

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
AND REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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ENDED 31 MARCH 2022 (UNAUDITED)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of
Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)
Riyadh –Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Abdullah Al-Othaim Markets Company** "A Saudi Joint Stock Company" ("the Company") and its subsidiaries (together "the Group"), as of 31 March 2022 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows 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 this interim condensed consolidated financial information in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh on 16 Shawwal 1443 (H)
Corresponding to 17 May 2022 (G)

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of 31 March 2022 (Unaudited)	As of 31 December 2021 (Audited)
(Saudi Riyals)			
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	1,403,164,627	1,392,775,792
Right of use leased assets	6	1,465,393,491	1,442,720,014
Investment properties, net	7	684,401,513	599,540,244
Intangible assets, net	8	2,389,093	2,605,887
Investments in associates and joint venture	9	130,431,946	348,869,385
Equity instruments at fair value through other comprehensive income		2,723,734	2,723,734
Total non-current assets		3,688,504,404	3,789,235,056
Current assets			
Inventories, net		1,101,529,741	859,367,719
Financial assets at amortized cost		45,000,000	50,000,000
Prepayments and other receivables, net		219,608,720	180,136,185
Trade receivables, net		30,509,203	33,719,428
Cash and cash equivalents	10	356,386,599	182,743,351
Total current assets		1,753,034,263	1,305,966,683
Assets held for sale		239,168,198	1,339,818
TOTAL ASSETS		5,680,706,865	5,096,541,557
LIABILITIES AND EQUITY			
EQUITY			
Paid-in share capital		900,000,000	900,000,000
Statutory reserve	11	139,836,767	139,836,767
Retained earnings		249,243,878	337,879,933
Fair value reserve		(2,733,404)	(2,733,404)
Exchange differences on translation of foreign operations		(5,981,308)	(6,483,025)
The Company's share in other comprehensive income of associates		(1,195,344)	(149,088)
Equity attributable to shareholders of the Company		1,279,170,589	1,368,351,183
Non-controlling interests		37,246,671	37,245,897
Total equity		1,316,417,260	1,405,597,080
Non-current liabilities			
Lease contracts Liabilities – non-current portion		1,410,799,859	1,374,035,175
Obligation for employees' end-of-service benefits	12	215,891,585	206,961,651
Total non-current liabilities		1,626,691,444	1,580,996,826
Current liabilities			
Trade Payables		2,145,740,836	1,531,737,289
Lease contracts Liabilities – current portion		137,216,433	154,331,300
Accruals and other payables		437,429,986	409,432,519
Zakat provision	15	16,977,586	13,839,202
Total current liabilities		2,737,364,841	2,109,340,310
Obligations related to assets held for sale		233,320	607,341
TOTAL LIABILITIES		4,364,289,605	3,690,944,477
TOTAL LIABILITIES AND EQUITY		5,680,706,865	5,096,541,557

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements and to be read therewith.

Vice-president, financial affairs
Marwan Ahmed Ibrahim



Chief Executive Officer
Muwaffaq Mansour Jamal



Vice Chairman
Bader Hamed Al Aujan



ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three-months period ended 31 March

	Note	2022	2021
		(Saudi Riyals)	
Net sales	17	2,462,381,365	2,097,146,569
Cost of sales		(1,973,519,300)	(1,677,925,517)
Gross profit		488,862,065	419,221,052
Rental income, net	17	17,579,411	19,441,839
Sold Voucher commissions		710,049	426,344
Selling and marketing expenses		(380,227,117)	(343,500,458)
General and administrative expenses		(36,669,523)	(28,418,226)
Operating profit		90,254,885	67,170,551
The Company's share in results of associates and joint venture	9	20,448,807	11,272,054
Income from financial assets at amortized cost and others		264,391	123,813
Financing costs of lease contracts liabilities		(17,144,558)	(16,458,409)
Financing charges, net		(149,073)	(36,206)
Other income, net		717,055	141,627
Income before zakat		94,391,507	62,213,430
Zakat	15	(3,138,384)	(2,349,436)
Income from continuing operations		91,253,123	59,863,994
Discontinued Operations:			
(Loss) Gain from discontinued operations, after zakat		56,665	(893,642)
Net income for the year		91,309,788	58,970,352
Attributable to:			
Shareholders of the Company			
Continuing operations		91,231,727	58,282,876
Discontinued operations		77,287	(606,337)
		91,309,014	57,676,539
Non-controlling interest			
Continuing operations		21,396	1,581,118
Discontinued operations		(20,622)	(287,305)
		774	1,293,813
Earnings per share			
Basic and diluted earnings per share from the net income attributable to the shareholders of the Company	16	1.01	0.64
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the company		1.01	0.65

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements and to be read therewith.

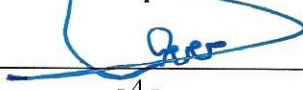
Vice-president, financial affairs

Marwan Ahmed Ibrahim



Chief Executive Officer

Muwaffaq Mansour Jamal



Vice Chairman

Bader Hamed Al Aujan



ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		For the three-months period ended 31	
		March	
	Note	2022	2021
		(Saudi Riyals)	
Net income for the period		91,309,788	58,970,352
Other comprehensive income for the period			
Items not to be reclassified to income:			
Actuarial loss for employees' end of service benefits	12	(94,264)	(3,858,291)
Net changes in fair value of equity instruments measured at fair value through other comprehensive income			
Items to be reclassified to income:			
The Company's share in other comprehensive income of associates	9	(897,061)	(7,478)
Exchange differences on translation of foreign operations		501,717	(36,402)
Other comprehensive loss for the period		(489,608)	(3,902,171)
Total comprehensive income for the period		90,820,180	55,068,181
Attributable to:			
Shareholders of the Company		90,819,406	53,774,368
Non-controlling interests		774	1,293,813
		90,820,180	55,068,181

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements and to be read therewith

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Chief Executive Officer

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Vice Chairman

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ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Statutory Reserve	Retained earnings	Fair value reserve	Exchange differences on translation of foreign operations (Saudi Riyals)	Company's share in other comprehensive income of associates	Total shareholders' equity	Non-controlling interests	Total equity
For the three-month period ended 31 March 2022									
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	37,245,897	1,405,597,080
Net income for the period	-	-	91,309,014	-	-	-	91,309,014	774	91,309,788
Items of other comprehensive income	-	-	(94,264)	-	501,717	(897,061)	(489,608)	-	(489,608)
Total comprehensive income for the period	-	-	91,214,750	-	501,717	(897,061)	90,819,406	774	90,820,180
The company share in of other comprehensive income of associates	-	-	149,195	-	-	(149,195)	-	-	-
Cash dividends (Note 23)	-	-	(180,000,000)	-	-	-	(180,000,000)	-	(180,000,000)
Balance as at 31 March 2022 (Unaudited)	900,000,000	139,836,767	249,243,878	(2,733,404)	(5,981,308)	(1,195,344)	1,279,170,589	37,246,671	1,316,417,260
For the three-months period ended 31 March 2021									
Balance as at 1 January 2021 (Audited)	900,000,000	109,824,670	523,033,874	(2,058,404)	(6,417,559)	(58,531)	1,524,324,050	44,436,190	1,568,760,240
Net income for the period	-	-	57,676,539	-	-	-	57,676,539	1,293,813	58,970,352
Items of other comprehensive income	-	-	(3,858,291)	-	(36,402)	(7,478)	(3,902,171)	-	(3,902,171)
Total comprehensive income for the period	-	-	53,818,248	-	(36,402)	(7,478)	53,774,368	1,293,813	55,068,181
Cash dividends (Note 23)	-	-	(270,000,000)	-	-	-	(270,000,000)	-	(270,000,000)
Balance as at 31 December 2021 (Unaudited)	900,000,000	109,824,670	306,852,122	(2,058,404)	(6,453,961)	(66,009)	1,308,098,418	45,730,003	1,353,828,421

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements and to be read therewith.

