

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

**(A SAUDI JOINT-STOCK COMPANY)**

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

**WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT**

**FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2022**

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
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**FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2022**

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## INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

To\ the Shareholders

### JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)

(A Saudi Joint Stock Company)

#### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**, a Saudi Joint-Stock Company ("the Company"), and its subsidiaries together (collectively referred to as "the Group") as of 31 march 2022, and the condensed consolidated interim statements of profit or loss and other comprehensive income, the statement of changes in equity and, the statement of cash flows for the three months period ended on that date and a summary of significant accounting policies and other explanatory notes. The Group Management is responsible for the preparation of these condensed consolidated Interim financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is 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

Except for the possible effects of the qualification described in qualified conclusion section of our report, We conducted our review in accordance with the International Standard on Review Engagements (2410), "Review of condensed consolidated interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, 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.

#### Basis for Qualified Conclusion:

Based on the information provided to us by management, The investment in One of the associate companies was evaluated as at March 31, 2022 , (also, as at December 31, 2021) based on administrative financial statements due to the audited financial statements were not issued. as mentioned in note No. (7) of the accompanying notes of the condensed consolidated Interim financial statements. We were unable to perform alternative procedures to verify the accuracy and evaluation of that investment, as well as the accuracy and completeness of its results.

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ص.ب ١٥٠٤٦ جدة ٢١٤٤٤  
هاتف: ٦٦٧٠٦٩٢ / ٦٦٠٠٠٨٥  
فاكس: ٦٦٠٩٣٢٠  
جدة - المملكة العربية السعودية

## INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

To\ the Shareholders

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
(A Saudi Joint Stock Company)

### Qualified Conclusion

With the exception of amendments to the condensed consolidated interim statements, which we may become aware of if the information referred to in the above paragraph is available, and Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as of 31 march 2022 of JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO) , are not prepared in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.

### Other matter

the consolidated interim statements of profit or loss and other comprehensive income , the statement of changes in equity and, the statement of cash flows for the three months periods ended as of 31 march 2021, were reviewed by another auditor, who expressed unqualified Conclusion on these statements in his report dated shawal 07, 1442H corresponding to may 19, 2021G .

For / OSAMA A. ELKHEREIJI  
& PARTNER CO.



23/10/1443 H.  
24/05/2022 G.

OSAMA A. ELKHEREIJI  
License No. 154  
Dated 23/04/1405H.

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF 31 march 2022**

	Note	31 march 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	228,705,306	225,916,614
Investment properties, net	6	228,817,151	229,604,178
Intangible assets, net		3,518,211	3,848,773
Right-of-use asset (Net)		316,643	337,752
Investments in associates, net	7	20 981 848	20,447,907
Financial investments at fair value through OCI	8	47,900,000	47,900,000
<b>Total non-current assets</b>		<b>530 239 159</b>	<b>528,055,224</b>
<b>Current assets</b>			
Biological assets		13,284,164	24,182,051
Inventory, net	9	26,990,111	21,161,742
Accounts receivable, net		37,255,272	37,375,244
Prepaid expenses and other debtors, net		10,357,872	8,311,380
Cash and cash equivalents		15,158,706	15,364,149
<b>Total current assets</b>		<b>103,046,125</b>	<b>106,394,566</b>
<b>Total assets</b>		<b>633 285 284</b>	<b>634,449,790</b>
<b>Equity and Liabilities</b>			
<b>Shareholders equity</b>			
Share capital	1	500,000,000	500,000,000
Statutory reserve	13	85,409,994	85,409,994
Reserve for revaluation of financial investments at FVTOCI		2 995 783	2,956,343
Accumulated losses		(40 596 745)	(44,160,342)
<b>Equity of the shareholders of the parent company</b>		<b>547 809 032</b>	<b>544,205,995</b>
Non-controlling interests		790,326	1,013,613
<b>Total equity</b>		<b>548,599,358</b>	<b>545,219,608</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans - non-current portion	11	6,979,504	21,170,954
Employees' defined benefit plan obligations		8,932,006	8,935,262
Lease Liabilities		269,073	269,073
<b>Total non-current liabilities</b>		<b>16,180,583</b>	<b>30,375,289</b>
<b>Current liabilities</b>			
Long term loans - current portion	11	18,499,691	5,951,652
Lease Liabilities		78,969	78,969
Due to a related party	10	-	15,000
Distributions of shareholders' entitlements		5,628,188	5,630,528
Commitment against the loan guarantee of an associate	12	14,619,841	14,619,841
Accrued expenses, and other creditors		5,492,567	6,779,733
Accounts payable		11,119,591	13,127,674
Zakat provision		13,066,496	12,651,496
<b>Total current liabilities</b>		<b>68,505,343</b>	<b>58,854,893</b>
<b>Total liabilities</b>		<b>84,685,926</b>	<b>89,230,182</b>
<b>Total equity and liabilities</b>		<b>633 285 284</b>	<b>634,449,790</b>

