

SAUDI MARKETING COMPANY
(FARM SUPERSTORES)
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS
PERIODS ENDED SEPTEMBER 30, 2020**

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Saudi Marketing Company (Farm Superstores)
(A Saudi Joint Stock Company)
Dammam, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Saudi Marketing Company (Farm Superstores) ("the Company") and its subsidiary (collectively referred to as "the Group") which comprise of condensed consolidated interim statement of financial position as at September 30, 2020, condensed consolidated interim statement of profit or loss and other comprehensive income for the three months and nine months periods then ended, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine months period then ended and summary of significant accounting policies and selected notes from (1) to (12).

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 condensed consolidated interim financial statements are not prepared in all material respects, in accordance with IAS 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



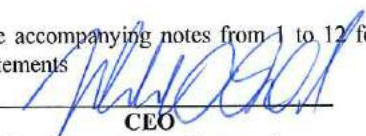
November 11, 2020 (G)
Rabi Al-Awwal 25, 1442 (H)

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020
(Expressed in Saudi Riyals)

	Notes	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	666,905,556	686,504,058
Right of use assets		688,498,116	711,661,777
Investment properties		29,211,596	29,351,022
Intangible assets		3,911,108	3,634,573
Investment in equity instruments at fair value through other comprehensive income		351,348	506,406
Total non-current assets		1,388,877,724	1,431,657,836
Current assets			
Inventories		824,865,236	759,501,721
Trade receivables		15,785,257	10,852,116
Prepayments and other receivables		41,001,238	29,705,994
Due from related parties	5	738,301	10,282,307
Cash and cash equivalents		13,149,102	20,675,252
Total current assets		895,539,134	831,017,390
TOTAL ASSETS		2,284,416,858	2,262,675,226
EQUITY AND LIABILITIES			
Equity			
Share capital		450,000,000	450,000,000
Statutory reserve		92,884,188	92,884,188
Retained earnings		69,645,855	34,928,245
Fair value reserves		(906,481)	(751,423)
Equity attributable to the shareholders of the Company		611,623,562	577,061,010
Non-controlling interest		241,135	285,793
Total equity		611,864,697	577,346,803
Non-current liabilities			
Term loans	6	21,527,760	71,944,444
Lease liability		665,209,881	675,340,354
Employees' end of service benefits		55,635,223	54,127,994
Total non-current liabilities		742,372,864	801,412,792
Current liabilities			
Trade payables and accruals		390,832,603	323,842,523
Short-term loans	6	400,108,877	370,969,527
Term loans- current portion	6	81,333,333	123,666,659
Lease liability-current portion		54,856,317	57,922,593
Advances against sub-lease		1,298,588	3,961,932
Provision for zakat	7	1,749,579	3,552,397
Total current liabilities		930,179,297	883,915,631
Total liabilities		1,672,552,161	1,685,328,423
TOTAL EQUITY AND LIABILITIES		2,284,416,858	2,262,675,226

The accompanying notes from 1 to 12 form an integral part of these condensed consolidated interim financial statements


CEO
Maher Hazem Fayeze Al Aswad



CFO
Salman Ejaz Khawaja Ejaz Ur Rehman

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020
(Expressed in Saudi Riyals)

