

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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- MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	<u>PAGE</u>
- Independent auditor's review report	2
- Interim condensed consolidated statement of financial position	3
- Interim condensed consolidated statement of income	4
- Interim condensed consolidated statement of comprehensive income	5
- Interim condensed consolidated statement of changes in equity	6
- Interim condensed consolidated statement of cash flows	7-8
- Notes to the interim condensed consolidated financial statements	9-25



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

Independent auditor's review report on the interim condensed consolidated financial statements
To the Shareholders of Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abdullah Al-Othaim Markets Company ("the Company") and its subsidiaries (collectively with the Company referred to as "the Group") as at 31 March 2023 and the related interim condensed consolidated statements of income, other comprehensive income, cash flows and changes in equity for the three-month period then ended, and a summary of significant accounting policies and other 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") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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" endorsed in the Kingdom of Saudi Arabia. A review of 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 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.

Other matter

The interim condensed consolidated financial statements of the Group as at and for the three-month period ended 31 March 2022 were reviewed by another auditor who expressed unmodified review conclusion on those interim condensed consolidated financial statements on 16 Shawwal 1443H (corresponding 17 May 2022).

For Ernst & Young Professional Services

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

Riyadh: 5 Thul-Qi'dah 1444H
(25 May 2023)



ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of 31 March 2023 (Unaudited)	As of 31 December 2022 (Audited)
(Saudi Riyals)			
ASSETS			
Non-current assets			
Property, plant, and equipment	6	1,523,379,568	1,509,864,723
Right-of-use assets	7	1,778,861,325	1,617,127,983
Investment properties	8	473,196,776	479,763,738
Intangible assets		1,781,200	1,482,972
Other non-current assets		30,284,791	28,638,026
Investments in associates and joint venture	9	180,903,981	162,268,640
Investments in equity instruments at fair value through other comprehensive income		3,002,069	3,002,069
Total non-current assets		3,991,409,710	3,802,148,151
Current assets			
Inventories		1,270,015,215	941,562,039
Prepayments and other receivables		217,736,410	159,050,892
Trade receivables		38,212,825	34,788,377
Short-term Murabaha deposits		355,000,000	375,000,000
Cash and cash equivalents	10	487,438,356	313,074,107
Total current assets		2,368,402,806	1,823,475,415
Assets held for sale	20	87,636,855	87,676,466
TOTAL ASSETS		6,447,449,371	5,713,300,032
EQUITY AND LIABILITIES			
Equity			
Paid-in share capital		900,000,000	900,000,000
Statutory reserve	11	247,787,676	247,787,676
Retained earnings		131,584,374	267,309,239
Fair value reserve		(2,455,069)	(2,455,069)
Exchange differences on translation of foreign subsidiary		(5,362,743)	(5,441,017)
Equity attributable to shareholders		1,271,554,238	1,407,200,829
Non-controlling interests		38,583,108	36,948,261
TOTAL EQUITY		1,310,137,346	1,444,149,090
Non-current liabilities			
Lease contracts liabilities		1,730,140,014	1,574,265,858
Obligation for employees' end-of-service benefits	12	265,534,066	249,589,307
Total non-current liabilities		1,995,674,080	1,823,855,165
Current liabilities			
Accounts payable		2,501,352,722	1,812,744,124
Current portion of lease contracts liabilities		151,329,666	152,183,651
Accruals and other payables		452,136,869	447,153,979
Zakat provision	15	36,818,688	33,214,023
Total current liabilities		3,141,637,945	2,445,295,777
TOTAL LIABILITIES		5,137,312,025	4,269,150,942
TOTAL EQUITY AND LIABILITIES		6,447,449,371	5,713,300,032