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements.

Financial Manager

Ehab Refaei



Chief Executive Officer

Baddour Nasser Al-Rashoudi



Delegated Board Member

Abdul Ilah Melhem Al-Mafeez



**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**

**FOR THE THREE AND THE MONTHS PERIODS ENDED 31 march 2022**

	Note	(Consolidated)	(Unconsolidated)
		For the three months period ended 31 March	
		2022	2021
		SAR	SAR
		(Unaudited)	(Unaudited)
Revenues		26,312,946	23,176,937
Cost of revenues		(17,715,413)	(16,684,157)
<b>Gross profit</b>		<b>8,597,533</b>	<b>6,492,780</b>
<b><u>Main operations expenses</u></b>			
Selling and marketing expenses		(1,887,162)	(1,217,844)
General and administrative expenses		(4,091,841)	(3,479,850)
Group's share in the profit of the associate		494 501	495,692
Other income		852,531	309,071
<b>Operating profit</b>		<b>3 965 562</b>	<b>2,599,849</b>
Finance cost		(210,252)	(99,862)
<b>Net profit for the period before zakat</b>		<b>3 755 310</b>	<b>2,499,987</b>
Zakat		(415,000)	(410,713)
<b>Net profit for the period</b>		<b>3 340 310</b>	<b>2,089,274</b>
<b><u>Other comprehensive income</u></b>			
<b>Items that will not subsequently be reclassified to profit or loss</b>			
Actuarial losses from Employees' defined benefit plan obligations		-	-
Group's share of other comprehensive income of the associate		39 440	157,762
<b>Total other comprehensive income</b>		<b>39 440</b>	<b>157,762</b>
<b>Total comprehensive income for the period</b>		<b>3 379 750</b>	<b>2 247 036</b>
<b>Net profit for the period attributable to:</b>			
Shareholders of the parent company		3 563 597	2,026,665
Non-controlling interests		(223,287)	62,609
<b>Net profit for the period</b>		<b>3 340 310</b>	<b>2,089,274</b>
<b>Total comprehensive income for the period attributable to:</b>			
Shareholders of the parent company		3 603 037	2,184,427
Non-controlling interests		(223,287)	62,609
<b>Total comprehensive income for the period</b>		<b>3 379 750</b>	<b>2,247,036</b>
<b>Earnings per share</b>			
Basic and diluted earning share in net profit for the period	14	0,07	0,04

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements.

Financial Manager  
Ehab Refaei



Chief Executive Officer  
Baddour Nasser Al-Rashoudi



Delegated Board Member  
Abdul Ilah Melhem Al-Mafeez



**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
(A SAUDI JOINT-STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 march 2022**

