

HERFY FOOD SERVICES COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2023**

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

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Report on review of the condensed interim financial statements

To the Shareholders of Herfy Food Services Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Herfy Food Services Company (the "Company") as at September 30, 2023 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended and the related condensed interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes (the "condensed interim financial statements"). The Board of Directors are responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed 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", as 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, as 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A blue ink signature, appearing to read "Omar M. Al Sagga", written over a horizontal line.

Omar M. Al Sagga
License Number 369

November 6, 2023

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

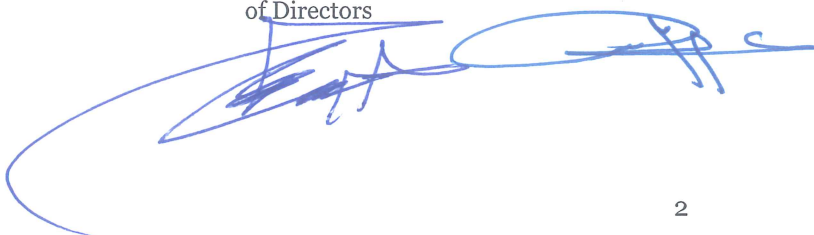
	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	847,407,442	864,135,826
Right-of-use assets	7	547,236,398	572,525,445
Net investments in finance lease		5,042,220	5,912,484
Intangible assets		12,597,994	13,479,535
Investment properties	8	144,219,661	137,998,519
Other non-current assets		3,106,483	3,058,093
		1,559,610,198	1,597,109,902
Current assets			
Inventories	9	158,099,802	177,615,025
Trade, other receivables and prepayments	10	194,020,088	177,010,993
Net investments in finance lease – current portion		1,032,744	1,117,803
Financial assets held at fair value through profit or loss (FVTPL)	11	515,183	21,349,104
Cash and cash equivalents		29,873,856	20,297,172
		383,541,673	397,390,097
TOTAL ASSETS		1,943,151,871	1,994,499,999
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	646,800,000	646,800,000
Statutory reserve		102,036,244	101,760,104
Retained earnings		278,138,054	307,992,800
TOTAL EQUITY		1,026,974,298	1,056,552,904
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	533,847,221	553,988,051
Employees' defined benefits liabilities		98,076,323	97,263,701
Total non-current liabilities		631,923,544	651,251,752
Current liabilities			
Borrowings	13	17,841,337	15,612,073
Lease liabilities – current portion	7	37,346,829	30,640,179
Trade and other payables	14	227,888,216	235,736,844
Zakat payable	15	1,177,647	4,706,247
Total current liabilities		284,254,029	286,695,343
TOTAL LIABILITIES		916,177,573	937,947,095
TOTAL EQUITY AND LIABILITIES		1,943,151,871	1,994,499,999

The accompanying notes 1 to 22 form part of these condensed interim financial statement.

The authorized member of the Board
of Directors

Chief Executive Office




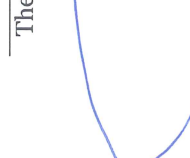
Director of Finance




HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30,		Nine-month period ended September 30,	
		2023 (Unaudited)	2022 (Unaudited) (Restated-note21)	2023 (Unaudited)	2022 (Unaudited) (Restated-note21)
Revenue		313,040,936	315,569,181	876,387,436	944,647,875
Cost of revenue		(229,947,192)	(236,505,473)	(667,191,400)	(693,651,835)
Gross profit		83,093,744	79,063,708	209,196,036	250,996,040
Selling and distribution expenses		(52,161,085)	(34,071,393)	(142,246,190)	(114,109,494)
General and administrative expenses		(15,317,913)	(20,403,567)	(49,501,971)	(55,435,287)
Reversal of impairment loss on financial assets		200,000	750,000	1,391,753	1,157,289
Gains on financial assets held at fair value through profit or loss	11	5,715	164,619	659,692	327,558
Other income, net		3,887,065	3,847,645	9,226,984	9,014,685
Operating profit		19,707,526	29,351,012	28,726,304	91,950,791
Finance cost		(8,166,545)	(9,145,629)	(24,270,960)	(28,040,230)
Net profit before zakat		11,540,981	20,205,383	4,455,344	63,910,561
Zakat	15	(500,000)	(350,000)	(1,693,950)	(1,079,763)
Net profit for the period		11,040,981	19,855,383	2,761,394	62,830,798
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		11,040,981	19,855,383	2,761,394	62,830,798
Earnings per share (SR)	17				
Basic and diluted earnings per share attributable to the equity shareholders of the Company		0.17	0.31	0.04	0.97
Weighted average number of shares		64,680,000	64,680,000	64,680,000	64,680,000

The accompanying notes 1 to 22 form part of these condensed interim financial statements.