Chief Financial Officer
Marwan Ahmed Ibrahim

Chief Executive Officer
Muaffaq A. Mobarah

Chairman of Board of Directors
Abdullah Saleh Al Othaim

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

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	Note	For the three-month period ended 31 March	
		2023	2022
		(Restated - Note 22)	
(Saudi Riyals)			
Net sales		2,781,397,784	2,462,381,365
Cost of sales		(2,207,254,875)	(1,955,279,878)
Gross profit		574,142,909	507,101,487
Rental income, net	18	20,068,268	17,579,411
Sold voucher commissions		612,452	710,049
Selling and marketing expenses		(434,963,665)	(385,560,704)
General and administrative expenses		(37,158,354)	(37,593,386)
Operating profit		122,701,610	102,236,857
Share in result of associates and joint venture, net	9	18,635,341	20,448,807
Income from deposits and others		6,769,031	385,661
Finance charges, net	21	(26,283,189)	(18,526,731)
Other income, net		3,430,011	708,022
Income before zakat		125,252,804	105,252,616
Zakat	15	(3,604,665)	(3,408,384)
Income from continuing operations for the period		121,648,139	101,844,232
Discontinued Operations:			
Loss from discontinued operations		-	(64,444)
Net income for the period		121,648,139	101,779,788
Profit attributable to:			
Shareholders of the Company			
Continuing operations		120,013,292	101,822,836
Discontinued operations		-	(43,822)
		120,013,292	101,779,014
Non-controlling interest			
Continuing operations		1,634,847	21,396
Discontinued operations		-	(20,622)
		1,634,847	774
Earnings per share			
Basic and diluted earnings per share from the net income for the period attributable to the shareholders of the Company	16	1.33	1.13
Basic and diluted earnings per share from income from continuing operations for the period attributable to the shareholders of the company	16	1.33	1.13


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 (UNAUDITED)

	Note	For the three-month period ended 31 March	
		2023	2022
		(Restated - Note 22)	
		(Saudi Riyals)	
Net income for the period		121,648,139	101,779,788
Other comprehensive loss			
Items will not be reclassified to statement of income:			
Actuarial losses for employees' end of service benefits	12	(8,238,157)	(94,264)
Items will be reclassified to statement of income:			
Share in other comprehensive loss of associates and joint venture	9	-	(897,061)
Exchange differences on translation of foreign subsidiary		78,274	501,717
Total other comprehensive loss for the period		(8,159,883)	(489,608)
Total comprehensive income for the period		113,488,256	101,290,180
Comprehensive income attributable to			
Shareholders of the Company		111,853,409	101,289,406
Non-controlling interests		1,634,847	774
		113,488,256	101,290,180


 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 (UNAUDITED)

	For the three-month period ended 31 March	
	2023	2022
	(Restated - Note 22)	
	(Saudi Riyals)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before Zakat	125,252,804	105,252,616
Loss from discounting operations before Zakat	-	(64,444)
Income before Zakat	125,252,804	105,188,172
Adjustments for:		
Depreciation of property, plant, and equipment and right-of-use assets	90,657,486	79,499,943
Depreciation of investment properties	6,521,765	6,721,378
Amortization of intangible assets	147,772	134,269
Loss from sale of property, plant, and equipment	78,362	689,559
Net gain from termination of lease contracts	(305,242)	(1,767,267)
Finance charges, net	26,283,189	18,526,731
Income from deposits and others	(6,769,031)	(385,661)
Share in result of investment and joint venture	(18,635,341)	(20,448,807)
(Increase) decrease in provision for shrinkage, obsolete and slow-moving inventory	1,414,133	(2,840,140)
Increase (decrease) in provision for expected credit losses	(1,206,946)	1,461,916
Net movement in legal and other provisions	(1,336,232)	55,871
Obligation for employees' end-of-service benefits	10,450,183	9,825,670
Changes in:		
Inventories	(329,867,309)	(257,610,908)
Trade receivables	(2,217,502)	3,836,542
Prepayments and other receivables	(54,389,220)	(19,925,377)
Accounts payable	688,608,598	602,476,933
Accruals and other payables	6,339,567	25,337,299
	541,027,036	550,776,123
Employees' end of service benefits paid	(5,401,189)	(2,223,100)
Net cash flows generated from operating activities	535,625,847	548,553,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant, and equipment	444,769	685,345
Income from deposits and others received	845,134	176,670
Additions to property, plant and equipment	(58,311,807)	(51,866,104)
Additions to investment properties	-	(91,853,957)
Additions to intangible assets	(446,000)	(58,635)
Short-term Murabaha deposits	(25,000,000)	35,000,000
Redemptions of short-term Murabaha deposits	45,000,000	(30,000,000)
Net cash flows used in investing activities	(37,467,904)	(137,916,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and Murabaha	155,000,000	106,000,000
Payments of loans and Murabaha	(155,000,000)	(106,000,000)
Lease contracts liabilities, net	(76,214,665)	(57,340,837)
Finance charges paid	(507,512)	(149,073)
Dividends paid - shareholders of the Company	(247,500,000)	(180,000,000)
Net cash flows used in financing activities	(324,222,177)	(237,489,910)
Net change in cash and cash equivalents	173,935,766	173,146,432
Cash and cash equivalents at the beginning of the period	313,074,107	182,743,351
Net exchange differences on translation of foreign currencies	428,483	496,816
Cash and cash equivalents at the end of the period	487,438,356	356,386,599