	Shareholders Equity						Total equity SAR
	Share capital SAR	Statutory reserve SAR	Reserve for revaluation of financial investments at FVOCI SAR	Accumulated losses SAR	Equity of the shareholders of the parent company SAR	Non-controlling interests SAR	
Balance as of 1 January 2021 (Unconsolidated) (Audited)	500,000,000	85,409,994	(3,000,000)	(58,437,370)	523,972,624	1,403,098	525,375,722
Net profit for the period	-	-	-	2,026,665	2,026,665	62,609	2,089,274
Other comprehensive income for the period	-	-	-	157,762	157,762	-	157,762
Total comprehensive income for the period	-	-	-	2,184,427	2,184,427	1,465,707	2,247,036
<b>Balance as of 31 March 2021 (Unconsolidated) (Unaudited)</b>	<b>500,000,000</b>	<b>85,409,994</b>	<b>(3,000,000)</b>	<b>(56,252,943)</b>	<b>526,157,051</b>	<b>1,465,707</b>	<b>527,622,758</b>
Balance as of 1 January 2022 (Audited)	500,000,000	85,409,994	2,956,343	(44,160,342)	544,205,995	1,013,613	545,219,608
Net profit for the period	-	-	-	3 563 597	3 563 597	(223,287)	3 340 310
other comprehensive income	-	-	39 440	-	39 440	-	39 440
Total comprehensive income for the period	-	-	39 440	3 563 597	3 603 037	(223,287)	3 379 750
<b>Balance as of 31 march 2022 (Unaudited)</b>	<b>500,000,000</b>	<b>85,409,994</b>	<b>2 995 783</b>	<b>(40 596 745)</b>	<b>547 809 032</b>	<b>790,326</b>	<b>548 599 358</b>

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements.

Financial Manager  
Ehab Refaei



Chief Executive Officer  
Baddour Nasser Al-Rashoudi



Delegated Board Member  
Abdul Ilah Melhem Al-Mafeez



**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	<b>For the three months period ended 31 March</b>	
	<b>2022 SAR (Unaudited)</b>	<b>2021 SAR (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Net profit for the period before zakat	3 755 310	2,499,987
<b>Adjustments to reconcile net profit for the period before zakat:</b>		
Depreciation of property, plant and equipment	2,188,737	2,056,574
Depreciation of investments properties	790,505	790,505
Amortization of intangible assets	351,671	321,522
Group's share in the profit of the associate	(494,501)	(495,692)
Provision for employees defined benefits plan obligations	485,952	277,233
Discounts of expedited payments	-	(524,999)
Finance costs	94,548	99,862
	<b>7,172,222</b>	<b>5,024,992</b>
<b>Changes in operating assets and liabilities:</b>		
Inventory	(5,828,369)	(419,770)
Biological assets	10,897,887	4,387,863
Due from related parties	-	(44,313)
Accounts receivable	119,972	-
Prepaid expenses, and other debtors	(2,046,492)	(9,694,170)
Accounts payable	(2,008,083)	-
Accrued expenses, and other creditors	(1,126,472)	2,189,025
Due to related parties	(15,000)	(255,687)
Finance cost paid	-	(449,906)
Employees' defined benefits plan obligations paid	(489,208)	(93,676)
<b>Net cash generated from operating activities</b>	<b>6,676,457</b>	<b>644,358</b>
<b>Cash flows from investing activities</b>		
Paid to purchase property, plant and equipment	(402,350)	(651,708)
Advance payments for purchasing financial investments	-	-
Paid to purchase intangible assets	-	-
Paid to Projects in progress	(4,575,079)	-
purchase Investment properties	(3,478)	(227,500)
<b>Net cash (used in) investing activities</b>	<b>(4,980,907)</b>	<b>(879,208)</b>
<b>Cash flows from financing activities</b>		

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	For the three months period ended 31 March	
	2022 SAR (Unaudited)	2021 SAR (Unaudited)
Loans' additions	-	-
Long-term loans paid	(1,898,653)	(1,575,000)
Shareholders' Distributions	(2,340)	-
<b>Net cash (used in) financing activities</b>	<b>(1,900,993)</b>	<b>(1,575,000)</b>
<b>Net change in cash and cash equivalents</b>	<b>(205,443)</b>	<b>(1,809,850)</b>
Cash and cash equivalents at the beginning of the period	15,364,149	6,427,154
<b>Cash and cash equivalents at end of the period</b>	<b>15,158,706</b>	<b>4,617,304</b>

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements.

Financial Manager  
Ehab Refaei



Chief Executive Officer  
Baddour Nasser Al-Rashoudi



Delegated Board Member  
Abdul Ilah Melhem Al-Mafeez



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

**1- ORGANIZATION AND ACTIVITIES**

Jazan Energy And Development Company (JAZADCO) was registered as a Saudi joint-stock company with Commercial Registration number 5900005403 issued in Jazan on 29 Safar 1414 H (corresponding to 17 August 1993). The Share Capital of the Company is SAR 500,000,000 divided into 50,000,000 shares with a nominal value of SAR 10.