 Director of Finance	 Chief Executive Office
 Directors	 The authorized member of the Board of Directors

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)**

**For the Nine-month period ended
September 30, 2022**

Balance as at January 1, 2022 (Audited before
restatement)

Correction of error

Balance as at January 1, 2022 (Audited and restated)

Net profit for the period (Restated-note 21)

Other comprehensive income for the period

Total comprehensive income for the period (Restated-
note 21)

Transfer to statutory reserve(Restated)

**Balance as at September 30, 2022 (Unaudited
and restated)**

**For the Nine-month period ended
September 30, 2023**

Balance as at January 1, 2023 (Audited)

Net profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Transfer to statutory reserve

Dividends Distributed*

Balance as at September 30, 2023 (Unaudited)

* On 18 Shawwal 1444H, corresponding to May 8, 2023G, the Shareholders in their Annual General Meeting approved dividends of SR 0.50 per share which was paid on 3 DulKahda 1444H corresponding to May 23, 2023G. There were no dividends declared during the nine-month period ended September 30, 2022.

The accompanying notes 1 to 22 form part of these condensed interim financial statement.

Share capital	Statutory reserve	Retained earnings	Total equity
646,800,000	101,866,503 (461,009)	299,542,397 (4,149,077)	1,048,208,900 (4,610,086)
646,800,000	101,405,494	295,393,320	1,043,598,814
-	-	62,830,798	62,830,798
-	-	-	-
-	-	62,830,798	62,830,798
-	6,283,080	(6,283,080)	-
646,800,000	107,688,574	351,941,038	1,106,429,612

Share capital	Statutory reserve	Retained earnings	Total equity
646,800,000	101,760,104	307,992,800	1,056,552,904
-	-	2,761,394	2,761,394
-	-	-	-
-	-	2,761,394	2,761,394
-	276,140	(276,140)	-
-	-	(32,340,000)	(32,340,000)
646,800,000	102,036,244	278,138,054	1,026,974,298

The authorized member of the Board of Directors

Chief Executive Office

Director of Finance





HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	For the Nine-month period ended (Unaudited)	
	September 30, 2023	September 30, 2022 (Restated-note 21)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	4,455,344	63,910,561
Adjustments for:		
Depreciation on property, plant and equipment	63,792,370	61,041,623
Depreciation on right-of-use assets	61,945,441	57,868,798
Depreciation on investment property	3,061,212	3,180,040
Amortization of intangible assets	2,709,487	2,062,414
Reversal of provision for financial assets	(1,391,753)	(1,157,289)
Reversal of provision for slow-moving inventory	(700,000)	(655,578)
Provision for employees' post-employment benefits	9,898,216	8,799,768
Gain on financial assets held at fair value through profit or loss	(659,692)	(327,558)
Gain on disposal of property, plant and equipment	(514,444)	(733,178)
Interest income	(199,676)	(238,676)
Finance cost	24,270,960	28,040,230
Movement in working capital		
Inventories	20,215,223	(50,793,741)
Trade, other receivables and prepayments	(15,617,342)	(62,169,912)
Trade and other payables	(7,848,628)	103,582,780
Cash generated from operating activities	163,416,718	212,410,282
Zakat paid	(5,222,550)	(4,745,861)
Employees' post-employment benefits paid	(9,085,594)	(6,459,389)
Net cash generated from operating activities	149,108,574	201,205,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(47,596,612)	(71,642,341)
Purchase of investments measured at FVTPL	-	(20,000,000)
Sale proceeds of financial assets measured at FVTPL	21,493,613	-
Purchase of investments property	(6,282,354)	-
Purchase of intangible assets	(1,827,946)	-
Lease rental received	1,154,999	1,155,000
Proceeds from sale of property, plant and equipment	1,047,070	1,393,226
Other non-current Assets	(48,390)	-
Net cash used in investing activities	(32,059,620)	(89,094,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,000,000	-
Repayment of current portion of long-term borrowings	(15,839,157)	(15,839,157)
Repayment of short-term borrowings	(2,671,739)	-
Lease liabilities paid	(50,090,574)	(68,687,383)
Finance cost paid on lease liabilities	(26,530,800)	(27,351,959)
Dividend paid	(32,340,000)	-
Net cash used in financing activities	(107,472,270)	(111,878,499)
Net change in cash and cash equivalents	9,576,684	232,418
Cash and cash equivalents at beginning of the period	20,297,172	30,485,715
Cash and cash equivalents at end of the period	29,873,856	30,718,133
Supplement information on non-cash items:		
Transfer from property, plant and equipment to investment property	-	109,631,457
Additions to right of use assets and lease obligation	36,656,394	29,680,830
Finance cost capitalized on investment properties	3,000,000	-

The accompanying notes 1 to 22 form part of these condensed interim financial statements.

The authorized member of the
Board of Directors

Chief Executive Office

Director of Finance

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

1. Legal status and operations

Herfy Food Services Company ("the Company") is a Saudi Joint-Stock Company formed under the laws of the Kingdom of Saudi Arabia and registered under the commercial register under No. 7000329776 (previously No. 1010037702) on 04 Jamad-ul-Awal 1401H (corresponding to March 09, 1981).