Vice-president, financial affairs
Marwan Ahmed Ibrahim

Chief Executive Officer
Muwaffaq Mansour Jamal

Vice Chairman
Bader Hamed Al Aujan

ABDULLAH AL-OTHAIM MARKETS COMPANY
A Saudi Joint Stock Company
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-months period ended 31 March

	2022	2021
	(Saudi Riyals)	
<u>OPERATING ACTIVITIES</u>		
Income before zakat	94,448,172	61,319,895
<i>Adjustments</i>		
Financing costs of lease contracts liabilities and Finance charges, net	17,293,631	16,494,615
Depreciation & amortization	86,315,269	82,878,939
Provision for obsolete and slow-moving inventory	(3,073,700)	7,723,572
Provision for doubtful debts	1,517,787	2,302,926
Obligation for employees' end-of-service benefits	11,058,770	9,341,620
Loss on sale of property, plant and equipment	(1,077,708)	(205,692)
Exchange differences on translation of foreign operations	496,816	(42,847)
The Company's share in result of associates, joint venture and associates held for sale	(20,448,807)	(11,272,054)
Income from financial assets at amortized cost and others	(264,391)	(123,813)
<i>Changes in:</i>		
Inventories, net	(239,088,322)	(353,354,417)
Trade receivables, net	1,748,309	4,234,166
Prepayments and other receivables, net	(39,221,741)	(259,092,900)
Trade payables	614,003,547	421,137,930
Accruals and other payables	27,565,307	109,088,314
	551,272,939	90,430,254
End of service benefits paid	(2,223,100)	(1,517,443)
Net cash from operating activities	549,049,839	88,912,811
<u>INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(51,924,739)	(31,659,466)
Additions to investment properties	(91,853,957)	(100,000)
Proceeds from sale of property, plant and equipment	685,345	396,515
Proceeds from disposal of investment properties	-	190,476
Proceeds from financial assets at amortized cost and other	35,176,670	115,933
Paid for purchase financial assets at amortized cost	(30,000,000)	-
Net cash used in investing activities	(137,916,681)	(31,056,542)
<u>FINANCING ACTIVITIES</u>		
Proceeds from loans and murabahat	106,000,000	150,105,339
Payments of loans and murabahat	(106,000,000)	-
Payments of lease contracts liabilities	(40,196,279)	(38,396,580)
Financing charges paid	(17,293,631)	(16,494,615)
Dividends paid	(180,000,000)	-
Net cash (used in) from financing activities	(237,489,910)	95,214,144
Net change in cash and cash equivalents	173,643,248	153,070,413
Cash and cash equivalents at the beginning of the period	182,743,351	277,764,776
Cash and cash equivalents at the end of the period	356,386,599	430,835,189

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements and to be read therewith.

Vice-president, financial affairs
Marwan Ahmed Ibrahim



Chief Executive Officer
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Vice Chairman
Bader Hamed Al Aujan



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 2022

(All amounts are presented in Saudi riyals unless otherwise indicated)

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

Abdullah Al-Othaim Markets Company (the “Company”) is a Saudi joint stock company registered in Riyadh under Commercial Register Number 1010031185, on 7 Rajab 1400H (corresponding to 21 May 1980). The Company was transferred 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 share capital is SR 900 million divided into 90 million shares with par value of SR 10 per share.

The company's headquarters are located in Riyadh, Al Rabwa, Eastern Ring Road PO Box 41700, Saudi Arabia.

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 Abdullah Al-Othaim Markets Company and its following subsidiaries and referred to them together the “Group”.

Details of the companies controlled by the company are as follows:

Name	Country of incorporation	Main Activity	Effective ownership percentage%	
			March 2022	December 2021
Haley Holding Company	Saudi Arabia	Wholesale and retail trade	100	100
Universal Marketing Centre Company	Saudi Arabia	Wholesale and retail trade	100	100
Seven Services Company	Saudi Arabia	Import, export and wholesale and retail trade	100	100
Bayt Al Watan Company	Saudi Arabia	Import, export and wholesale and retail trade	100	100
Marafeq Al Tashgheel Company	Saudi Arabia	General contracting for building	100	100
Abdullah Al Othaim Markets – Egypt	Egypt	Wholesale and retail	100	100
Thamarat Al Qassim Company	Saudi Arabia	Cultivation of vegetables and fodder	100	100
Shurofat Al Jazeerah Company	Saudi Arabia	General contracting and operation of commercial complexes	100	100
Mueen For Human Resources Company	Saudi Arabia	Labor services	68	68

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 2022

(All amounts are presented in Saudi riyals unless otherwise indicated)

The following is a summary of the subsidiaries whose balances 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 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 catering.

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, computer services (application systems and data bases), import and export services, marketing, Maintenance of training and entertaining centers and catering.

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.

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 and on-site ready-made houses.

Abdullah AL Othaim Markets - Egypt:

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

Thamarat Al Qassim Company

A limited liability company that operates under commercial registration number 1010378315 issued in Riyadh on 30 Rajab 1434H (corresponding to 9 June 2013). The main activities of the company are agriculture, fodder, livestock and poultry breeding, in addition to import and export and marketing; and acquisition of lands to construct buildings thereon and invest them by sale or lease out and utilizing properties for the interest of the company.

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 Hijja 1436H corresponding to 16 October 2015.

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 2022

(All amounts are presented in Saudi riyals unless otherwise indicated)

2. BASIS OF PREPARATION

2-1 Statement of compliance

These companying condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and wherever appeared in these notes that refers to the (IFRSs) adopted in Saudi Arabia and other standards and issuances and adopted by SOCPA.

According to the circular of the Capital Market Authority (“CMA”) on 16 October 2016 amended by its resolution on 31 December 2019, the Group should apply the cost model to measure the real estate properties, plants, equipment, investment properties and intangible assets until 31 December 2021. After that, the group shall decide to apply either the cost model or the fair value model to measure the real estate and investment properties, while it should continue to apply the cost model to measure the plants, equipment and intangible assets.

The interim condensed consolidated financial statements do not include all the disclosures that are usually attached to the annual consolidated financial statements. Therefore, they should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

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 consolidated statement of financial position as follows:

- Investment in equity instruments at fair value through other comprehensive income and measured through fair value.
- End of service benefits is measured by the present value of future obligations using the expected credit unit method.

2-3 Functional and presentation currency

The interim condensed Consolidated financial statements are presented in Saudi Riyal which represents the company's functional currency. All amounts in the interim condensed consolidated financial statements are in Saudi Riyal unless otherwise stated.

2-4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair values maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Due to the short-term maturity of financial instruments such as receivables and payables, other debit and credit balances, their carrying amount approximate fair values significantly.

2-5 New standards, amendments to standards and interpretations:

There are no new standards issued, however, a number of amended standards became which are effective from 1 January 2022 and has been explained in the Group annual consolidated financial statements, but they do not have a material effect on the Group’s condensed consolidated interim financial statements.

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(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2022

(All amounts are presented in Saudi riyals unless otherwise indicated)

a) New standards, interpretations and amendments adopted from 1 January 2021

The Group adopted the following new standards and amendments for the first time as of 1 January 2021:

Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Phase 2 amendments provide practical relief from certain requirements in IFRS. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, then the Group/Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis-i.e., the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group/Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group/Company applies the policies on accounting for modifications to the additional changes. The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be continued without interruption.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There are no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 December 2020, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

On 31 March 2021, the IASB issued another amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual year beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment COVID-19-Related Rent Concessions.