The activities of the company in the cultivation of mangoes, the cultivation of shrimp in the seas, the preservation of fish and fish products by cooling or freezing, cooling and freezing of fruits, the production, and packaging of pure filtered water, hotels, and heritage hotels, the purchase and sale of land and real estate, their division, and off-plan sales activities.

A license was obtained to practice the company's activities as follows:

<u>Authorization number</u>	<u>Date</u>	<u>City</u>	<u>Purpose</u>
2852 / p	30 Dhu al-Qidah 1428 AH	Jazan	Producing healthy drinking water
5/3/6524	1 Safar 1425 H	Jazan	Shrimp breeding
5/3/6526	1 Safar 1425 H	Jazan	Shrimp breeding
1279	29 Rabi` II 1439 H	Sabya	Producing healthy drinking water
2210	13 Rajab 1438 H	Samtah	Frozen shrimp production

The condensed consolidated interim financial statements include the assets, liabilities, and results of the parent Company's operations and the below branch:

<u>Branch name</u>	<u>CR No.</u>	<u>City</u>	<u>Activity</u>
Jazadco Real Estate Company	5900011471	Jazan	Buying, selling, and renting land and real estate.
Jazadco Real Estate Company	5900114667	Jazan	Buying, selling, and renting land and real estate.
Jazan Development Company Factory for the production of healthy drinking water	5906016169	Sabya	Bottled drinking water in closed containers.
Branch of Jazan Development Company (JAZADCO)	5900016170	Jazan	Establishing fish farms and practicing fishing.
Branch of Jazan Development Company (JAZADCO)	5900016168	Jazan	Establishing agricultural nurseries and fruit seedlings.
Branch of Jazan Development Company (JAZADCO) for preparing, freezing, and packing shrimp	5907035800	Samtah	Preserving fish and importing feed.

The condensed consolidated interim financial statements as of 31 March 2022 include the activities of the parent company and the following subsidiary (the company and its subsidiary company hereinafter referred to as the "Group").

<u>Name of the subsidiary company</u>	<u>The main activity of the company</u>	<u>CR No.</u>	<u>Ownership percentage % 31 December 2021</u>	<u>Ownership percentage % 31 December 2020</u>
Mango Jazan Trading Company	The main activities of the company are retail via the Internet.	5900022171	65%	65%
Fsh Day Company	Wholesale of fish and aquaculture, retail sale of fish and other seafood and seafood products, online retail, transportation of refrigerated and frozen goods	1010894462	80%	80%

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

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The address of the company's head office is in Jazan, Corniche Road, PO Box 127, Kingdom of Saudi Arabia.

**2- BASIS OF PREPARATION THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**2-1 STATEMENT OF COMPLIANCE**

The condensed consolidated Interim financial statements have been prepared in accordance with International Accounting Standard “34” “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA. to understand the changes in the financial position and financial performance of the company since 31 December 2021. These condensed consolidated Interim financial statements do not include all information and disclosures required to issue the complete set of financial statements Also, the results for the period ending 31 march 2022 rae not necessarily indicative of the results that can be expected for the year ending 31 December 2022.

The Capital Market Authority has allowed listed companies to use the fair value model or continue used cost model to measure the property, and investment property Starting from 1 January 2022. It also obligated listed companies to continue to use the cost model to measure the equipment, and intangible assets ,The Group's management decided to continue applying the cost model to measure the property, and investment property.

**2-2 PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements have been prepared in accordance with the accrual principle and going concern and on a historical cost convention unless IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (Note 4).

**2-3 FUNCTIONAL AND PRESENTATION CURRENCY**

These condensed consolidated interim financial statements are presented in Saudi Riyals, which is the Group's functional and presentation currency.