The Company is engaged in establishing and operating restaurants, providing companies and others with cooked meals, production and sale of bakery and pastry products, the sale and purchase of lands for the purpose of constructing building and own use, maintaining, and leases stores and food store fridges.

As at September 30, 2023, the total number of restaurants owned and leased by the Company were 40 and 353 respectively (December 31, 2022: 40 owned and 351 leased), operating in the Kingdom of Saudi Arabia under the trademark of "HERFY". The Company also operates bakeries and bakery shops "Herfy Bakeries / Doka".

During 2005, the Company established a meat factory in Riyadh ("Meat Factory"). which operates under commercial registration number 1010200515 issued on Jamad -ul-Thani 16, 1425 (August 2, 2004) and in accordance with industrial license number 249/S issued on Safar 16, 1422H (May 9, 2001). The Meat factory commenced production in October 2005.

During 2012, the Company established a cake factory in Riyadh ("Cake Factory"), which operates under commercial registration number 1010294755 issued on Shawwal 20, 1431 H (March 29, 2010) and in accordance with industrial license number 11583/T issued on Shawwal 18, 1431 H (March 27, 2010). The cake factory commenced production in June 2012.

The accompanying condensed interim financial statements include the accounts of the Company's head office and aforementioned restaurants, bakeries, shops and factories.

The ultimate parent and the controlling party of the Company is Savola Group Company.

The Company's Head Office is located at the following address: Herfy Food Services Company, Al Moroug District, P.O. Box 86958, Riyadh 11632, Kingdom of Saudi Arabia

The Company has the following branches:

S. No	Branch	C.R. No.	Date
1	Herfy Meat Processing Factory	1010200515	16/06/1425 H
2	Herfy Factory For Cake & Pasties	1010294755	20/10/1431 H

2. Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements of the Company as at and for the three-month and nine-month periods ended September 30, 2023 have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IAS-34 as endorsed in KSA").

The results for the three-month and nine-month periods ended September 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2022.

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)**

2. Basis of preparation (continued)

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost method except for the following:

- a) Investments are measured at fair value; and
- b) Employees' post-employment benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyals ("SR") which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

3. Significant accounting judgements, estimates, and assumptions

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual audited financial statements for the year ended December 31, 2022.

3.1 Significant accounting judgments in applying the entity's accounting policies

Determining the lease term of contracts with renewal and termination options—The Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Other significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual audited financial statements for the year ended December 31, 2022.

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

4. Consistent application of accounting policies

The accounting policies and methods used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended December 31, 2022 and corresponding interim reporting period except for the new accounting policies introduced as adoption of the following amendments to IFRS which became applicable for annual reporting periods commencing on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Company's condensed interim financial statements.

New standards, interpretations and amendments adopted by the Company

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The standards and amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

5. Related party transactions and balances

Related parties represent shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and are at arm's length. Outstanding balances at the period ended September 30, 2023 and 31 December 2022 are unsecured, interest free and settled in cash. For the period ended 30 September 2023 and year ended 31 December 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties as the identified impairment loss was immaterial. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant transactions and balances with related parties other than those disclosed elsewhere in the condensed interim financial statements, are as follows:

Transactions during the nine-months period ended September 30 (Unaudited)

- *Transactions with the subsidiaries of the ultimate parent company*

Names of related parties	Nature of transactions	2023	2022
	Sales to PRC	15,746,699	22,369,238
	Rent charged by PRC to the Company on short-term lease	(1,406,909)	(2,202,677)
Panda Retail company (PRC)	Lease payments during the period	(1,053,000)	-
Afia International Company	Purchases from Afia International Company	(16,244,838)	(13,129,923)
Al Ahsan Trading Company	Purchases from Al Ahsan Trading Company	(141,403)	-
United Sugar Factory	Purchases from United Sugar Factory	(2,351,018)	(2,468,183)
International Food Industries Company	Purchases from International Food Industries Company	(4,610,083)	(4,267,567)

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

5. Related party transactions and balances (continued)

Transactions during the nine-month period ended September 30 (Unaudited) (continued)

- Transactions with the entities owned by a major shareholder and close family members*

Names of related parties	Nature of transactions	2023	2022
	Sales to Bazbazah Int Company	130,054	598,690
	Rent charged by Bazbazah Int Company on short-term lease	(213,750)	(326,250)
	Rent charged to Bazbazah Int Company on short-term lease	185,375	185,375
Bazbazah Int Company			
Taza Restaurant Company Limited	Sales to Taza Restaurant Company Limited	376,111	794,370
	Rent charged to El Mazaq El Amsal Company	120,000	-
El Mazaq El Amsal Company			
	Rent charged to the Company on short-term leases	(1,312,500)	(1,650,000)
Qitaf Company	Lease payments during the period	800,000	517,500
Mama Sauce Factory For Food Industries	Purchases from Mama Sauce Factory For Food Industries	(1,323,790)	(5,306,950)