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b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting period that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting year to defer settlement of the liability for at least twelve months after the reporting year. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting year beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting year beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments.

The Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once the those are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

3. ACCOUNTING ESTIMATES AND SIGNIFICANT ASSUMPTIONS

The preparation of the Interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards” IAS 34” that are applied in Kingdom of Saudi Arabia, according to requires the use of critical judgment and estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the notes besides the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities that might be affected in the future.

The key assumptions concerning the future and other key sources of uncertainty estimation at the interim condensed consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below. In making its assumptions and estimates, the Company relies on standards available when preparing of the interim condensed consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are stated when they occur.

In view of the Corona pandemic outbreak (Covid-19), and as explained in Note (21), the management has reviewed the uncertainties about the main sources of the estimates that have been disclosed and taking into consideration the potential impact of the new Corona pandemic (Covid-19).

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a- Summary of Significant Adopted Accounting Estimates and Assumptions

Definition of the lease term with renewal and termination options

The Group has defined the term of the lease as the non-cancellable lease term, in addition to any period covered by the option to extend the lease if this option is certain to be exercised

The group has several lease contracts that include options for extension and termination. The Group applies its judgment in assessing whether it is reasonably certain to exercise the option of renewing or terminating the contract. This means, to consider all relevant factors that create an economic incentive to exercise the option to renew or terminate the contract

After the starting date of the lease contract, the group management use to re-assess the lease contract term whenever a significant change in conditions or major event controllable by the group occurs and affects its ability to exercise the option of renewal or cancelation.

The implicit rate of return for lease contracts

The group cannot easily determine the implicit rate of return for all lease contracts, and therefore it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the borrowing rate that the group must pay to borrow for a similar period, with similar guarantees to obtain an asset of value similar to the right of use leased asset in a similar environment. The Group estimates the incremental borrowing rate using obtainable inputs (such as market rates of returns).

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are estimated by the Group for the purposes of accounting for depreciation based on the expected use of those assets. Management reviews the residual value and useful lives annually. Future depreciation charges would be adjusted where management believes the useful lives different from previous estimates.

Useful lives of intangible assets

Intangible assets represent costs incurred to obtain the right of use to properties leased from the principal tenant (key money) and computer software. These assets are amortized over the respective term of the lease contracts or useful lives.

Provision for obsolete and slow-moving inventory

Management estimates a provision to reduce the inventory value to its net realizable value, if the inventory cost is not recoverable, the inventory was damaged or became obsolete in whole or in part, if the selling price is lower than the cost, or if there are any factors that cause a decrease in the recoverable amount below the carrying value.

Selling Incentives

The liability of the variable consideration of the selling incentives in accordance with the loyalty program (Iktissab) is estimated based on customary practices and the Company's previous experience. This liability is reviewed when preparing the financial reports to reflect the potential value of the Company's liability toward the customers.

Progressive rebate incentives

The Company may receive additional incentives from suppliers according to the volume of purchases during the fiscal year. The Company recognizes these incentives upon realization in accordance with contracts signed with suppliers. The Company management exercises its professional judgement in examining market variables and consumer behavior when estimating the recognition of the incentives at the date of the interim condensed consolidated financial statements. The additional incentive is recognized at the end of the financial year based on management's estimates.

Recoverability

Management estimates the recoverable value of assets to test impairment.

Obligation for employees end of service benefits

The employees' end-of-service benefits obligation is determined according to a defined unfunded benefit plan and measured using actuarial evaluation. Actuarial evaluation includes many assumptions that may differ from the actual future developments. These assumptions include the determination of the discount rate and future salary increases and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as deemed necessary.

b- Going concern

The Group has no doubts regarding its capability to continue its operations. Accordingly, of the interim condensed consolidated financial statements have been prepared on a going concern basis.

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4. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES

The accounting policies used in the preparation, of the interim condensed consolidated financial statements as of 31 March 2022 are the same as those followed in the consolidated financial statements for the year ended at 31 December 2021. The significant accounting policies used by the Group in preparing the consolidated financial statements are as follows:

A. Basis of consolidation

The interim condensed Consolidated financial statements are comprised of the financial statements of the Company and its subsidiaries which are under its control as at 31 March 2022. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investees. Specifically, the Company controls an investee, if and only if the company has all of the following elements:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the Investee).
- Exposure or rights to variable returns from its involvement with the investee.
- The ability to exercise its power over the investee to influence its returns.

Generally, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The company's voting rights and any potential voting rights.

The Group re-assesses whether it has control over an investee, if the facts and circumstances indicate any changes in one or more of the three control elements. The consolidation of the subsidiary begins from the date when the Group obtains control over the subsidiary and ceases when the Group loses its control over the subsidiary. The assets, liabilities, revenues and expenses of a subsidiary acquired during the period are recognized in to the interim condensed consolidated financial statements from the date the Group obtains control until such control ceases to exist.

Profit or loss and each component of other comprehensive income are attributable to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. In other words, losses on non-controlling interests are recognized even if this results in a deficit balance in the non-controlling interests.

Upon consolidating the financial statements, adjustments are made to the interim condensed consolidated financial statements of the subsidiaries, if necessary, to make their accounting policies consistent with the Company's accounting policies. All assets, liabilities, equity, revenues, expenses and cash flows related to inter-company transactions are entirely eliminated.

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

In case 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 recorded 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 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.

B. Classification of assets and liabilities into current / non-current

The Group presents the assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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The Group classifies all other assets as non-current.

A liability is current when:

- It is held primarily for the purpose of trading.
- It is expected to be settled in the normal operating cycle.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

C. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes the financial asset and liability in its interim condensed consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. A purchase, sale or de recognition is accounted for on trade date basis.

C.1. Financial assets

When the Company acquires a financial asset, the financial asset is classified at amortized cost or at fair value through other comprehensive income or at fair value through income based on (a) the Company's business model for managing financial assets, and (b) the contractual cash flow characteristics of the financial asset.

Initial measurement of the financial asset

Financial asset is measured at initial recognition at fair value plus any transaction costs, except for financial assets at fair value through income which are measured at fair value, (without adding the transaction costs).

Subsequent measurement of the financial asset

After initial recognition, the Company subsequently measures the financial assets based on the category under which the financial asset is classified:

- At amortized cost if the Company's objective is to hold a group of financial debt instruments to collect the contractual cash flows at defined dates that are solely payments of principal and interest on the principal amount outstanding.
- At fair value through the statement of other comprehensive income if the Company's objective is to hold a group of financial debt instruments to collect the contractual cash flows at defined dates and sell the financial asset; and result in contractual cash flows on defined dates that are solely payments of principal and interest on the principal amount outstanding.
- At fair value through other comprehensive income, if the Company uses this measurement option that is available in the *IFRS* 9, Financial instruments.
- At fair value through the income statement, unless measured at amortized cost or at fair value through the statement of other comprehensive income.
- Financial assets are measured at amortized cost using the effective interest rate. Disposal gains and losses are recognized in the consolidated income statement when derecognizing the financial asset. As for the financial assets measured at fair value, they are measured at fair value while presenting the valuation differences through the statement of income, except for the financial assets which the Company chooses to measure at fair value at the initial recognition through the statement of other comprehensive income, in this case, the valuation differences presented in the statement of other comprehensive income. Further, the dividends realized from such assets are recognized through the statement of income.