**2-4 BASIS OF CONSOLIDATION**

These condensed consolidated interim financial statements include the condensed consolidated Interim statement of financial position, the condensed consolidated Interim statement of profit or loss and other comprehensive income, the condensed consolidated Interim statement of changes in equity, and the condensed consolidated Interim statement of cash flows as well as the notes complementing the condensed consolidated Interim financial statements of the group, as they include the assets, liabilities, and results of the group’s business and its subsidiaries as well. It is shown in note (1). Subsidiaries are companies controlled by a group. The group controls the group when it has the right to various revenues as a result of its participation in the group and its ability to influence these revenues through its control of the group. Subsidiary companies are consolidated from the date on which the group controls the subsidiaries until the cessation of exercising that control. The group uses the purchase method to account for the consolidation of operations when control is transferred to the group. The cost of an acquisition is measured at the fair value of the assets acquired. The excess of the cost of acquisition plus the fair value of non-controlling interests over the net identifiable assets acquired is recognized as goodwill in the condensed consolidated Interim statement of financial position. Non-controlling interests are measured by the proportion of their share of the net assets of the controlling group at the date of acquisition. The share in profit or loss and net assets not owned by the group are presented and are presented as a separate item in the condensed consolidated Interim statement of profit

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

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or loss and other comprehensive income and within the shareholders' equity in the condensed consolidated Interim statement of other comprehensive income. Both transactions, as well as balances and unrealized profits and losses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are modified when necessary to ensure consistency with the policies adopted by the group. The Group and its subsidiaries prepare their financial statements for the same reporting periods.

### **3- SIGNIFICANT ACCOUNTING POLICIES**

#### **3-1 New standards, amendments to standards and interpretations**

There are no new standards issued, however, there are some amendments to standards which are effective from 1 January 2022 and has been explained in the consolidated financial statements for the group.

#### **3-2 Applied accounting policies**

The accounting policies applied in preparing the condensed consolidated Interim financial statements aligned with those policies applied in preparing the financial statements for the year ended on 31 December 2021 of the group.

### **4- SIGNIFICANT ACCOUNTING POLICIES JUDGMENTS AND ESTIMATES**

The preparation of the financial statements requires the management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues, and expenses and disclose about contingent liabilities as at reporting date. However, uncertainty about these assumptions and estimates may lead to results that may require a material adjustment to the book value of assets or liabilities that will be affected in future periods. These estimates and judgments are based on management's best knowledge of current events and actions and other factors which form a base for estimating the carrying amount of assets and liabilities which can not be easily determined from other sources. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

The following is information about assumptions and estimates that have a material impact on the amounts reported in the financial statements:

#### **4-1 Judgments**

##### **Compliance with performance obligations**

- The group must assess each of its contracts with customers to determine whether performance obligations have been met over time or at a specific time in order to determine the appropriate method of income recognition. The group assessed this based on the sales and purchase agreements it had entered into with the customers and the provisions of the relevant laws and regulations .

##### **Determine transaction prices**

- The group shall determine transaction prices in respect of each of its contracts with customers. In making such judgment, the group assesses the impact of any variable price in the contract as a result of discounts or fines, the presence of any material element of the contract and any non-monetary price in the contract.

##### **Corona pandemic (Covid-19)**

- The Group has reviewed the main sources of uncertainty estimates that have been disclosed in the latest financial statements regarding the Corona pandemic (Covid-19). Management believes that, other than the expected credit losses on a financial assets, the impairment loss on a non-financial asset and all other sources of uncertainty remain similar to those disclosed in the annual financial

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

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statements. Management will continue to monitor the situation and any required changes will be reflected in the future reporting period - note 17.

**4-2 Assumptions and estimates**

**- Going concern**

The management has evaluated the ability of the Group to continue as a going concern and believes the Group has sufficient recourses to continue its business in the near future. Also, the management has material uncertainty related to the ability of the Group to continue as a going concern. Therefore, the condensed consolidated Interim financial statements are still prepared based on the going concern

**- Estimated useful lives of property, plant, and equipment and investment properties and intangible assets**

Management reviews the useful lives of property, plant and equipment and investment properties and intangible assets to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence, and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods -if any-.

**- Provision for Slow Moving Inventory Items**

Management makes provisions for slow-moving and obsolete inventories. Inventory is measured at the lower of cost or net realizable value. Estimating of net realizable value is based on the most reliable evidence at the time the estimates are made. These estimates take into account price fluctuations or costs directly related to events that occur after the date of the condensed consolidated Interim financial statements.