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 (UNAUDITED) (CONTINUED)

	For the three-month period ended 31 March	
	2023	2022
	(Restated - Note 22)	
	(Saudi Riyals)	
Significant non-cash transactions		
Additions to right-of-use assets against lease contracts liabilities	231,427,943	81,364,339
Transfer from capital work in progress to property, plant, and equipment	19,305,164	18,493,668
Transfer from property, plant, and equipment to investment properties	45,197	271,310



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-month period ended 31 March 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 headquarters is located in Riyadh, Al Rabwa, Eastern Ring Road PO Box 41700, Saudi Arabia.

The Company's share capital is SR 900 million divided into 90 million shares with par value of SR 10 per share.

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

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:

Subsidiary	Country of Incorporation	Main Activity	Direct and Indirect ownership percentage %	
			31 March 2023	31 December 2022
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%

The following is a summary of the controlled subsidiaries whose financial statements have been consolidated in 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) (CONTINUED)

For the three-month period ended 31 March 2023

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

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

Haley Holding Company

A limited liability company that operates under commercial registration number 1010314228 issued in Riyadh city 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 city 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.

Procedures have been initiated to transfer all assets and liabilities related to the Seven Services Company (a subsidiary) to become one of the branches of Abdullah Al-Othaim Markets Company, and to establish a new main commercial registration for the company.

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, general contracting, construction, maintenance, demolition and restoration and electrical and electronic work.

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 and retail trading and general trade.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

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

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 and the establishment of a new commercial registration for Thamarat Al-Qassim Company, with registration number 1010841207, issued in Riyadh on 21 Rabi' al-Thani 1444H (corresponding to 15 November 2022). The administration has the intention to liquidate and voluntarily dissolve Thamarat Al-Qassim Company, but work on the legal procedures related to the liquidation of the company has not started as of the date of the interim condensed consolidated financial statements.

Shurofat Al Jazeerah Company

A limited liability company that operates under commercial registration number 1010228732 issued in Riyadh on 2 Safar 1428H (corresponding to 20 February 2007). The main activities of the company are general contracting and operating commercial complexes.

Mueen for Human Resources Company

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

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 for the full annual consolidated financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are endorsed by SOCPA and therefore, should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022. In addition, the results for the three-month period ending on 31 March 2023 are not necessarily indicative of the results that can be expected for the fiscal year ending on 31 December 2023.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

2. BASIS OF PREPARATION (continued)

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

3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS

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

- Power over the investee (ie, 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.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

3. BASIS FOR CONSOLIDATING THE FINANCIAL STATEMENTS (continued)

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, income, and expenses of a subsidiary acquired during the period are included in the interim condensed 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 ("OCI") 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, income, expenses, and cash flows related to transactions between members of the Group are eliminated in full on consolidation.

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 income statement or transfer directly to retained earnings, if, as required by other international standards.