De-recognition of financial assets

The financial asset is de-recognized when -and only when:

- The contractual rights to receive cash flows from the financial asset expire, or
- Transfers contractual rights to receive cash flows from the financial asset and transferring substantially all the risks and rewards of ownership of the financial asset, or retaining contractual rights to receive cash flows from the financial asset with a contractual obligation to pay cash flows to one or more of the recipients and transferring substantially all risks and rewards of ownership of the financial asset. or
- Transfers contractual rights to receive cash flows from the financial asset without transferring or retaining substantially all the risks and rewards of ownership of the financial asset not retain control of the financial asset. or

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- Retains contractual rights to receive cash flows from the financial asset, with assuming a contractual obligation to pay the cash flows to one or more recipients without transferring or retaining substantially all the risks and rewards of ownership of the financial asset retain control over the financial asset.

When de-recognizing a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset acquired less any new liability assumed) is recognized in the statement of income.

Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event'), and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial restructuring and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

C.2 Financial liabilities

The group classifies all its financial liabilities to be measured -subsequently- at amortized cost.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) can only be removed from the statement of financial position when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

C.3 Reclassification of financial assets and liabilities:

When the group reclassifies a financial asset, it applies the reclassification prospectively from the date of the reclassification. The previously recognized gains, losses (including impairment losses and gains) or interests are not adjusted. Furthermore, reclassification of financial liabilities from one category to the other is not permitted.

D. Equity, reserves and dividends payments

Share capital represents the nominal value of shares that have been issued,

Retained earnings include all current and prior period profits.

All transactions with owners of the parent are recorded separately within equity.

E. Dividend's payments

Dividends are recognized as a liability when the dividends are approved. In accordance with the Companies Regulations in Saudi Arabia, dividends must be approved by the shareholders or the delegation of the shareholders to the Board of Directors to distribute interim dividends to the shareholders of the Company on a semi-annual or quarterly basis, in accordance with the company's financial position and cash flows. The corresponding amount is deducted directly from the equity.

F. Trade receivables

Trade receivables represent the amounts due from customers for goods sold or services performed in the Group's normal course of business. Trade receivables are initially recognized at fair value represented by the exchange consideration, Subsequent to initial recognition, they are measured at amortized cost.

G. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with a maturity of three month or less. For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits and cash at banks.

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H. Lease Contracts

As a lessee

Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases in the statement of financial position.

However, the Group has elected not to recognize right-of-use asset and lease liabilities for some leases of short term and low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognizes the right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment loss and adjusted for certain re-measurements of the lease liability.

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured whenever there is a change in future lease payments arising from a change in an index or rate used to determine those payments, a change in the estimate of the expected payable amount under a residual value guarantee, or as appropriate, a changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied its judgment to determine the lease term for some leases which contains renewal options. The assessment of whether the Group is reasonably certain to exercise such options affects the lease term; which significantly affects the amount of lease liabilities and right-of-use assets recognized.

As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Upon the initial application of IFRS 16, the Group is not required to make any adjustments for leases in which it acts as lessor. However, the Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate the consideration of each lease and non-lease component in the contracts.

I. Property, plant and equipment

I.1 Recognition and measurement

- Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.
- Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.
- When the useful lives of property, plant and equipment items are different, they are accounted for as separate items.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of such items and are recognized net in the interim condensed consolidated statement of income.

I.2 Subsequent costs

- The cost of the replaced part for an item of property, plant and equipment is recorded in the value reported for that item when it is probable that future economic benefits will flow from that part to the Company and the cost of the item can be measured reliably. The value reported for the old replaced part is written off.
- Daily costs and expenses incurred by the Company for maintaining and operating the property, plant and equipment are charged to the interim condensed Consolidated statement of income when incurred.

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I.3 Depreciation

Depreciation charge is recognized in the interim condensed consolidated statement of income using the straight-line method over the estimated useful life of each item of properties, plant and equipment, except for land. Assets constructed on leased lands are depreciated over the lower of lease term, or over their respective useful lives. The depreciation of properties, plant and equipment starts when they are available for use as intended by the management.

The estimated useful lives of property, plant and equipment and the useful lives during the current period are the same for the previous period as follows:

Item	Useful lives (years)
Machinery and equipment	5-10
Buildings and constructions	25 years or contract period whichever less
Transportation	5-7
Computer hardware and systems	3-10
Furniture and fixtures	2-10
Leasehold improvements	10 or contract period whichever less

The Group reviews the useful lives and residual values to all items of property, plant and equipment at the end of each financial period and adjusts them as necessary.

I.4 Capital work in progress:

Capital work-in-progress is stated at cost and include the cost of construction, equipment and direct expenses. These are not depreciated until they become ready for their intended use by the Company where they are transferred to property, plant and equipment.

J. Investment properties

The Group classifies an asset as an investment property if the purpose of holding it is to (a) earn rental income, or (b) increase the share capital or (c) both. At initial recognition, investment property is stated at cost, including expenditure that is directly attributable to the acquisition of investment properties. Upon subsequent measurement, the Company uses the cost module where the accumulative depreciation and accumulative impairment losses are deducted, and their fair value is disclosed as required by the IFRS at the date of preparing the in the interim condensed consolidated financial statements.

The Group uses the straight-line method to depreciate investment properties over the estimated life of each of the investment property items. Assets built on leased lands are depreciated over the lower of the lease term or their respective useful lives. Depreciation charge is recorded in the interim condensed consolidated statement of comprehensive income.

K. Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount of an assets or cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks identified to the asset. The Group calculation of impairment relies on detailed budgets and forecasts, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

Impairment losses of continuing operations are recognized in the interim condensed Consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

Later where an asset impairment loss is reversed when there are indications for such, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash-generating unit in prior period.

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A reversal of an impairment loss is immediately recognized as income in the interim condensed Consolidated statement of income.

L. Intangible assets

Acquired intangible assets are measured at cost separately at the date of initial recognition. The cost of intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated Intangible assets, except for capitalized development costs, are not capitalized. Expenses are recognized in the interim condensed Consolidated statement of income when incurred, and the estimated useful lives of the intangible assets are estimated to be finite or infinite.

Intangible assets with definite lives are amortized over the useful life. The Group conducts the needed tests to assess for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for the intangible assets with finite useful lives are reviewed at the end of each financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method and are treated as changes in accounting estimates. The amortization expenses for intangible assets with finite lives are recognized in the interim condensed Consolidated statement of income under an expenses category that matches the intangible asset's function.

Profit or loss resulting from the de-recognition of intangible assets is measured by the difference between the net proceeds of disposal and the asset's carrying amount, and they are included in the interim condensed Consolidated statement of income, upon de-recognition of the asset.

Subsequent to initial recognition, they are measured at cost less accumulated amortization and accumulated impairment losses. amortization is charged to the consolidated income statement on a straight-line basis over the useful life of each item of the intangible assets

M. Investments in associates and Joint venture

-An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

-A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

-The results and assets and liabilities of associates or joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the Interim condensed Consolidated statement of Financial Position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that an associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

- An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of associate's or joint venture's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the Interim condensed Consolidated statement of Profit or Loss in the year in which the investment is acquired.

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-When a Group entity transacts with an associate or a joint venture of the Group, profits or losses resulting from the transactions with the associate or joint venture are recognized in the Group's Consolidated Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

N. Revenue

N1. Sales revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control of goods or services to the customer. The principles of IFRS (15) "Revenue from Contracts with Customers " are applied by using the following five steps:

Step 1: Identify the contract - in the following cases:

- When the contract has been approved and the parties are committed.
- When each party's rights are identified.
- When the payment terms are defined.
- When the contract has a commercial substance.
- When the contract is collectible.

Step 2: Identify the performance obligations of the contract, by identifying promised goods or services agreed in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if:

- The customer can benefit from the goods or services separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: Determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: Allocate the transaction price to performance obligations in the contract, by allocating the transaction price to each separate performance obligation based on the relative standalone selling price of the goods or services being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer.