**- Impairment of Non-Financial Assets**

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

**- Impairment of Non-derivative Financial Assets**

The Group recognizes allowances for expected credit losses ("ECL") for financial assets measured at amortized cost such as trade accounts receivable. The Group assesses future credit losses using the ECL model for financial assets measured at amortized cost. For trade accounts receivable, the Group applies the simplified approach, which measures the loss allowance at an amount equal to lifetime expected credit losses for all trade accounts receivable since the initial recognition. To assess the ECL, accounts receivable are grouped based on shared risk characteristics and aging. The expected loss rates were calculated based on historical information of the Group and adjusted to reflect the expected future results which include future information on macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employees' receivables and bank balances have low credit risk and applying the ECL model is considered insignificant.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

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**- Fair value measurements of financial instruments**

When the fair value of the financial assets and liabilities in the condensed consolidated Interim statement of financial position cannot be measured based on quoted prices in an active market, when IFRS require those assets or liabilities to be measured based on fair value, their fair value is determined using valuation techniques including using the present value of expected cash flows or any other techniques as stated in IFRS (13). The inputs to these techniques are taken from active markets, where possible. However, If this is not possible, a degree of judgment is required to determine the fair value and such estimates take liquidity risk, credit risk, and volatility into account. Changes in the assumptions relating to these factors can affect the reported fair value of the financial instruments.

**- Employees' defined benefit plan obligations**

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. The actuarial valuation includes further assumptions regarding variables that are required such as discount rates, rate of salary increase and returns on assets, mortality rates, increase in future pensions. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every condensed consolidated interim statement of financial position.

**Derecognition**

The group derecognized financial assets when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

**Fair value**

Fair value is 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. Fair value definition includes the assumption that the Group will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**5-Property, plant and equipment, net**

Description	Lands*	Buildings	Tools &	Vehicles	Furniture,Fixtures	Wells	Computers	Fruitful trees	Projects in	Total
			Equipment		Office Equipments & decorations				progress**	
Balance as at 1/1/2022	17 074 855	213 593 770	118 035 121	10 250 693	5 086 490	977 071	3 041 307	23 486 155	9 895 857	401 441 319
Additions during the period	-	24 633	336 361	0	38 269	-	3 087	-	4 575 079	4 977 429
<b>Cost as of 31/03/2022</b>	<b>17 074 855</b>	<b>213 618 403</b>	<b>118 371 482</b>	<b>10 250 693</b>	<b>5 124 759</b>	<b>977 071</b>	<b>3 044 394</b>	<b>23 486 155</b>	<b>14 470 936</b>	<b>406 418 748</b>
Balance as at 1/1/2022	-	79 753 103	74 000 958	7 262 694	4 366 637	785 506	2 360 290	6 995 517	-	175 524 705
Period depreciation	-	681 249	1 157 653	152 069	57 389	7 008	27 522	105 847	-	2 188 737
<b>Accumulated depreciation as at 31/03/2022</b>	<b>-</b>	<b>80 434 352</b>	<b>75 158 611</b>	<b>7 414 763</b>	<b>4 424 026</b>	<b>792 514</b>	<b>2 387 812</b>	<b>7 101 364</b>	<b>-</b>	<b>177 713 442</b>
<b>Net book value as at 31/03/2022</b>	<b>17 074 855</b>	<b>133 184 051</b>	<b>43 212 871</b>	<b>2 835 930</b>	<b>700 733</b>	<b>184 557</b>	<b>656 582</b>	<b>16 384 791</b>	<b>14 470 936</b>	<b>228 705 306</b>
<b>Net book value as at 31/12/2021</b>	<b>17 074 855</b>	<b>133 840 667</b>	<b>44 034 163</b>	<b>2 987 999</b>	<b>719 853</b>	<b>191 565</b>	<b>681 017</b>	<b>16 490 638</b>	<b>9 895 857</b>	<b>225 916 614</b>

\*lands item includes the value of lands that have been marginalized on their title deeds by mortgage for the Agricultural Development Fund due to the loan granted to the company (note 11) , the cost of these lands as on March 31, 2022G SAR 17,074,855 (December 31, 2021G SAR 17,074,855).