4. SIGNIFICANT ACCOUNTS POLICIES

The accounting policies used in preparing the interim condensed consolidated financial statements are consistent with those policies in the Group's annual consolidated financial statements for the year ending on 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 important judgments that it had previously implemented and disclosed in Note 3-A "Progressive incentives from suppliers" on the consolidated financial statements for the year ending on 31 December 2022, which are related to proving the incentive for additional growth at the end of the year.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

4. SIGNIFICANT ACCOUNTS POLICIES (continued)

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

The Group relied on the requirements of International 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 reviewing the estimates of provisions related to the additional growth incentive. Accordingly, the Group changed the accounting treatment for these incentives so that they are recognized in an interim manner instead of at the end of the year.

The effect of the change in the above accounting treatment on the three-month period ending on 31 March 2022 (the comparative interim period) is shown in Note 22 to the interim condensed consolidated financial statements.

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 of 1 January 2023, which were explained in the annual consolidated financial statements of the group, 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 three-month period ending 31 March 2023, the Group acquired property, plant and equipment with a total cost of SR 58.31 million (March 31, 2022: SR 51.87 million). During the period, the Group disposed of property, plant and equipment with a net book value of SR 523 thousand (31 March 2022: SR 1.37 million), which resulted in a loss on disposal of property, plant and equipment of SR 78 thousand (31 March 2022: SR 689 thousand).

During the three-month period ending 31 March 2023, depreciation expense amounted to SR 42.67 million (31 March 2022: SR 38.78 million).

During the three-month period ending March 31, 2023, the building permit was suspended on two lands for the group, which cost SR 27.5 million.

7. RIGHT-OF-USE ASSETS

During the three-month period ending 31 March 2023, the net additions on right-of-use assets amounted to SR 231.43 million (31 March 2022: SR 81.36 million).

During the three-month period ending 31 March 2023, depreciation expense of right-of-use assets amounted to SR 47.99 million (31 March 2022: SR 40.72 million)

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

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 three-month period ending on 31 March 2023, the Group did not add investment properties (31 March 2022: SR 91.85 million).

During the three-month period ending 31 March 2023, depreciation expense amounted to SR 6.52 million (31 March 2022: SR 6.72 million).

The Group has some buildings owned as investment properties on land leased from third parties with a net book value of SR 116.31 million (31 December 2022: SR 122.3 million).

The fair value of investment properties, as of 31 December 2022, amounted to SR 689 million, evaluated by qualified and independent experts. The following are the data of the real estate appraiser:

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

The fair value was measured based on the valuation techniques applied (market-based - comparison method and income-based - residual value method).

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Details of the companies included in the interim condensed consolidated financial statements which are accounted for using the equity method is as follows:

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

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

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

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

a) Summary of investment movements during the period / year

	31 March 2023	31 December 2022
Balance at the beginning of the period / year	162,268,640	348,869,385
Share in profit or loss of associates and joint venture	18,635,341	52,374,563
Share in other comprehensive loss of associates and joint venture	-	(986,123)
Disposals	-	(237,989,185)
Balance at the end of the period / year	180,903,981	162,268,640

b) Investments in associates and joint venture balances are as follows

	31 March 2023	31 December 2022
Gulf Flour Milling Industrial Company - Joint venture	107,153,695	96,513,311
Riyadh Food Industries Company - Associate	45,590,240	38,507,734
AlWousta Food Services Company - Associate	28,160,046	27,247,595
	180,903,981	162,268,640

10. CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Short-term Murabaha deposits ⁽¹⁾	260,000,000	-
Cash at banks	194,537,614	265,072,962
Cash on hand	32,900,742	48,001,145
	487,438,356	313,074,107

- (1) Short-term deposits included in cash and cash equivalents are deposits with original maturities of less than three months. These deposits are with a local bank at variable rates ranging from 5% - 6.15%.

11. STATUTORY RESERVE

In accordance with the Company By-laws and the Companies Law in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the net income to a statutory reserve until such reserve reaches 30% of the Company's share capital. This reserve is not available for distribution to the shareholders as dividends (Note 24).

