022 with a total amount of SR 675 million, at SR 7.5 per share. The dividends were paid during the fourth quarter of 2022.
- On 17 August 2022, the Board of Directors decided by circulation to distribute interim cash dividends to shareholders for the first half of 2022 with a total amount of SR 180 million, at SR 2 per share. The dividends were paid during the third quarter of 2022.
- On 19 June 2022, the General Assembly of the shareholders of Mueen for Human Resources Company (Subsidiary) decided to distribute dividends to the Company's shareholders for the fiscal year ended 31 December 2021, with a total amount of SR 9,900,000 of which SR 3,168,000 represent distributions to non-controlling interests.
- On 15 February 2022, the Board of Directors decided by circulation to distribute cash dividends to shareholders for the second half of 2021 with a total amount of SR 180 million, at SR 2 per share. The dividends were paid during the first quarter of 2022.

#### **25. SUBSEQUENT EVENTS**

On 6 February 2024, the Board of directors decided to distribute interim cash dividends to the shareholders for the second half of 2023, amounting to SR 270 million, at SR 0.30 per share, and will be paid during the first quarter of 2024.

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

#### **26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements were approved by the Board of Director on 25 Rajab 1445H (corresponding to 6 February 2024).