\*\* Projects in progress represented in :

	31/03/2022	31/12/2021
Water Factory project (Note31)	2 430 217	0
Shrimp Pond Breeding Project	12 040 719	9 895 857
	<b>14 470 936</b>	<b>9 895 857</b>

## 6-INVESTMENT PROPERTIES (Net)

<b>Description</b>	<b><u>Lands *</u></b>	<b><u>Buildings **</u></b>	<b><u>Projects in progress***</u></b>	<b><u>Total</u></b>
Balance as at 1/1/2022	26 515 841	224 020 585	15 480 883	266 017 309
Additions during the period	-	-	3 478	3 478
<b>Cost as at 31/03/2021</b>	<b><u>26 515 841</u></b>	<b><u>224 020 585</u></b>	<b><u>15 484 361</u></b>	<b><u>266 020 787</u></b>
Accumulated Depreciation as at 1/1/2022	-	36 413 131	-	36 413 131
Period depreciation	-	790 505	-	790 505
<b>Accumulated depreciation as at 31/03/2022</b>	<b><u>-</u></b>	<b><u>37 203 636</u></b>	<b><u>-</u></b>	<b><u>37 203 636</u></b>
<b>Net book value as at 31/03/2022</b>	<b><u>26 515 841</u></b>	<b><u>186 816 949</u></b>	<b><u>15 484 361</u></b>	<b><u>228 817 151</u></b>
<b>Net book value as at 31/12/2021</b>	<b><u>26 515 841</u></b>	<b><u>187 607 454</u></b>	<b><u>15 480 883</u></b>	<b><u>229 604 178</u></b>

\* lands item includes the value of land that have been marginalized on their title deeds by mortgage for the Agricultural Development Fund due to the loan granted to the company (note 11) , the cost of this lands as on March 31, 2022G SAR 800,000 (December 31, 2021G SAR 800,000).

\*Buildings item includes the value of lands that have been marginalized on their title deeds by mortgage for the Al-Rajhi Bank due to the loan granted to the company (note 11) , the cost of these buildings as on March 31, 2022G SAR 159,582,650 (December 31, 2021G SAR 160 252 342).

\*\*\* The projects under progress represent the infrastructure on the land of the model plan.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

**7- INVESTMENTS IN ASSOCIATES, NET**

Investments in associate companies consist of the following:

<b>Company</b>	<b>Country</b>	<b>Ownership percentage</b>	<b>31 march 2022 (Unaudited) SAR</b>	<b>31 December 2021 (Audited) SAR</b>
Tabuk Fish Company *	Saudi Arabia	%20	20 981 848	20,447,907
Jannat Agricultural Investment Company **	Saudi Arabia	%27.8	-	-
Rakhaa Company for Agricultural Investment and Development **	Arab Republic Of Egypt	%21.6	-	-
			<b>20 981 848</b>	<b>20,447,907</b>

- The group assesses and records its share in the results of the associate company (Tabuk Fish) based on the internally financial statements prepared by the management of companies due to the audited financial statements were not issued.

\* Tabuk Fish Company is engaged in the cultivation of fish and other aquatic organisms, fishing, and gathering of fish and marine organisms, marketing of marine products, the manufacture of marine products, the manufacture of fish containers from polystyrene, plastic, etc., the manufacture of fish feed and all industries related to the company's activity, and wholesale and retail trade in the equipment and supplies of fish projects and in foodstuffs and agencies Commercial establishments, restaurants and shops for selling fish are registered in the Commercial Registry of Riyadh City with the number 1010215142.