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the period / year	249,589,307	206,961,651
Service cost for the period / year	10,450,183	49,439,920
Cost of discount factor for the period / year	2,657,608	6,976,059
Payments during the period / year	(5,401,189)	(19,915,158)
Actuarial losses from remeasurement of end-of-service benefits	8,238,157	6,126,835
Balance at the end of the period / year	<u>265,534,066</u>	<u>249,589,307</u>

13. LOANS AND SHORT-TERM MURABAHA

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

The available and unused facilities for the purposes of meeting the Group's obligations, when due, as on 31 March 2023, amounted to 1,095 million Saudi Riyals (31 December 2022: 1,095 million Saudi Riyals).

14. RELATED PARTIES

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

<u>Related party</u>	<u>Nature of relationship</u>
Al-Othaim Holding Company	Founding shareholder
Abdullah Al-Othaim for Investment Company*	Related to the Chairman of the Board of Directors
AlWousta Food Services Company	Associate
Riyadh Food Industries Company	Associate
Gulf Flour Milling Industrial Company	Joint venture
General Organization of Social Insurance	Related to a Board of Directors member
Almarai Company	Related to a Board of Directors member
Al-Jouf Agricultural Development Company	Related to a Board of Directors member
The Arabic Company for Agricultural Services "ARASCO"	Related to a Board of Directors member
Members of the Board of Directors and Senior Management	Group's management
Abdullah Al-Othaim for Fashion Company	Subsidiary of an associate
Abdullah Al-Othaim for Entertainment Company	Subsidiary of an associate
Emtiyaz Al Riyadh Trading Company	Subsidiary of an associate
Fourth Milling Company	Subsidiary of an associate
Rimal Al Sawahil for Contracting and Maintenance	Related to a Board of Director member of a subsidiary
Saudi Pillar Contracting Company	Related to the Chairman of the Board of Directors

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**For the three-month period ended 31 March 2023**

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

14. RELATED PARTIES (continued)

*On September 27, 2022, the general assembly of shareholders approved the sale of investment in Abdullah Al-Othaim Investment Company

Transactions with related parties for the three-month period ended 31 March 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>
Al-Othaim Holding Company	-	-	-	-	-
Abdullah Al-Othaim for Investment Company	3,541,222	9,096,138	-	-	1,049,508
AlWousta Food Services Company	-	147,656	-	-	-
Riyadh Foods Industries Company	-	-	44,072,607	-	-
General Organization of Social Insurance	1,414,195	-	-	-	-
Almarai Company	-	-	150,533,120	-	-
Al-Jouf Agricultural Development Company	-	-	15,416,119	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	9,946,334	-	-
Abdullah Al-Othaim for Fashion Company	-	43,881	-	-	-
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	3,220,536	-
Abdullah Al-Othaim for Entertainment Company	-	377,697	-	1,073	-
Emtiyaz Al Riyadh Trading Company	-	-	-	-	-
Fourth Milling Company	-	-	5,112,968	258,750	-

Transactions with related parties for the three-month period ended 31 March 2022 are as follows:

<u>Related Party</u>	<u>Rent Expense</u>	<u>Rental Income</u>	<u>Purchase of Inventory</u>	<u>Labor Revenues and Others</u>	<u>Labor Expenses and Others</u>
Al-Othaim Holding Company	2,500	-	-	531,109	-
Abdullah Al-Othaim for Investment Company	3,407,603	9,096,138	-	-	1,057,378
AlWousta Food Services Company	-	150,000	-	-	-
Riyadh Foods Industries Company	-	-	47,807,118	103,980	-
General Organization of Social Insurance	1,414,195	-	-	-	-
Almarai Company	-	-	140,999,525	-	-
Al-Jouf Agricultural Development Company	-	-	5,757,688	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	6,096,296	-	-
Abdullah Al-Othaim for Fashion Company	-	43,881	-	-	-
Saudi Pillar Contracting Company	-	-	-	-	2,858,568
Rimal Al Sawahil for Contracting and Maintenance	-	-	-	4,780,389	-
Abdullah Al-Othaim for Entertainment Company	-	377,697	-	82,239	-
Emtiyaz Al Riyadh Trading Company	-	-	-	61,787	-
Fourth Milling Company	-	-	2,570,919	258,750	-