	Note	For the three months period ended September 30		For the nine months period ended September 30	
		2020	2019	2020	2019
Revenue		409,294,637	381,243,230	1,437,774,523	1,173,176,540
Cost of revenue		(292,567,801)	(262,407,533)	(1,069,647,701)	(822,216,150)
Gross profit		116,726,836	118,835,697	368,126,822	350,960,390
Selling and distribution expenses		(79,998,849)	(80,436,870)	(242,534,864)	(242,655,718)
General and administrative expenses		(20,688,294)	(21,057,220)	(62,434,169)	(67,732,559)
Profit from operations		16,039,693	17,341,607	63,157,789	40,572,113
Finance cost		(12,536,682)	(16,364,340)	(40,774,424)	(51,524,407)
Other income, net		4,083,109	3,709,147	14,090,506	16,826,194
Profit before zakat		7,586,120	4,686,414	36,473,871	5,873,900
Zakat		(181,058)	(111,212)	(1,800,919)	(146,816)
NET PROFIT FOR THE PERIOD		7,405,062	4,575,202	34,672,952	5,727,084
Other comprehensive income / (loss)					
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Fair value gain / (loss) on re-measurement of equity instruments at FVOCI		26,351	-	(155,058)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,431,413	4,575,202	34,517,894	5,727,084
Net profit / (loss) attributable to:					
Shareholders of the Company		7,410,875	4,538,926	34,717,610	5,713,341
Non-controlling interests		(5,813)	36,276	(44,658)	13,743
		7,405,062	4,575,202	34,672,952	5,727,084
Total comprehensive income / (loss) attributable to:					
Shareholders of the Company		7,437,226	4,538,926	34,562,552	5,713,341
Non-controlling interests		(5,813)	36,276	(44,658)	13,743
		7,431,413	4,575,202	34,517,894	5,727,084
Earnings per share					
Basic and diluted earnings per share from net profit attributable to the shareholders of the Company	9	0.16	0.10	0.77	0.13

The accompanying notes from 1 to 12 form an integral part of these condensed consolidated interim financial statements.


CEO
Maher Hazem Fayeze Al Aswad

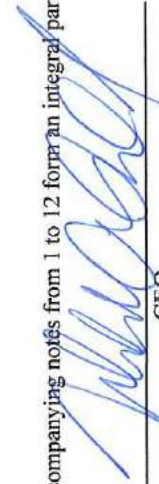

CFO
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SAUDI MARKETING COMPANY (FARM SUPERSTORES)
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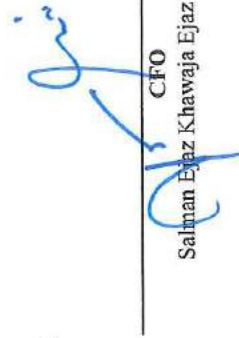
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
(Expressed in Saudi Riyals)

	Attributable to the shareholders of the Company						
	Share capital	Statutory reserve	Retained earnings	Fair value reserves	Total	Non-controlling interest	Total equity
At January 01, 2019 (audited)	450,000,000	91,858,387	27,388,567	(738,417)	568,508,537	233,845	568,742,382
Net profit for the period	-	-	5,713,341	-	5,713,341	13,743	5,727,084
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	5,713,341	-	5,713,341	13,743	5,727,084
At September 30, 2019 (un-audited)	450,000,000	91,858,387	33,101,908	(738,417)	574,221,878	247,588	574,469,466
At January 01, 2020 (audited)	450,000,000	92,884,188	34,928,245	(751,423)	577,061,010	285,793	577,346,803
Net profit for the period	-	-	34,717,610	-	34,717,610	(44,658)	34,672,952
Other comprehensive loss	-	-	-	(155,058)	(155,058)	-	(155,058)
Total comprehensive income for the period	-	-	34,717,610	(155,058)	34,562,552	(44,658)	34,517,894
At September 30, 2020 (un-audited)	450,000,000	92,884,188	69,645,855	(906,481)	611,623,562	241,135	611,864,697

The accompanying notes from 1 to 12 form an integral part of these condensed consolidated interim financial statements.



CEO
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SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

(Expressed in Saudi Riyals)