- Transactions with the shareholders*

Names of related parties	Nature of transactions	2023	2022
	Rent charged by GOSI on short-term leases	(510,863)	(510,863)
General Organization for Social Insurance (GOSI)	Employees subscription cost	(15,210,481)	(14,720,308)
	Lease payments during the period	-	(177,750)
	Rent charged by the shareholder to the Company on short-term leases	(187,500)	(472,500)
Mr. Ahmed Al Saeed	Lease payments during the period	(250,000)	-

- Transactions with the previous board member*

Names of related parties	Nature of transactions	2023	2022
	Rent charged by the previous board member to the Company on short-term leases	(187,500)	(150,000)
Mr. Khalid Al Saeed	Salaries & Board Remunations	-	157,336

- Transactions with the associate of the ultimate parent company*

Names of related parties	Nature of transactions	2023	2022
	Rent charged by Kinan Company on short-term leases	(72,026)	(96,968)
Kinan Company			
Al Marai Company	Purchases from Al Marai Company	(174,804)	(1,510,236)

Balances for the period / year ended – Due from related parties

- Balances with the subsidiaries of the ultimate parent company*

Names of related parties	Classification	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Panda Retail Company	Trade, other receivables, and prepayments	9,118,653	7,527,176

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

5. Related party transactions and balances (continued)

Balances for the period / year ended – Due from related parties (continued)

- Balances with the entities owned by a major shareholder and close family members*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Taza Restaurant Company Limited	Trade, other receivables, and prepayments	126,091	198,491
Double Coffee Company	Trade, other receivables, and prepayments	33,042	33,042
Green Leave Company	Trade, other receivables, and prepayments	32,062	32,062
Meslan Investment Company	Trade, other receivables, and prepayments	31,671	31,671
El Mazaq El Amsal Company	Trade, other receivables, and prepayments	682,040	-
Bazbazah International Trading Company	Net investment in finance lease	59,575	167,973

- Balances with the shareholders*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Mr. Ahmed Al Saeed	Trade, other receivables, and prepayments	310,824	60,824

- Balances with the previous board members*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Mr. Khalid Al Saeed	Trade, other receivables, and prepayments	202,521	202,521

- Balances with the key management personnel*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Key management personnel	Other receivables	800,000	800,000

Balances for the period / year ended – Due to related parties

- Balances with the subsidiaries of the ultimate parent company*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
	Lease liabilities – current	1,346,923	535,008
Panda Retail company (PRC)	Lease liabilities – non-current	3,809,927	5,363,841

- Balances with the shareholders*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
General Organization for Social Insurance (GOSI)	Lease liabilities – current	696,547	252,725
	Lease liabilities – non-current	735,886	1,179,707

HERFY FOOD SERVICES COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

5. Related party transactions and balances (continued)

Balances for the period / year ended – Due to related parties (continued)

• *Balances with the previous board members*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
	Lease liabilities – current	217,694	153,653
Mr. Khalid Al Saeed	Lease liabilities – non-current	1,318,090	1,382,131

• *Balances with the entities owned by a major shareholder and close family members*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Mama Sauce Factory For Food Industries	Trade and other payables	282,766	587,016
United Sugar Factory	Trade and other payables	553,578	162,222
	Trade and other payables	205,224	133,828
Bazbazah International trading Company	Lease liabilities – current	1,094,743	714,469
	Lease liabilities – non-current	4,369,769	4,750,043
	Lease liabilities – current	2,029,004	1,307,748
Qitaf Company	Lease liabilities – non-current	23,343,208	24,299,464

• *Balances with the associate of the parent company*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Al Marai Company	Trade and other payables	4,307	9,201
Kinan Company	Trade and other payables	-	46

• *Balances with the subsidiaries of the parent company*

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Afia International Company	Trade and other payables	4,107,153	3,880,784
International Food Industrial Company	Trade and other payables	926,900	800,050
Al Ahsan Trading Company	Trade and other payables	37,018	15,597

Remunerations of the Company's key management personnel

Key management personnel are those persons, including the Board of Directors members, Managing Director and top executives having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The total remuneration of Company's key management personnel for the nine-months period ended September 30, 2023 amounted to SR 7.4 million (September 30, 2022: SR 7.2 million). Such remuneration includes basic salaries, bonuses and other benefits as per the Company's policies.