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

14. RELATED PARTIES (continued)

Board members and senior management benefits during the period:

	Charged to comprehensive income	
	31 March 2023	31 March 2022
Short term benefits	8,886,898	8,919,760
Post-employment benefits	94,465	60,387
	8,981,363	8,980,147

Below are the balances due from/to related parties:

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

	31 March 2023	31 December 2022
Saudi Pillar Contracting Company	3,458,733	676,666
Rimal Al Sawahil for Contracting and Maintenance	1,021,265	2,897,038
Gulf Flour Milling Industrial Company	86,296	-
Riyadh Foods Industries Company	13,572	13,571
Abdullah Al-Othaim for Entertainment Company	8,508	133,319
Al-Othaim Holding Company	-	161,873
Emtiyaz Al Riyadh Trading Company	-	70,104
	4,588,374	3,952,571

Amounts due to related parties (included in trade payables):

	31 March 2023	31 December 2022
Almarai Company	150,537,781	117,068,013
Riyadh Foods Industries Company	47,039,184	33,558,115
Al-Jouf Agricultural Development Company	14,812,077	9,981,178
The Arabic Company for Agricultural Services (ARASCO)	9,946,334	5,075,970
Fourth Milling company	5,277,083	894,885
Saudi Pillar Contracting Company	2,439,945	2,439,945
Abdullah Al-Othaim for Investment Company	2,119,845	1,070,337
	232,172,249	170,088,443

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

15. ZAKAT PROVISION

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

The movement in Zakat provision is as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Balance at the beginning of period/ year	33,214,023	13,839,202
Charged for the period/ year	3,604,665	30,882,117
Paid during the period/ year	-	(11,507,296)
Balance at the end of period/ year	<u>36,818,688</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 the years from 2014 to 2018.
- The company has communicated with ZATCA to conclude on group's zakat status and issue the final zakat assessment for the years 2012 and 2013, and the assessment has not been issued to date.
- Zakat declarations for the years 2019 and 2020 are subject to examination by ZATCA, and the assessment has not been issued to date.

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

Earnings per share for the ordinary shareholders for the period ended 31 March 2023 and 31 March 2022 (adjusted note 22), are calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share is the same as basic earnings per share as the Group does not have any issued dilutive instruments.

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 management. Revenues, income, assets, and liabilities are measured using the same accounting principles used in preparing the in the interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of financial position as of 31 March 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	1,516,995,296	-	6,384,272	1,523,379,568
Right-of-use assets	1,600,734,950	176,945,901	1,180,474	1,778,861,325
Other non-current assets	-	-	30,284,791	30,284,791
Investment properties	-	473,196,776	-	473,196,776
Intangible assets	1,133,666	-	647,534	1,781,200
Assets held for sale	-	-	87,636,855	87,636,855
Total assets	5,297,258,716	661,759,347	488,431,308	6,447,449,371
Total liabilities	4,803,086,713	253,192,177	81,033,135	5,137,312,025

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

17. SEGMENTAL INFORMATION (continued)

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

Interim condensed consolidated statement of financial position as of 31 March 2022

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

Interim condensed consolidated statement of income For the three-month period ended 31 March 2023

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Sales	2,721,791,273	-	79,317,429	2,801,108,702
Sales outside the Group	2,721,791,273	-	59,606,511	2,781,397,784
Rental income outside the Group	-	34,131,087	-	34,131,087
Inter-segment sales and revenues	-	15,000	19,710,918	19,725,918
Total income, sales commissions, and net rental income	560,101,882	20,068,268	14,653,479	594,823,629
Operating profit	97,678,886	20,068,268	4,954,456	122,701,610

Interim condensed consolidated statement of income For the three-month period ended 31 March 2022 (adjusted note 22),