	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat	36,473,871	5,873,900
<i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	37,755,310	37,011,553
Depreciation of right of use assets	50,926,702	50,261,644
Depreciation of investment properties	139,426	139,426
Amortisation of intangible assets	1,114,268	772,351
Provision for employees' end of service benefits, net	1,507,229	2,481,328
(Gain) / loss on disposal of property and equipment	(35,672)	1,786,519
Finance cost	40,774,424	51,524,407
	168,655,558	149,851,128
<i>Working capital adjustments</i>		
Inventories	(65,363,515)	(27,487,531)
Trade receivables	(4,933,141)	(7,635,037)
Prepayments and other receivables	(11,295,244)	5,193,712
Due from related parties	9,544,006	43,683,380
Trade payable and accruals	66,990,080	(18,500,465)
Advances against sub-lease	(2,663,344)	(2,480,462)
Cash provided by operations	160,934,400	142,624,725
Finance cost paid	(11,085,721)	(18,923,131)
Zakat paid	(3,603,737)	(3,204,668)
Net cash generated from operating activities	146,244,942	120,496,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,595,783)	(23,862,556)
Proceeds from disposal of property and equipment	474,647	154,346
Additions to intangible assets	(1,390,803)	(980,065)
Net cash used in investing activities	(19,511,939)	(24,688,275)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in term loans	(92,750,010)	(17,555,557)
Net change in short term loans	29,139,350	(19,296,960)
Repayment of lease liability	(70,648,493)	(60,326,787)
Net cash used in financing activities	(134,259,153)	(97,179,304)
Net change in cash and cash equivalents	(7,526,150)	(1,370,653)
Cash and cash equivalents at January 01,	20,675,252	16,234,096
Cash and cash equivalents at September 30,	13,149,102	14,863,443

The accompanying notes from 1 to 12 form an integral part of these condensed consolidated interim financial statements.



CEO

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CFO

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SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**
(Expressed in Saudi Riyals)

1. CORPORATE INFORMATION AND GROUP STRUCTURE

Saudi Marketing Company (Farm Superstores) (the "Company") is a Saudi Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia (KSA) under Commercial Registration number 2050006430 dated Muharram 2, 1399H (corresponding to December 3, 1978). The Company has various branches all over the Kingdom of Saudi Arabia. The Company's registered office is P.O. Box 4605, Dammam 31412, Kingdom of Saudi Arabia.

As of the reporting date, the Company has the following subsidiary (collectively referred to as the "Group"):

Subsidiary name	Country of incorporation	Effective ownership interest (%)	
		September 30, 2020	December 31, 2019
Pure Springs Agencies & Trading Company Ltd.	Saudi Arabia	90	90

The subsidiary is engaged in managing and operating coffee shops.

The Group is engaged in the following activities:

- Wholesale and retail of foodstuff, household consumables, toys, textiles and stationary;
- Marketing services on behalf of third parties and managing and operating bakeries;
- Managing and operating restaurants and coffee shops and providing fast food items and cold and hot beverages;
- Establishment, operation and maintenance of amusement centers.

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These condensed consolidated interim financial statements for the three months and nine months periods ended September 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards that are endorsed in KSA and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019.

The methods of computation and accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019.

The significant judgements made by management in applying the Group's key sources of estimation uncertainty were similar to those described in the Group's annual consolidated financial statements for the year ended December 31, 2019.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020
(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared using the accruals basis of accounting under the historical cost convention, except for the remeasurement of equity instrument at fair value through other comprehensive income (FVOCI) and employees' benefits that have been measured at the fair value and present value respectively. As of September 30, 2020 and December 31, 2019, the carrying values of the financial assets and financial liabilities approximate to their fair values. Investment in equity instrument at FVOCI is determined at level 1 of the fair value hierarchy.

These condensed consolidated interim financial statements are presented in Saudi Riyal (SR) which is also the functional currency of the Group.

2.3 New accounting standards, interpretations and amendments

There are no new accounting standards issued, however there are number of amendments to standards issued which are effective from January 01, 2020. Further, the Group has not early adopted any amendment or interpretation that have been issued but which are not yet effective. Those amendments and interpretations are not disclosed in these condensed consolidated interim financial statements as those are either not relevant to the Group's operations or will not have a material impact on the condensed consolidated interim financial statements of the Group in future periods.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

(Expressed in Saudi Riyals)

3. SEGMENT INFORMATION**Operating segments**

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

- The retail segment- this segment includes sale of goods to customers commonly at the store checkout for the sales via the Group's stores.
- The household segment- this segment includes sale of goods to the wholesale customers.
- The entertainment service segment- this segment includes services provided by operating kids play grounds "Adventure World".