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6. Property, plant and equipment

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Net book value at the beginning of the period/year	864,135,826	977,621,549
Additions during the period/year	47,596,612	103,293,679
Disposals during the period/year	(532,626)	(660,048)
Transfer to investment properties (note 8)	-	(113,837,594)
Depreciation for the period/year	(63,792,370)	(84,736,170)
Impairment loss for the period/year	-	(17,545,590)
Net book value at the end of the period/year	847,407,442	864,135,826

7. Right-of-use assets and lease liabilities

7.1 Right-of-use assets

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	572,525,445	606,249,213
Additions during the period/year	36,656,394	44,469,325
Depreciation for the period/year	(61,945,441)	(78,193,093)
At the end of the period/year	547,236,398	572,525,445

7.2 Lease liabilities

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	584,628,230	618,811,035
Additions during the period/year	36,656,394	44,469,325
Finance cost for the period/year	26,530,800	36,380,822
Lease payment during the period/year	(76,621,374)	(115,032,952)
	571,194,050	584,628,230
Current portion	37,346,829	30,640,179
Non-current portion	533,847,221	553,988,051

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8. Investment properties

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Net book value at the beginning of the period/year	137,998,519	28,034,938
Transfers from property plant and equipment for the period/year *	-	113,837,594
Additions during the period/year	6,282,354	-
Finance cost capitalized during the period/year	3,000,000	-
Depreciation for the period/year	(3,061,212)	(3,874,013)
Net book value at the end of the period/year	144,219,661	137,998,519

* An amount of SR 113.8 million was reclassified from property, plant and equipment related to Herfy Tower. Previously, the management's intent was to use the tower as a head office for the Company. However during January 2022, management's intention changed and they agreed to enter into a rent agreement for the Tower with a third party on March 1, 2022.

9. Inventories

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Raw materials		77,068,963	92,222,348
Finished goods		22,981,330	27,080,699
Packing materials		17,195,356	18,283,267
Spare parts, not held for sale and to be consumed within one year		26,622,215	27,384,159
Operational supplies		33,206,143	32,318,757
		177,074,007	197,289,230
Less: provision for slow moving inventory	9.1	(18,974,205)	(19,674,205)
		158,099,802	177,615,025

9.1 Movement in provision for slow moving inventory is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period/year	19,674,205	16,128,910
(Reversal)/ provided during the period/year	(700,000)	3,545,295
Balance at the end of the period/year	18,974,205	19,674,205

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10. Trade, other receivable and prepayments

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables – external parties		102,724,938	85,611,245
Less: provision for expected credit losses on trade receivables from external parties	10.1	(18,130,151)	(19,521,904)
Trade receivables from external parties, net		84,594,787	66,089,341
Trade receivables – related parties	5	9,833,454	8,085,787
Trade receivables, net		94,428,241	74,175,128
Prepayments		37,886,988	38,609,283
Advance for investment	10.2	-	-
Advances to suppliers		54,344,434	56,203,239
Other receivables		7,360,425	8,023,343
		194,020,088	177,010,993

10.1 Movement in allowance for impairments of trade receivables is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period/year	19,521,904	14,982,342
Provided during the period/year	-	5,696,851
Reversal during the period/year	(1,391,753)	(1,157,289)
Balance at the end of the period/year	18,130,151	19,521,904

10.2 Advance for investment

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advance for investment		4,000,000	4,000,000
Less: Provision for impairment		(4,000,000)	(4,000,000)
		-	-

This represents amount paid to Khaled Al Saeed, a related party for the partnership agreement related to an investment in land units dated January 16, 2005 for the purpose of utilizing it as a warehouse. Based on the Board of Director's decision on July 14, 2014, an initial provision of SR 2 million was booked representing the estimated decline in the value of the investment. On the recommendation of Audit Committee on May 24, 2015 to implement the Board's decision in its meeting on July 14, 2014 that given the potential decline in the value of investment with increased probability of failure in recovery, the amount has been fully provided for.

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11 Investment carried at FVTPL

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Al-Rajhi Commodities Fund	11.1	515,183	20,239,707
Equity Investment - Quoted	11.2	-	1,109,397
		515,183	21,349,104

11.1 The movement in investments in AlRajhi Commodities Fund is as follows:

	September 30, 2022 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period/year	20,239,707	-
Purchase during the period/year	-	20,000,000
Redemption during the period/year	(20,000,000)	-
Gain during the period/year	275,476	239,707
Balance at the end of the period/year	515,183	20,239,707

11.2 The movement of investments in quoted equity shares is as follows:

	September 30, 2022 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period/year	1,109,397	811,681
Gain during the period/year	384,216	297,716
Sale during the period/year	(1,493,613)	-
Balance at the end of the period/year	-	1,109,397

11.3 Recorded in profit or loss:

	September 30, 2022 (Unaudited)	September 30, 2022 (Unaudited)
Gain on Al-Rajhi Commodities Fund	275,476	93,207
Gain on quoted equity	384,216	234,351
Total	659,692	327,558

12. Share capital and Statutory reserve

Share Capital

The Company's paid-up capital consists of 64.680 million shares as of September 30, 2023 (December 31, 2022: 64.680 million shares) of SR 10 each.

Statutory reserve

In accordance with the Company's articles of association, the Company is required to transfer at least 10% of its net profit each year to statutory reserve until such reserve equals to 30% of its share capital. This reserve is not available for distribution to the shareholders. The Company has transferred an amount of SR 276,140 during the nine-month period ended 30 September 2023 (2022: SR 6,283,080).