Accordingly, a contract with a customer is accounted for upon fulfilling all the following criteria:

- The contract parties agreed (in writing, verbally or according to other business practice) to commit to its obligations.
- The rights of each party regarding the goods and services to be transferred is established.
- The repayment terms for goods and services to be transferred can be determined.
- The contract has a commercial implication (meaning that it is expected for the risks or the timing or amount of future cash flows of the entity to change due to the contract).
- The possibility of receiving a consideration to which the Group has the right in return of goods or services it transferred to the client. When assessing the probability of receiving a consideration, the client's ability and intention to repay when the amount falls due is taken into consideration. It is taken into account that the consideration might be lower than the price stated by the contract if the consideration is variable.
- The revenue is recognized when the obligation is met through transferring the good or service promised to the client and the asset is considered transferred when the client obtains control over the asset, and when the contract is made, meeting the obligation is determined to be made over a time period or at a point in time.

N2. Incentives and other benefits from suppliers:

- Revenue of opening fees agreed upon with the suppliers at the opening of the branch is recognized and deducted from the cost of the goods sold.
- The incentives and earned benefits from suppliers are recognized on an accrual basis according to the contracts signed with the suppliers. For the presentation purposes, the incentives and earned benefits are deducted from the cost of the goods sold.

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

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N3. Other income

- Rental income is recognized on an accrual basis in accordance with the lease contracts terms.
- Dividends income are recognized when approved by the General Assemblies of the investees in the interim condensed Consolidated statement of income.
- Other revenues are recognized according to accrual principle and when the conditions to earn such revenues are fulfilled in accordance with the *IFRSs*.

N4. Customer loyalty program (Iktissab)

The Group defers recognition of variable consideration of incentives arising from the Customer Loyalty Program (Iktissab) where the Group estimates this consideration based on usual practice and previous experience of the Company. Then, the consideration is recognized as a liability till it is utilized by the customer. The sale revenue is reduced by the amount of this liability being recognized as a deferred income. Subsequently, this liability is transferred to the income upon utilization or when the right to utilize expires. Meanwhile, the cost of revenue is recognized and represented by the cost of goods delivered to the customer.

O. Inventory and spare Parts

O.1 Inventories:

Inventory is stated at the lower of cost or net realizable value. The cost is determined by using the weighted average costing method. Inventory cost consists of costs incurred to get the inventories to the warehouses, Net realizable value is the estimated selling price in the ordinary course of business, less the expected costs of sale.

O.2. Spare parts inventory

Spare parts are charged to property, plant and equipment when they meet the definition and conditions for such classification, Otherwise, they are classified as inventory.

P. Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuous use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell and depreciation is ceased.

Q. Provisions

Provisions are recognized when the Group has a current obligation (legal or contractual) arising from a past event, and it is probable that there will be outflow of economic benefits to settle this obligation and can be reliably measured. They are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks associated with that obligation.

R. Employees' end-of-service benefits obligation

Obligation for employees' end-of-service benefits is a compensation plan paid to employees at the end of their services. As per the Saudi Labor Law, the Group pays employees cash when their service ends based on the period of service, salary and reason for terminating the service.

Obligation recognized in the statement of financial position regarding the end-of-service benefits represent the current value of the defined benefits obligation at the end of the reporting period. The end-of-service benefits obligation is calculated by the management on annual basis using the expected credit unit method.

The cost of the services of the defined benefits plan is recognized in the interim condensed Consolidated statement of income under employees' benefits cost. This cost reflects the increase in the defined benefits obligation resulting from the employee's service in the current period plus changes, reduction and settlement of benefits, past-service costs are recognized immediately in the interim condensed Consolidated statement of comprehensive income.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from previous changes in actuarial assumptions are charged or credited to equity in other comprehensive income statement in the period in which they arise.

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S. Long-term loans

A loan is recognized at net received amount and interests are recognized using the effective interest method. Interests on long-term loans are recognized during the period in which they are incurred. Interest of long-term loans used to finance capital works are capitalized and considered part of these works cost.

T. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized as a part of the asset cost. Qualified assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the interim condensed Consolidated statement of income in the period in which they are incurred by the Company.

U. Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether demanded by the supplier or not.

V. Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the financial period are translated into Saudi Riyals using the exchange rates prevailing at that date. As for non-monetary item in foreign currencies recorded at fair value, they are retranslated according the exchange rate prevailing at the date of determining its fair value. Non-monetary items in quoted currencies at historical cost are not retranslated.

Translation differences on settlement of non-monetary items and retranslation of, monetary items are included in the interim condensed Consolidated statement of income for that period, Translation differences resulting from non-monetary items like equity classified as financial assets through comprehensive income are recognized under cumulative changes in fair value in the interim condensed Consolidated statement of comprehensive income.

Assets and liabilities of foreign subsidiaries are translated into Saudi Riyals using the exchange rates prevailing at the date of the financial statements, Income and expenses are translated for each of the statement of income and the statement of other comprehensive income using the exchange rates prevailing at the transactions dates. The translation differences are recognized in the statement of other comprehensive income. These differences are recognized in the interim condensed Consolidated statement of income during the year at which foreign operations are disposed of, Goodwill and change in fair value resulting from acquisitions of foreign companies are treated as foreign companies' assets and liabilities and translated using the exchange rate prevailing at the financial reporting date.

W. Segmental information

A business segment consists of assets and operations providing goods or services that are exposed to risks and returns different from those of other business segments which are measured according to the reports used by the executive management. A geographic segment relates to providing goods or services within an economic environment exposed to risks and returns different from those of other segments working in other economic environments.

X. Offset

Financial assets and liabilities are offset and reported net in the interim condensed Consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and when the Company either (i) intends to settle on a net basis, the assets and liabilities; or (ii) to realize the asset and to settle the liability simultaneously.

Y. Zakat and taxes

The Company and its subsidiaries is subject to the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. As for subsidiaries outside the KSA, they are subject to the laws of countries they are registered in. Zakat is recognized according to the accrual basis. The zakat provision is calculated according to the zakat base. Any differences between the provision and the final assessment are recorded when realized and recognized at that time.

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For the three-month period ended 31 March 2022

*(All amounts are presented in Saudi riyals unless otherwise indicated)***5. PROPERTY, PLANT AND EQUIPMENT- NET**

	<u>Properties</u>		<u>Machinery and equipment</u>	<u>Motor Vehicles</u>	<u>Computers</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Capital work in progress</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings</u>							
<u>Cost</u>									
As at 1 January 2022	508,550,199	549,851,456	570,596,954	129,064,221	226,889,542	318,979,010	331,074,347	44,482,546	2,679,488,275
Additions	-	(134,373)	15,486,276	850,465	6,975,318	4,758,123	1,015,110	22,973,820	51,924,739
Transferred from capital work in progress	-	-	2,427,647	-	1,427,820	4,126,959	10,511,242	(18,493,668)	-
Transfers to Investment properties	-	-	-	-	-	-	-	271,310	271,310
Disposals	-	-	(7,063,251)	(709,250)	(19,697)	(5,887,911)	(3,127,632)	-	(16,807,741)
Translation reserve for foreign subsidiary	-	-	(2,493,793)	(218,935)	(657,040)	(60,729)	(2,285,931)	(487)	(5,716,915)
As at 31 March 2022	508,550,199	549,717,083	578,953,833	128,986,501	234,615,943	321,915,452	337,187,136	49,233,521	2,709,159,668
<u>Accumulated depreciation</u>									
As at 1 January 2022	-	184,756,479	387,421,145	103,956,358	180,044,742	229,173,925	201,359,834	-	1,286,712,483
Depreciation for the period	-	6,748,599	10,828,720	2,194,765	5,765,826	7,115,060	6,241,659	-	38,894,629
Disposals	-	-	(7,049,036)	(546,513)	(10,683)	(5,808,172)	(2,018,433)	-	(15,432,837)
Translation reserve for foreign subsidiary	-	-	(1,821,671)	(221,292)	(597,575)	(51,924)	(1,486,772)	-	(4,179,234)
As at 31 March 2022	-	191,505,078	389,379,158	105,383,318	185,202,310	230,428,889	204,096,288	-	1,305,995,041
<u>Net book value</u>									
As at 31 March 2022	508,550,199	358,212,005	189,574,675	23,603,183	49,413,633	91,486,563	133,090,848	49,233,521	1,403,164,627
As at 31 December 2021	508,550,199	365,097,474	183,175,809	25,107,863	46,844,800	89,805,085	129,714,513	44,482,546	1,392,775,792