All of the Group's operations are located in the Kingdom of Saudi Arabia. The selected information for each operating segment for the period ended September 30, 2020 and September 30, 2019 are as follows:

Period ended September 30, 2020 (unaudited)	Retail	Household	Entertainment services	Total
Revenue	1,420,520,102	5,926,710	11,327,711	1,437,774,523
Profit / (loss) from operations	69,391,520	120,706	(6,354,437)	63,157,789
Net profit / (loss) for the period attributable to shareholders	47,633,543	(3,790,779)	(9,125,154)	34,717,610
Total non-current assets	1,274,166,180	-	114,711,544	1,388,877,724
Total assets	2,169,705,314	-	114,711,544	2,284,416,858
Total liabilities	1,672,552,161	-	-	1,672,552,161

Period ended September 30, 2019 (unaudited)	Retail	Household	Entertainment services	Total
Revenue	1,131,210,595	12,596,852	29,369,093	1,173,176,540
Profit/ (loss) from operations	35,067,953	(4,840,088)	10,344,248	40,572,113
Net profit / (loss) for the period attributable to shareholders	5,866,821	(2,635,983)	2,482,503	5,713,341
Total non-current assets	1,507,702,420	-	75,726,577	1,583,428,997
Total assets	2,325,531,985	-	75,726,577	2,401,258,562
Total liabilities	1,826,789,096	-	-	1,826,789,096

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)****FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

(Expressed in Saudi Riyals)

4. PROPERTY AND EQUIPMENT

During the nine months period ended September 30, 2020, the Group acquired property and equipment with a cost of SR 18.6 million (September 30, 2019: SR 23.9 million) and disposed off assets with a cost of SR 2.2 million (September 30, 2019: SR. 3.2 million).

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties.

The significant transactions with related parties have been disclosed below:

Related parties	Relationship	Nature of transactions	Amounts of transaction for nine months period ended September 30,	
			2020 (Unaudited)	2019 (Unaudited)
Saudi Marketing and Trading SAL (Holding)	Affiliate	Collection	(6,692,500)	-
Al Karam Restaurant	Affiliate	Sales	329,805	640,609
		Expenses	(549,900)	-
		Payment-net of collection	348,595	-
Al Aswad Trading and Contracting - Electromechanical	Affiliate	Rental income	396,051	287,831
		Collection	(254,888)	(287,831)
Al Dawaa Medical Services	Affiliate	Rental income net of payment	-	739,069
		Purchases	-	1,152,635
		Gondola and sales	-	246,836
Al Aswad Trading and Contracting Establishment	Affiliate	Rental and advances paid	(4,485,967)	(2,618,788)
		Rental income	-	1,606,500
		Sale of vehicle	9,000	-
		Purchases	780,532	-
		Payment	(780,532)	-
Al Aswad Trading Establishment	Affiliate	Purchases	1,853,026	1,516,820
		Gondola, rental income and Sales	(115,377)	(247,142)
		Payments	(1,597,694)	(1,748,825)
Space Travel agencies	Affiliate	Purchases	424,525	2,144,199
		Payments	(443,239)	-
Others	Affiliates	Rental income	-	392,160

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

(Expressed in Saudi Riyals)

Amounts due from related parties:

Related parties	Relationship	Balances	
		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Saudi Marketing and Trading SAL (Holding)	Affiliate	-	6,692,500
Al Karam Restaurant	Affiliate	199,503	71,003
Al Aswad Trading and Contracting - Electromechanical	Affiliate	141,163	-
Al Dawaa Medical Services	Affiliate	-	994,819
Al Aswad Trading and Contracting Establishment	Affiliate	-	2,131,825
Space Travel agencies	Affiliate	5,475	-
Others	Affiliates	392,160	392,160
		<u>738,301</u>	<u>10,282,307</u>

Amounts due to related parties presented under trade payables and accruals:

Related parties	Relationship	Balances	
		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Al Dawaa Medical Services	Affiliate	-	588,991
Al Aswad Trading and Contracting Establishment	Affiliate	2,345,142	-
Al Aswad Trading Establishment	Affiliate	416,745	276,790
Space Travel agencies	Affiliate	-	13,239
		<u>2,761,887</u>	<u>879,020</u>

Pricing policies and terms of payments for the above transactions have been approved by the Group's management.