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13. Borrowings

Long-term loan

		September 30, 2023	December 31, 2022
Unsecured borrowings at amortized cost	Note	(Unaudited)	(Audited)
Al Rajhi Bank – Current portion	13.1	-	15,612,073
		-	15,612,073

Short – term loans

		September 30, 2023	December 31, 2022
Unsecured borrowings at amortized cost		(Unaudited)	(Audited)
Al Rajhi Bank – Murabaha	13.1	10,263,699	-
SAB Bank – Murabaha	13.2	7,577,638	-
		17,841,337	-
Total borrowings classified as current		17,841,337	15,612,073

13.1 Al Rajhi Bank

Long-term facility

The Company has obtained a facility with Al Rajhi bank. The long term unsecured facility is payable in semi-annual installments over a period of six years. The long term facility has been settled as of September 30, 2023. The facility agreements include covenants which require the Company to maintain certain financial ratios. As of December 31, 2022, the Company was in compliance with all covenants of the financing agreements. The facility was fully withdrawn.

The long-term facility include finance cost payable amounting to nil as at September 30, 2023 (December 31, 2022: SR 305,890).

Short-term facility

The Company has obtained short term unsecured facility that is payable in one installment during a period of six months. The fair values of the borrowings are not different from their carrying amounts as the interest payable on those borrowings is at market prevailing rates. The facility agreements include covenants which require the Company to maintain certain financial ratios. As of September 30, 2023, the Company was in compliance with all covenants of the financing agreements.

The Short-term facility include finance cost payable amounting to SR 263,699 as at September 30, 2023 (December 31, 2022: nil).

13.2 SAB Bank

The Company has obtained facilities from SAB Bank. These unsecured facilities is repayable in one installment during a period of three months. The fair values of the borrowing is not different from its carrying value as the interest payable on this borrowing is at prevailing market rates. The facility agreements include covenants which require the Company to maintain certain financial ratios. As of September 30, 2023, the Company was in compliance with all covenants of the financing agreements.

As at September 30, 2023 and December 31, 2022, The undrawn portion of the short term credit facility amounted to SR 20.4 million (December 31, 2022: 37.9 million).

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14. Trade and other payables

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payable – related parties	5	6,749,446	5,588,744
Trade payable – third parties		115,728,118	148,597,498
Accrued expenses		70,384,013	65,006,140
Advance rental and rebate		24,177,667	4,003,617
Other payables		10,848,972	12,540,845
		227,888,216	235,736,844

15. Provision for zakat

The movement in the provision for zakat is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period / year	4,706,247	9,272,345
Provided during the period / year	1,693,950	179,763
Payment during the period / year	(5,222,550)	(4,745,861)
Balance at the end of the period / year	1,177,647	4,706,247

15.1 Status of assessments

Zakat return for the year ended December 31, 2022 has been filed and the invoice issued as per system of Zakat, Tax and Customs Authority (“ZATCA”) was settled during the period ended September 30, 2023.

Zakat assessments have been raised by the ZATCA for the years 2014 to 2020 assessing additional zakat liability of SR 21.15 million against which the Company has filed an appeal. The Company is confident that the assessments will be in their favor and hence, no provision has been made in these financial statements.

Currently, there are no assessments rendered by ZATCA for the years 2008 – 2013.

The Company has obtained a certificate from ZATCA valid Shawwal 21 1445H corresponding to April 30, 2024.

16. Contingencies and commitments

16.1 Contingencies

The Company does not have any contingent liabilities as at September 30, 2023 and December 31, 2022.

16.2 Commitments

The capital expenditure committed by the Company but not incurred till September 30, 2023 SR 11.53 million (December 31, 2022: SR 12.3 million).

16.3 Bank guarantees

The Company is liable for the bank guarantees issued on behalf of the Company amounting to SR 10.07 million as at September 30, 2023 (December 31, 2022: SR 10.2 million) and letters of credit issued on behalf of the Company amounting SR 0.12 million as at September 30, 2023 (December 31, 2022: SR 0.7 million) in the normal course of business.

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17. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	For the three-month period ended September 30, 2023 (Unaudited)	For the three- month period ended September 30, 2022 (Unaudited)	For the Nine-month period ended September 30, 2023 (Unaudited)	For the Nine- month period ended September 30, 2022 (Unaudited)
		(Restated-note 21)		(Restated-note 21)
Net profit for the period	11,040,981	19,855,383	2,761,394	62,830,798
Weighted average number of ordinary shares for the purpose of basic / diluted earnings	64,680,000	64,680,000	64,680,000	64,680,000
Earnings per share (SR)				
-Basic	0.17	0.31	0.04	0.97
-Diluted	0.17	0.31	0.04	0.97

Earnings per share for the period was calculated by dividing the net profit for the period with the weighted average number of ordinary shares.