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*(All amounts are presented in Saudi riyals unless otherwise indicated)***6. RIGHT OF USE ASSETS**

	<u>Buildings</u>	<u>Lands</u>	<u>Total</u>
<u>Cost:</u>			
As at 1 January 2022	2,253,440,952	106,673,300	2,360,114,252
Additions	81,364,339	-	81,364,339
Disposals	(26,840,563)	-	(26,840,563)
Foreign currency translation differences	(5,008,731)	-	(5,008,731)
31 March 2022	<u>2,302,955,997</u>	<u>106,673,300</u>	<u>2,409,629,297</u>
<u>Accumulated depreciation:</u>			
As at 1 January 2022	834,496,900	82,897,338	917,394,238
Charged to the period	39,319,855	1,162,613	40,482,468
Disposals	(11,142,279)	-	(11,142,279)
Foreign currency translation differences	(2,498,621)	-	(2,498,621)
31 March 2022	<u>860,175,855</u>	<u>84,059,951</u>	<u>944,235,806</u>
Net book value as at 31 March 2022	<u>1,442,780,142</u>	<u>22,613,349</u>	<u>1,465,393,491</u>
Net book value as at 31 December 2021	<u>1,418,944,052</u>	<u>23,775,962</u>	<u>1,442,720,014</u>

7. INVESTMENT PROPERTIES

Investment properties are represented in commercial centers, exhibitions, buildings and their lands, which are mainly dedicated for investment and lease to other parties. The movement was as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
<u>Cost</u>		
Balance at the beginning of the period/ year	874,830,652	833,002,573
Additions during the period/ year	91,853,957	30,510,460
Disposals during the period/ year	-	(190,476)
Transfers from property, plant and equipment	(271,310)	11,508,095
Balance at the end of the period/ year	<u>966,413,299</u>	<u>874,830,652</u>
<u>Accumulated depreciation</u>		
Balance at the beginning of the period/ year	275,290,408	242,540,921
Depreciation for the period/ year	6,721,378	26,175,597
Disposals during the period/ year	-	-
Transfers from property, plant and equipment	-	6,573,890
Balance at the end of period/ year	<u>282,011,786</u>	<u>275,290,408</u>
Net Book Value at the end of period/ year	<u>684,401,513</u>	<u>599,540,244</u>

- The fair value of investment properties as at 31 December 2021 amounted to SAR 1,006 million, were assessed by a qualified and independent expert. The following is the information about the real estate valuers:

Name :	Olat & Partner for Real Estate Valuation Company
Qualifications:	Membership of Saudi Authority for Accredited Valuers
License number:	1210000397

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*(All amounts are presented in Saudi riyals unless otherwise indicated)***8. INTANGIBLE ASSETS**

Intangible assets represent the costs incurred to acquire the utilization rights of properties leased from the original tenant (key money), in addition to computer software. Intangible assets are amortized over their useful lives or contract period, which is between 5 to 15 Years. The movement in intangible assets was as follows:

	31 March 2022	31 December 2021
<u>Cost</u>		
Balance at the beginning of the period/ year	10,286,839	10,286,839
Additions	-	-
Disposal	-	-
Balance at the end of the period/ year	10,286,839	10,286,839
<u>Accumulated amortization</u>		
Balance at the beginning of the period/ year	7,680,952	6,813,775
Amortization charged during the period/ year	216,794	867,177
Disposal	-	-
Balance at the end of period/ year	7,897,746	7,680,952
Net book value for the period/ year	2,389,093	2,605,887

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Details of the significant data of the Company's associates in the consolidated financial statements which are accounted for by using equity method as follows:

<u>Associate company</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		31 March 2022	31 December 2021
Abdullah Al-Othaim for Investment Company ⁽¹⁾	Kingdom of Saudi Arabia	13.653%	13.653%
AlWousta Food Services Company	Kingdom of Saudi Arabia	25%	25%
Riyadh Food Industries Company ⁽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 and its subsidiaries are the purchase of lands to construct buildings thereon for the purpose of selling or renting for its own interest, in addition to management, maintenance, and development of real estate properties, operating shopping malls, entertainment centers, creating and operating games cities and areas, issuing any type of negotiable debt instrument including Sukuk. The investment has been classified as an investment in associate company since there is a significant influence on the company evidenced by the representation in the board of directors and the existence of material transactions with the investee.
- (2) The main activities of the company are the purchase of lands to construct manufacturing buildings thereon 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 associate since there is a significant influence on the company (no control exists on the company's decisions).
- (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 15/10/1442 H, corresponding to 27/05/2021 G. It has been classified as an investment in joint arrangements as a joint venture.

ABDULLAH AL-OTHAIM MARKETS COMPANY*(A Saudi Joint Stock Company)***NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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*(All amounts are presented in Saudi riyals unless otherwise indicated)***A. Summary of movements in investment during the period / year:**

	31 March 2022	31 December 2021
Balance at the beginning of the period/ year	348,869,385	267,138,201
Share in associate's net profit	20,448,807	31,801,425
Additions	-	50,000,000
Share of other comprehensive income of the associate	(897,061)	(70,241)
Transferred to assets held for sale	(237,989,185)	-
	130,431,946	348,869,385

B. Investments in associates and joint arrangement are as follows:

<u>Associate Company</u>	31 March 2022	31 December 2021
Abdullah Al-Othaim for Investment Company	237,989,185	229,562,715
AlWousta Food Services Company	26,661,998	25,699,944
Riyadh Food Industries Company	46,571,449	43,056,727
Gulf Flour Milling Industrial Company – Joint venture	57,198,499	50,549,999
Transferred to assets held for sale – Abdullah Al-Othaim for Investment Company	(237,989,185)	-
	130,431,946	348,869,385

10. CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
Cash on hand	64,534,312	36,806,715
Cash at banks	291,852,287	145,936,636
	356,386,599	182,743,351

11. STATUTORY RESERVE

In accordance with the Company by laws and the Companies Law in the Kingdom of Saudi Arabia, the Company shall transfer 10% of the annual net income to a statutory reserve until such reserve reaches 30% of the share capital. This reserve is not available for distribution to the shareholders as dividends. However, it can be used to absorb the Company losses or increase its capital.

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

	31 March 2022	31 December 2021
Balance at the beginning of period/ year	206,961,651	171,440,559
Cost of service and cost of discount factor for the period/ year	11,058,770	39,888,287
Payments during the period/ year	(2,223,100)	(9,582,306)
Actuarial losses from remeasurement of end of service benefits	94,264	5,443,030
Transferred to obligations related to assets held for sale	-	(227,919)
	215,891,585	206,961,651

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*(All amounts are presented in Saudi riyals unless otherwise indicated)***13. LOANS AND MURABAHAT**

Islamic bank facilities (Murabaha) are secured by a promissory note in the name of Abdullah Al-Othaim Markets Company. The bank facilities (Murabaha) are due during the money period. Islamic bank facilities (Murabaha) for use but used on March 31, 2022 G amounted to 1,275 million Saudi riyals (December 31 2021 G: 1, 275 million Saudi riyals).