Remuneration of key management personnel:

The remuneration of key management personnel was as follows:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Short term benefits	2,352,000	2,412,000
End of service benefits	196,000	201,000
Board of Directors' remuneration	337,500	337,500
	<u>2,885,500</u>	<u>2,950,500</u>

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020
(Expressed in Saudi Riyals)

6. LOANS AND BORROWINGS

		September 30, 2020	December 31, 2019
	Notes	(Unaudited)	(Audited)
Term loans - non-current portion	6.1	21,527,760	71,944,444
- current portion	6.1	81,333,333	123,666,659
		102,861,093	195,611,103
Short term loans	6.2	400,108,877	370,969,527
		502,969,970	566,580,630

6.1 Term loans

Various long term loans facilities have been obtained from local commercial banks which are secured by promissory notes. These long term loan facilities carry financial charges at normal commercial rates.

The loan agreements include covenants which among other things, require certain financial ratios to be maintained.

6.2 Short term loans

These facilities have been obtained from local commercial banks and comprise of bank overdrafts and short term loans with maturities of less than one year. The short term facilities are secured by promissory notes. The short term facilities carry financial charges at normal commercial rates.

7. ZAKAT

Status of assessments

The Company has finalized its Zakat assessments for years from 2009 to 2012 with the General Authority of Zakat and Tax (GAZT). The declarations / returns for the years from 2013 to 2018 have been submitted to GAZT. For these years assessment, further information has been requested by the GAZT in May 2020 which has been duly submitted by the Company. The Company has filed its 2019 Zakat return in July 2020.

Pure Springs Agencies and Trading Company Ltd. obtained its final assessments up to 2008. The declarations / returns for years from 2009 to 2018 have been submitted to GAZT, however declaration / return for the year 2019 is yet to be submitted to the GAZT.

8. CONTINGENCIES AND COMMITMENTS

The Group's bankers have issued payment guarantees, on behalf of the Group, amounted to SR 12 million (December 31, 2019: SR 11.8 million) and letter of credits amounted to SR 1.4 million (December 31, 2019: SR 1.6 million).

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

(Expressed in Saudi Riyals)

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the following profit attributable to the shareholders of the Company and weighted average number of ordinary shares outstanding:

	Three months period ended September 30,		Nine months period ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit attributable to the shareholders of the Company	7,410,875	4,538,926	34,717,610	5,713,341
Weighted average number of ordinary shares outstanding	45,000,000	45,000,000	45,000,000	45,000,000
Basic and diluted earnings per share from net profit attributable to the shareholders of the Company	0.16	0.10	0.77	0.13

10. IMPACTS OF COVID-19

The existence of novel coronavirus (COVID-19) was confirmed during the first quarter of 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activities. As a result, the management has taken preventive measures to ensure the health and safety of its employees, customers and environment to ensure the continuity of its operations. Notwithstanding these challenges, the Group's retail operations currently remain largely unaffected as the food industry in general was exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and continuity of supply chain. This is evident from the increase in sales in retail segment. However, the entertainment segment of the Group (Adventure World) had been temporarily closed in March 2020 to prevent spread of COVID-19 and was subsequently re-opened in the last week of June 2020. Based on these factors, the management believes that COVID-19 has had no material impact on the Group' reported financial results for the three months and nine months periods ended September 30, 2020. However, the Group continues to monitor the Covid-19 situation closely.

11. SUBSEQUENT EVENTS

In the opinion of management, there has been no significant subsequent event since the period ended September 30, 2020 till the date of authorization/approval of these condensed consolidated interim financial statements by the Board of Directors that would either require an adjustment or disclosure in these condensed consolidated interim financial statements.

12. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors on Rabi Al-Awwal 24 1442 H (corresponding November 10, 2020 G).