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18. Segment information

The Company operates principally in the following major business segments:

1. Restaurants – providing catering services, operating of restaurants and renting out investment properties;
2. Meat factory - manufacturing and selling of meat products from the Meat Factory; and
3. Bakeries - manufacturing and selling of pastries and bakery products from the bakeries.

These operating segments are identified based on internal reports that the entity's Chief Executive Decision Maker regularly reviews in allocating resources to segments and assessing their performance 'management approach'. The management approach is based on the way in which management organizes the segments within the entity for making operating decisions and in assessing performance. The management of the Company at the end of every reporting period, review the above segments for quantitative threshold as well as criteria for presenting the revenues and expenses for the segments.

18.1. Selected financial information for the three-months and nine-months periods ended September 30, 2023, and September 30, 2022, summarized by the above business segments, was as follows: (in thousand Saudi Riyal)

For the Three-month period ended September 30 (Unaudited)	Restaurants and catering		Meat factory		Bakeries and other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Total segment revenue	241,328	251,211	49,109	47,425	52,701	50,310	343,138	348,946
Inter-segment revenue	-	-	(26,102)	(28,285)	(3,995)	(5,092)	(30,097)	(33,377)
Net revenue (external)	241,328	251,211	23,007	19,140	48,706	45,218	313,041	315,569
Net segment profit for the period	(4,157)	(577)	11,409	11,530	3,789	8,902	11,041	19,855
For the Nine-month period ended September 30 (Unaudited)	Restaurants and catering		Meat factory		Bakeries and other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Total segment revenue	674,662	751,962	139,462	147,170	149,282	151,103	963,406	1,050,235
Inter-segment revenue	-	-	(75,491)	(89,864)	(11,528)	(15,723)	(87,019)	(105,587)
Net revenue (external)	674,662	751,962	63,971	57,306	137,754	135,380	876,387	944,648
Net segment profit for the period	(37,719)	3,076	31,383	39,958	9,097	19,797	2,761	62,831
	Restaurants and catering		Meat factory		Bakeries and other		Total	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Total assets	1,507,280	1,561,343	135,945	158,672	299,927	274,485	1,943,152	1,994,500
Total liabilities	717,390	778,604	58,937	47,575	139,851	111,768	916,178	937,947

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19. Fair values of financial instruments

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement

All financial assets and liabilities are measured at amortized cost except investment carried at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

30 September 2023 (Unaudited)	Fair value			Total
	Level 1	Level 2	Level 3	
<i>Financial assets held at fair value through profit or loss (FVTPL)</i>				
Al-Rajhi Commodities Fund	-	-	515,183	515,183
Equity investment	-	-	-	-
31 December 2022 (Audited)		Fair value		
	Level 1	Level 2	Level 3	Total
<i>Financial assets held at fair value through profit or loss (FVTPL)</i>				
Al-Rajhi Commodities Fund	-	-	20,239,707	20,239,707
Equity investment	1,109,397	-	-	1,109,397

20. Subsequent Events

In the opinion of management, there have been no significant subsequent events that may require adjustments or disclosures in the condensed interim consolidated financial statements.

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21. Restatement of prior period figures

Management has re-evaluated the accounting treatment and classification for certain transactions and balances recorded in the condensed interim financial statements in the prior period to determine if such transactions and balances had been accurately accounted for under International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia. Where necessary, adjustments have been made to comparative figures in accordance with International Accounting Standard 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”) as endorsed in the Kingdom of Saudi Arabia. As a result, management has restated and reclassified certain comparatives to correct the errors (items i-iii), and give effect to presentational improvements (item iv) as detailed below:

Restatement/reclassification:

- i. During the prior period, management ascertained that useful lives of certain leasehold improvements were not consistent with the lease term determined in accordance with IFRS 16. Consequently, certain aspects of the lease accounting, at the date of adoption of IFRS 16 as endorsed in the Kingdom of Saudi Arabia on 1 January 2019, have been revisited. This includes the reassessment of the useful lives of the leasehold improvements, mutual consent extension options on lease contracts with significant termination penalties and implied unwritten extension options in lease contracts. Furthermore, management revisited the incremental borrowing rate used in new leases causing new leases commencing after 1 January 2019 to be discounted at the market prevailing rates. This reassessment has resulted in prior period adjustments to the cost of revenue and finance costs in the condensed interim financial statements.
- ii. In the prior period, the Company presented certain rebates and promotional discounts received from suppliers as selling and distribution expenses instead of cost of revenues within the condensed interim statement of comprehensive income. This reclassification represents the adjustments to report the rebates under cost of revenue.
- iii. During the period, management has reassessed the classification of rental income along with the direct costs derived from the investment properties in the condensed interim statement of comprehensive income and resolved to reclassify the rental income from other income to revenue and the directly related costs from general and administration expenses to cost of revenues.
- iv. In the prior period, the gain on investments carried at FVTPL were presented as two separate financial statement line items “Realized gain on investments carried at FVTPL” and “Unrealised gain on investments carried at FVTPL” within the condensed interim statement of comprehensive income. The balance has been aggregated in the current and the prior year to present as “Gains on financial assets held at FVTPL” within the condensed interim statement of comprehensive income. Further, these amounts were presented in the condensed interim statement of cash flows in two separate financial statement line items “Unrealised gain on investments measured at FVTPL, net” and “Realized gain on investments measured at FVTPL” within adjustment to profit in the operating activities. The balance has been aggregated in the current and prior period to be presented as “Gain on financial assets held at fair value through profit or loss” within adjustment to profit in the operating activities in the condensed interim statement of cash flows.