14. RELATED PARTIES

Transactions with related parties represent transactions entered between the Company and its associates, subsidiaries, major shareholders and senior executives of the Company. Management of the Company approved a policy for prices and conditions for transactions with related parties. Transactions with related parties represent mainly rent revenue, rent expenses, purchases of goods and manpower services.

Related party	Nature of relationship
Al-Othaim Holding Company	Founding Shareholder
Abdullah Al-Othaim for Investment Company	Associate
AlWousta Food Services Company	Associate
Riyadh Food Industries Company	Associate
The Gulf Flour Milling Industrial Company	Associate
General Organization of Social Insurance	Related to a Board member
Almarai Company	Related to a Board member
Al-Jouf Agricultural Development Company	Related to a Board member
The Arabic Company for Agricultural Services "ARASCO"	Related to a Board member
Jarir Marketing Company	Related to a Board member
Abdullah Al-Othaim for Fashion Company	Subsidiary of an associate
Members of the board of directors and senior executives	Company Management
Dani Trading Company	Related to a prior Board member
Abdullah Al-Othaim for Entertainment Company	Subsidiary of an associate
Emtiyaz Al Riyadh	Subsidiary of an associate
Fourth Milling Company	Subsidiary of an associate
Rimal Alsawahil for Contracting and Maintenance	Related to a Board member of subsidiary company
Saudi Pillar Contracting Company	Related to the chairman of board

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

Related party	Rent expense	Rent revenue	Merchandise purchases	Manpower service and other revenues	Manpower service and other costs
Al-Othaim Holding Company	2,500	-	-	16,142,443	-
Abdullah Al-Othaim for Investment Company	3,407,603	9,096,138	-	72,829	1,023,198
AlWousta Food Services Company	-	150,000	-	-	-
Riyadh Foods Industries Company	-	-	47,011,478	103,980	-
General Organization of Social Insurance	1,414,195	-	-	-	-
Almarai Company	-	-	157,637,367	-	-
Al-Jouf Agricultural Development Company	-	-	6,886,625	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	5,934,858	-	-
Abdullah Al-Othaim for Fashion Company	-	43,881	-	-	-
Saudi Pillar Contracting Company	-	-	-	-	4,894,107

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(All amounts are presented in Saudi riyals unless otherwise indicated)

Rimal Alsawahil for Contracting and Maintenance	-	-	-	4,780,389	-
Dani Trading Company	-	168,250	-	-	-
Abdullah Al-Othaim for Entertainment Company	-	377,697	-	82,239	-
Emtiyaz Al Riyadh	-	-	-	61,787	-
Fourth Milling Company	-	-	2,448,661	258,750	-

Transactions with related parties for the three-month period ended 31 March 2021 are as follows

<u>Related party</u>	<u>Rent expense</u>	<u>Rent revenue</u>	<u>Merchandise purchases</u>	<u>Manpower service and other revenues</u>	<u>Manpower service and other costs</u>
Al-Othaim Holding Company	2,500	177,513	-	1,105,258	-
Abdullah Al-Othaim for Investment Company	3,407,603	8,918,625	-	146,861	2,472,050
AlWousta Food Services Company	-	150,000	-	-	-
Riyadh Foods Industries Company	-	-	34,162,069	283,001	-
General Organization of Social Insurance	1,414,195	-	-	-	-
Almarai Company	-	-	136,444,878	-	-
Al-Jouf Agricultural Development Company	-	-	6,247,663	-	-
The Arabic Company for Agricultural Services "ARASCO"	-	-	4,198,186	-	-
Jarir Marketing Company	-	-	136,649	-	-
Abdullah Al-Othaim for Fashion Company	-	43,881	-	268,481	-
Rimal Alsawahil for Contracting and Maintenance	-	-	-	3,101,701	-
Dani Trading Company	-	168,250	-	-	-
Abdullah Al-Othaim for Entertainment Company	-	377,697	-	78,979	-
Emtiyaz Al Riyadh	-	-	-	86,087	-
Fourth Milling Company	-	-	16,064	-	-

Board members and senior executives' benefits during the period**Charged to comprehensive income**

	<u>31 March 2022</u>	<u>31 March 2021</u>
Short term benefits	8,919,760	3,907,028
Post-employment benefits	60,387	92,174
	<u>8,980,147</u>	<u>3,999,202</u>

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*(All amounts are presented in Saudi riyals unless otherwise indicated)***Below are the balances due from/to related parties****Due from related parties:**

	31 March 2022	31 December 2021
Rimal Alsawahil for Contracting and Maintenance	2,428,579	1,903,156
Riyadh Foods Industries Company	48,236	82,995
Al-Othaim Holding Company	91,346	261,965
Abdullah Al-Othaim for Entertainment Company	133,319	91,770
Emtiyaz Al Riyadh	55,298	56,419
Gulf Flour Milling Industrial Company	1,000	1,000
Fourth Milling Company	258,750	-
	3,016,528	2,397,305

Due to related parties (included in trade payables):

	31 March 2022	31 December 2021
Riyadh Foods Industries Company	47,135,689	26,874,053
Abdullah Al-Othaim for Investment Company	267,627	4,678,282
Al-Jouf Agricultural Development Company	5,757,688	5,994,069
The Arabic Company for Agricultural Services "ARASCO	4,294,693	3,288,201
Jarir Marketing Company	1,739	1,739
Almarai Company	140,999,525	93,523,741
Fourth Milling company	2,600,001	231,526
	201,056,962	134,591,611

15. ZAKAT PROVISION

Zakat expenses are 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 in Saudi Arabia. Zakat is calculated in the current period on the basis of the adjusted net income method.

	31 March 2022	31 December 2021
Balance at the beginning of period/ year	13,839,202	26,353,223
Charge for the period/ year	3,138,384	11,327,268
Disposal during the period/ year	-	(3,445,728)
Payments for the period/ year	-	(20,395,561)
Balance at the end of period/ year	16,977,586	13,839,202

- The Company had submitted its consolidated Zakat declarations for all years up to 2021 and paid zakat obligations accordingly.
- The Company had requested the Authority to finalize the Zakat position of the Company and issue the final Zakat assessments for the years 2012 and 2013. The Zakat assessments has not yet been issued.
- On 26 August 2020 the Company has received the Zakat assessment from the Zakat, Tax and Customs Authority for the fiscal year 2014 with an amount of SR 678.6 thousand. The Company has submitted its objection to those assessment decisions within the statutory time limits.
- The company had made the final zakat assessment for the years from 2015 to 2018 during 2021.

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 2022

*(All amounts are presented in Saudi riyals unless otherwise indicated)***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 2022, 2021, are calculated based on the weighted average number of shares outstanding during those periods. Diluted earnings per share is the same as the basic earnings per share because the company does not have any issued dilutive instruments

17. SEGMENTAL INFORMATION

The Company is mainly food supplies retail and wholesale. The Company operates in the Kingdom of Saudi Arabia and Egypt, in addition to leasing commercial centers for the purpose of investment for the interest of the Company. The results of the segments are reviewed by the Company' management, Income, profits, assets and liabilities are measured using the same accounting principles used in preparing the in financial statements.

a. The selected information for each business segment are summarized below:

<u>Item</u>	For the three month period ended 31 March 2022			
	<u>Retail and wholesale</u>	<u>Real estate and leasing</u>	<u>Other</u>	<u>Total</u>
Property, plant and equipment, net	1,397,599,902	-	5,564,725	1,403,164,627
Right of use of leased assets	1,432,744,799	30,297,197	2,351,495	1,465,393,491
Investment properties, net	-	684,401,513	-	684,401,513
Intangible assets, net	1,678,214	-	710,879	2,389,093
Assets held for sale	237,989,185	-	1,179,013	239,168,198
Total assets	4,605,377,396	721,487,814	353,841,655	5,680,706,865
Total liabilities	4,167,849,700	106,270,846	90,169,059	4,364,289,605
Sales	2,410,510,098	-	65,633,632	2,476,143,730
Sales outside the Group	2,410,510,098	-	51,871,267	2,462,381,365
Rental income from outside the Group	-	32,170,033	-	32,170,033
Sales and revenues - Inter segments	-	44,428	13,762,365	13,806,793
Total revenue, sales commissions and net rental income	479,551,592	17,579,411	10,020,522	507,151,525
Operating Income	74,637,482	17,579,411	(1,962,008)	90,254,885

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*(All amounts are presented in Saudi riyals unless otherwise indicated)***b. Distribution of retail and wholesale sales revenues and rental income on geographical regions as follows:**

Geographical area	For the three-month period ended 31 March 2022					
	Retail and wholesale	Percentage %	Rental income	Percentage %	Other	Percentage %
Central region - Saudi Arabia	1,498,633,277	62.2%	15,534,916	48.3%	51,871,267	100.00%
Eastern region - Saudi Arabia	241,954,410	10.0%	13,805,275	42.9%	-	-
Southern region - Saudi Arabia	300,092,296	12.4%	845,089	2.6%	-	-
Northern region - Saudi Arabia	165,364,359	6.9%	1,097,628	3.4%	-	-
Western region - Saudi Arabia	131,996,503	5.5%	757,911	2.4%	-	-
Egypt	72,469,253	3.0%	129,214	0.4%	-	-
Total	2,410,510,098	100%	32,170,033	100%	51,871,267	100%

c. Rental income, net

	31 March 2022	31 March 2021
Shop rental revenue	28,458,388	27,165,910
Marketing rental revenue	3,711,645	7,143,934
Total rental revenue	32,170,033	34,309,844
Renting expenses	(14,590,622)	(14,868,005)
	17,579,411	19,441,839

18. CONTINGENCIES AND COMMITMENTS

The Company has the following contingent liabilities and capital commitments:

Details	31 March 2022	31 December 2021
Letters of credit	41,924,117	75,744,816
Letters of guarantee	96,232,268	112,814,955
Commitments on capital work in progress	63,745,640	69,889,474

19. Financial Instruments - Risk Management

Financial assets in the Company's balance sheet are comprised mainly of equity instruments at fair value through other comprehensive income, trade and other receivables, financial assets at amortized cost through income, cash and cash equivalents, loans and murabahat, trade payables, accrued payments and other payables.

Foreign currencies exchange risk

Foreign currency risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Group did not perform significant transactions in currencies other than the Saudi Riyal, US Dollar, Arab Emirates Dirham and Egyptian Pound. Since the Saudi riyal and AED is pegged against the US dollar, it does not represent significant currency risk. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currencies with the cash generated from their own operations in those currencies.

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Where group entities have liabilities denominated in currencies other than their respective functional currencies (and have insufficient reserves of that currency to settle them), cash denominated in that currencies will, where possible, be transferred from elsewhere within the Group. In order to monitor the continuing effectiveness of this policy, the management is making a periodic forecast, analyzed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves

The Group's management monitors currency exchange rates and believes that currency risk is immaterial.

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The financial instruments of the Company that may be exposed to credit risks principally include receivables, due from related parties and cash and cash equivalents. The carrying amount of financial assets represents the maximum exposure to credit risk

Trade receivables and due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of "trade receivables and due from related parties" separately. However, the management does not expect to be exposed to significant credit risk from trade receivables because it has a broad base of clients operating in different activities and multiple locations, and it also monitors outstanding receivables periodically.

Cash and cash equivalents

The group deposits its funds in reliable and high creditworthy financial banks. Liquidity risk is the risk that the Group will encounter difficulty in not fulfilling its obligations associated with its financial liabilities that are settled by paying cash or other financial assets. The group also has a policy regarding the amount of funds deposited in each bank and the group's approach to managing liquidity aims to ensure that it has sufficient liquidity continuously and as much as possible to fulfill its obligations under normal and critical circumstances, without incurring unacceptable losses or endangering the group's reputation. Management does not expect significant credit risks to arise from this.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with financial commitments. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise. The Company's financial liabilities consist of trade payables, accruals and other payables. The Company mitigates liquidity risk by ensuring the availability of bank facilities, in addition to matching the collection period from customers and the settlement periods to suppliers and other creditors.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can arise between the carrying amount and the fair value estimates. The fair value definition is the measurement based on the market and assumptions that market participants use.

- The Company management considers that the fair value of short-term financial assets and liabilities approximates their carrying amount due to their short-term maturities.
- The management has estimated that the fair value of long-term loans and murabaha is close to their carrying amount, as the commission rates on these loans are floating and changes with the change in the market commission rate (*SIBOR*).

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The following table shows the analysis of items recorded at fair value according to the level of the fair value hierarchy measurement:

As of 31 March 2022,	The first level	the second level	the third level
Equity instruments at fair value through other comprehensive income	-	-	2,723,734
As of 31 December 2021,	The first level	the second level	the third level
Equity instruments at fair value through other comprehensive income	-	-	2,723,734

- Equity instruments measured at fair value through other comprehensive income include investments in unlisted companies where the fair value has been estimated on the basis of the net adjusted assets value from the latest available financial statements (fair value level 3).

Interest rate risks

The Company's exposure to the risk of changes in market interest rates relates primarily to financial assets and liabilities with floating interest rates. The actual interest rates and the periods which the financial assets and liabilities are reprised or matured are indicated in the related notes.

20. ASSETS HELD FOR SALE – ABDULLAH AL-OTHAIM INVESTMENT COMPANY

On March 16, 2022, the Capital Market Authority announced its decision to approve the initial offering of the shares of Abdullah Al-Othaim Investment Company (an associate company) in the main market of listed joint stock companies, as the company owns 13,653,850 shares, which represents 13.65% of the capital of Abdullah Al-Othaim Investment Company on March 16, 2022, the Board of Directors of Abdullah Al-Othaim Markets Company decided to approve the sale of all shares the company is in the capital of Abdullah Al-Othaim Investment Company through an initial Public Offering. According to that date, the investment has been reclassified from investments in associates to assets held for sale, (note 9).

21. NEW CORONA VIRUS AND FINANCIAL IMPACT

Earlier in the year 2020, the outbreak of the Corona virus (Covid-19) was confirmed. Since then, the virus has spread throughout the world, including Saudi Arabia, and has had a major impact on businesses and commercial activities. The government imposed some precautionary measures during the first half of the year which include -amongst other measures - the suspension of non-vital activities, in addition to restrictions on the movement of individuals. The food supply sector was classified by the government as a vital sector. Accordingly, the government did not impose restrictions on the company's operations or its supply chain.

The management will continue to monitor the situation. Once there is more clarity about the final impact, the company will update all stakeholders, if necessary, in accordance with regulatory requirements.

22. COMPARATIVE FIGURE

Certain comparative figures have been reclassified to conform with the current period classification.

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23. DIVIDENDS

- On February 15, 2022, the Board of Directors has decided by circulation to distribute an interim cash dividend to shareholders for the second half of the year 2021, with a total amount of SR (180) million, at a rate of SR (2) per share. The dividends were paid during the first quarter of 2022.
- On 13 March 2021, the board of directors has decided by circulation to distribute an interim cash dividend to the shareholders for the second half of the fiscal year 2020 at a rate of SR (3) per share with a total amount of SR (270) million. The dividends were paid during the second quarter of 2021.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of director on 09 Shawwal 1443 (H) Corresponding to 10 May 2022 (G).