<u>Item</u>	<u>Retail and Wholesale</u>	<u>Real Estate and Leasing</u>	<u>Others</u>	<u>Total</u>
Sales	2,410,510,098	-	65,633,631	2,476,143,729
Sales outside the Group	2,410,510,098	-	51,871,267	2,462,381,365
Rental income outside the Group	-	32,170,033	-	32,170,033
Inter-segment sales and revenues	-	44,428	13,762,364	13,806,792
Total income, sales commissions, and net rental income	497,791,013	17,579,411	10,020,523	525,390,947
Operating profit	86,619,453	17,579,411	(1,962,007)	102,236,857

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

For the Period ended 31 March 2023

<u>Geographical area</u>	<u>Retail and Wholesale</u>	<u>Percentage %</u>	<u>Real Estate and Leasing</u>	<u>Percentage %</u>	<u>Others</u>	<u>Percentage %</u>
Central region - Saudi Arabia	1,606,346,317	%59.0	17,096,143	50.2%	46,909,030	78.7%
Eastern region - Saudi Arabia	268,219,839	%9.9	14,001,393	41.0%	10,110,039	17.0%
Southern region - Saudi Arabia	374,034,083	%13.7	853,848	2.5%	420,997	0.7%
Northern region - Saudi Arabia	213,251,902	%7.8	1,199,177	3.5%	-	-
Western region - Saudi Arabia	203,715,813	%7.5	901,407	2.6%	2,166,445	3.6%
Arab Republic of Egypt	56,223,319	%2.1	79,119	0.2%	-	-
Total	2,721,791,273	%100	34,131,087	100%	59,606,511	100%

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

17. SEGMENTAL INFORMATION (continued)

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

For the Period ended 31 March 2022 (adjusted note 22),

<u>Geographical area</u>	<u>Retail and</u>	<u>Percentage</u>	<u>Real Estate and</u>	<u>Percentage</u>	<u>Others</u>	<u>Percentage</u>
	<u>Wholesale</u>	<u>%</u>	<u>Leasing</u>	<u>%</u>		<u>%</u>
Central region - Saudi Arabia	1,498,633,277	%62.2	15,534,916	%48.3	42,783,563	%82.5
Eastern region - Saudi Arabia	241,954,410	%10.0	13,805,275	%42.9	4,128,005	%8.0
Southern region - Saudi Arabia	300,092,296	%12.4	845,089	%2.6	3,771,767	%7.3
Northern region - Saudi Arabia	165,364,359	%6.9	1,097,628	%3.4	73,096	%0.1
Western region - Saudi Arabia	131,996,503	%5.5	757,911	%2.4	1,114,836	%2.1
Arab Republic of Egypt	72,469,253	%3.0	129,214	%0.4	-	-
Total	2,410,510,098	%100	32,170,033	%100	51,871,267	%100

18. RENTAL INCOME, NET

	<u>31 March 2023</u>	<u>31 March 2022</u>
Stores rental income	29,016,978	28,458,387
Marketing rental income	5,114,109	3,711,646
Total rental income	34,131,087	32,170,033
Rental expenses	(14,062,819)	(14,590,622)
Net rental income	20,068,268	17,579,411

19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Letters of credit	26,208,185	33,029,042
Letters of guarantee ⁽¹⁾	86,932,268	86,082,268
Commitments on capital work in progress	54,720,766	54,720,766

(1) The balance includes an amount of SR 77.46 million (31 December 2022: SR 85.71 million) related to promissory notes in the name of the company issued as a guarantee for bank facilities obtained by Riyadh Food Industries Company (an associate company).

20. ASSETS HELD FOR SALE

On 12 October 2022, the Board of Directors approved the sale of a land owned by the Company located in Riyadh city with an area of 44,421 square meters at a price of SR 4,200 per square meter with a total amount of SR 186,568,704 to Abdullah AL-Othaim Investment Company (a related party). The transaction is subject to the approval of the General Assembly of shareholders, which has not yet taken place.