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21. Restatement of prior period figures (Continued)

Prior period adjustment to the impacted financial statements line items within the condensed interim statement of comprehensive income for the three month period ended September 30, 2022

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
Revenue	309,515,663	-	-	6,053,518	-	315,569,181
Cost of revenue	(241,758,377)	1,750,107	6,236,913	(2,734,116)	-	(236,505,473)
Gross profit	67,757,286	1,750,107	6,236,913	3,319,402	-	79,063,708
Selling and distribution expenses	(27,834,480)	-	(6,236,913)	-	-	(34,071,393)
General and administrative expenses	(23,137,683)	-	-	2,734,116	-	(20,403,567)
Impairment provision for financial assets	750,000	-	-	-	-	750,000
Unrealized gain on investments carried at FVTPL	164,619	-	-	-	(164,619)	-
Gains on financial assets held at fair value through profit or loss	-	-	-	-	164,619	164,619
Other income, net	9,901,163	-	-	(6,053,518)	-	3,847,645
Operating profit	27,600,905	1,750,107	-	-	-	29,351,012
Finance cost	(6,303,468)	(2,842,161)	-	-	-	(9,145,629)
Net profit before zakat	21,297,437	(1,092,054)	-	-	-	20,205,383
Zakat	(350,000)	-	-	-	-	(350,000)
Net profit for the period	20,947,437	(1,092,054)	-	-	-	19,855,383
Total comprehensive income for the period	20,947,437	(1,092,054)	-	-	-	19,855,383
 Earnings per share	 0.32					 0.31

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

21. Restatement of prior period figures (Continued)

Prior period adjustment to the impacted financial statements line items within the condensed interim statement of comprehensive income for the nine month period ended September 30, 2022

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
Revenue	929,324,759	-	-	15,323,116	-	944,647,875
Cost of revenue	(713,588,224)	1,977,711	23,643,799	(5,685,121)	-	(693,651,835)
Gross profit	215,736,535	1,977,711	23,643,799	9,637,995	-	250,996,040
Selling and distribution expenses	(90,465,695)	-	(23,643,799)	-	-	(114,109,494)
General and administrative expenses	(61,120,408)	-	-	5,685,121	-	(55,435,287)
Impairment provision for financial assets	1,157,289	-	-	-	-	1,157,289
Unrealized gain on investments carried at FVTPL	327,558	-	-	-	(327,558)	-
Gains on financial assets held at fair value through profit or loss	-	-	-	-	327,558	327,558
Other income, net	24,337,801	-	-	(15,323,116)	-	9,014,685
Operating profit	89,973,080	1,977,711	-	-	-	91,950,791
Finance cost	(19,353,800)	(8,686,430)	-	-	-	(28,040,230)
Net operating profit before zakat	70,619,280	(6,708,719)	-	-	-	63,910,561
Zakat	(1,079,763)	-	-	-	-	(1,079,763)
Net profit for the period	69,539,517	(6,708,719)	-	-	-	62,830,798
Total comprehensive income for the period	69,539,517	(6,708,719)	-	-	-	62,830,798
 Earnings per share	 1.08					 0.97

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)

21. Restatement of prior period figures (Continued)

Prior period adjustment to the impacted financial statements line items within the condensed interim statement of cash flow for the nine month period ended September 30, 2022

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit before zakat	70,619,280	(6,708,719)	-	-	-	63,910,561
Depreciation on property, plant and equipment	58,618,518	2,423,105	-	-	-	61,041,623
Depreciation on right of use assets	55,841,487	2,027,311	-	-	-	57,868,798
Unrealised gain on investments measured at FVTPL, net	(327,558)	-	-	-	327,558	-
Gain on financial assets held at fair value through profit or loss	-	-	-	-	(327,558)	(327,558)
Finance cost	19,353,800	8,686,430	-	-	-	28,040,230
CASH FLOW FROM FINANCING ACTIVITIES						-
Lease liabilities paid	(89,611,215)	20,923,832	-	-	-	(68,687,383)
Finance cost paid on leases	-	(27,351,959)	-	-	-	(27,351,959)

22. Approval of the condensed interim Financial Statements

These condensed interim financial statements were approved and authorized for issue on November 1, 2023 (corresponding to Rabi Al thani 17, H) by the Board of Directors of the Company.