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

21. FINANCE CHARGES

	<u>31 March 2023</u>	<u>31 March 2022</u>
Finance costs on lease contracts liabilities	23,118,069	17,144,558
Discount factor cost for Employees' end of service benefits liability	2,657,608	1,233,100
Finance expenses, net	507,512	149,073
	<u>26,283,189</u>	<u>18,526,731</u>

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

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

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

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

Interim condensed consolidated statement of income and comprehensive income

	For the three-month period ended 31 March 2022 Increase/(Decrease)
Cost of sales	(10,740,000)
Gross profit	10,740,000
Operating profit	10,740,000
Income before zakat	10,740,000
Zakat	270,000
Net income for the period	<u>10,470,000</u>

Profit attributable to

Shareholders of the Company	
Continuing operations	10,740,000

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**For the three-month period ended 31 March 2023**

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

22. CHANGES TO COMPARATIVE FIGURES AS A RESULT OF A CHANGE IN ACCOUNTING TREATMENT (continued)Earnings per share

	For the three-month period ended 31 March 2022 Increase/(Decrease)
Basic and diluted earnings per share from the net income for the period attributable to the shareholders of the Company	0.12
Basic and diluted earnings per share from income from continuing operations for the period attributable to the shareholders of the company	0.12
Total comprehensive income for the period	10,740,000

Comprehensive income attributable to

Shareholders of the Company	10,740,000
-----------------------------	-------------------

Interim condensed consolidated statement of changes in equity

	As of 31 March 2022 Increase/(Decrease)
Retained earnings	10,740,000
Total shareholders' equity	10,740,000
Total equity	10,740,000

Interim condensed consolidated statement of cash flowsCash flows from operating activities

	For the three-month period ended 31 March 2022 Increase/(Decrease)
Income before zakat	10,740,000

Changes in:

Accounts payable	(10,740,000)
------------------	--------------

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, some comparative figures for the previous period have been reclassified in line with the presentation in the current period. The reclassifications as shown below have no impact on the net profit, retained earnings or previously disclosed financial positions:

ABDULLAH AL-OTHAIM MARKETS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2023

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

23. COMPARATIVE FIGURE (continued)

Interim condensed consolidated statement of income for the three-month period ending on 31 March 2023

	Balances as previously presented	Reclassification Related to accounting changes in treatment (Note 22)	Recalcification	Balances after adjustments and recalcification
Cost of Sales	(1,973,519,300)	10,740,000	7,499,422	(1,955,279,878)
Selling and marketing expenses	(380,227,117)	-	(5,333,587)	(385,560,704)
General and administrative expenses	(36,669,523)	-	(923,863)	(37,593,386)
Income from deposits and others	264,391	-	121,270	385,661
Finance charges, net	(17,293,631)	-	(1,233,100)	(18,526,731)
Other income, net	717,055	-	(9,033)	708,022
Zakat	(3,138,384)	(270,000)	-	(3,408,384)
Income (loss) from continuing operations	56,665	-	(121,109)	(64,444)
Total		10,470,000	-	

24. DIVIDENDS

- On 11 February 2023, the Board of Directors decided by circulation to distribute an cash dividend to the shareholders for the fourth quarter of 2022 with a total amount of SR 247.5 million, at SR 2.75 per share. The dividends were paid during the first quarter of 2023.
- On 15 February 2022, the Board of Directors decided by circulation to distribute an cash dividend 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 19 April 2023, the Board of Directors decided to recommend to the General Assembly to amend the company's by-laws in accordance with the new companies law, and the issuance of the amended corporate governance regulations by the Capital Market Authority and its implementing regulations as follows:

- Splitting the par value of the share from (10) Saudi riyals per share to (1) Saudi riyals per share, so that the number of shares of the Company becomes 900 million shares instead of 90 million shares.
- Canceling the limited term of the company specified in the Company's by-laws by (99) years.
- Canceling the statutory reserve clause in the by-laws and transferring the entire balance of the statutory reserve to retained earnings.

These recommendations are subject to the approval of the authorities and the General Assembly of shareholders.

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

26. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Director on 26 Shawwal 1444H (corresponding to 16 May 2023)