**INVESTMENTS IN ASSOCIATES, NET (CONTINUED)**

The movement on the investments in Tabuk Fish Company is as follows:

	<b>31 march 2022 (Unaudited) SAR</b>	<b>31 December 2021 (Audited) SAR</b>
Balance at the beginning of the period/ year	<b>22,419,652</b>	21,125,884
Group's share in the profit of the associate	494 501	1,270,104
Group's share in the items of other comprehensive income of the associate	39 440	23,664
	<b>22 953 593</b>	<b>22,419,652</b>
Impairment in the investment value of the associate	(1 971 745)	(1,971,745)
<b>Balance at the end of the period/ year</b>	<b>20 981 848</b>	<b>20,447,907</b>

\*\* The activity of Jannat Agricultural Investment Company is represented in establishing agricultural projects, livestock, and poultry production, registered in the commercial register in Riyadh City No. 1010241588. The partners decided to liquidate the company because of the accumulated losses exceeding more than half of its capital, and Accordingly, the Jazan Energy and Development Company decided to close the entire value of the investment in the financial statements during 2018 Whereas, Jannat Agricultural Investment Company owns an investment of 77.73% of the capital of Rakhaa

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
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Agricultural Investment Company, a company based in the Arab Republic of Egypt that produces agricultural crops, and due to the stumbling block of Jannat Company and it is being under liquidation, on 2 January 2020, the ownership of 17,288 shares of the shares were transferred. Rakhaa Company for Agricultural Investment and Development to the Jazan Energy and Development Company (JAZADCO). The deficit of shareholders in Rakhaa Agricultural Investment and Development Company, as of 31 December 2019 reached 305.6 million Egyptian pounds, equivalent to its value on the date of the financial position, amounting to SAR 72.7 million. The value of that investment has not been proven due to the existence of that deficit in the rights of the shareholders according to the company's latest audited financial statements. The liquidation procedures of Jannat Agricultural Investment Company are still ongoing until the date of the condensed consolidated Interim financial position.

**8- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OCI**

Financial investments at fair value through other comprehensive income represent an investment in Al-Reef Sugar Refining Company at a rate of 15% of its capital, where the company's activity is in the manufacturing industries and its branches according to industrial licenses, wholesale and retail trade with agricultural crops and commercial services, and the purchase and sale of land, ownership, leasing, and investment of real estate and the construction of buildings on it and its investment For the company.

The following is a statement of that investment as follows:

	<b>31 march 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December</b> <b>2021</b> <b>(Audited)</b> <b>SAR</b>
Al-Reef Sugar Refining Company	45,000,000	45,000,000
Reserve for revaluation of financial investments at FVOCI	2,900,000	2,900,000
	<b>47,900,000</b>	<b>47,900,000</b>

The movement in the reserve for revaluation of financial investments at FVOCI is as follows:

	<b>31 march 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
Balance at the beginning of the period/ year	47,900,000	42,000,000
Change in fair value of investments at fair value through other comprehensive income	-	5,900,000
<b>Balance at the end of the period/ year</b>	<b>47,900,000</b>	<b>47,900,000</b>

**9- INVENTORY, NET**

	<b>31 march 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
Finished goods	19,140,508	13,170,495
Raw materials	5,210,854	5,134,080
Spare parts	2,738,749	2,907,384
production in progress	-	49,783
	<b>27,090,111</b>	<b>21,261,742</b>
(Less): provision for slow-moving goods	(100,000)	(100,000)
	<b>26,990,111</b>	<b>21,161,742</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

The movement in the provision for slow-moving goods is as follows:

	<b>31 march 2022</b>	<b>31 December</b>
	<b>(Unaudited)</b>	<b>2021</b>
	<b>SAR</b>	<b>(Audited)</b>
	<b>SAR</b>	<b>SAR</b>
Balance at the beginning of the period/ year	(100,000)	(320,000)
Deducted (Deducted from its purpose)		220,000
<b>Balance at the end of the period/year</b>	<b>(100,000)</b>	<b>(100,000)</b>

**10- RELATED PARTY TRANSACTIONS**

The related parties represented in the shareholders and senior management personnel in the Group and the institutions which own or manage by these actors or individuals as well the institutions which practice on these actors/individuals collectively or individually common control and significant influence.

Transactions with related parties are carried out during the normal business cycle on terms similar to those between other parties through contracts approved by the management.

**10-A Due to related party:**

	<b>Relationship</b>	<b>The nature of the transactions</b>	<b>01/01/2022G</b>	<b>Total debit transactions</b>	<b>Total credit transactions</b>	<b>31/03/2022G</b>
Sarah Allhmedi	Partner in	Finance	15,000	15,000	-	-
Rabia Al-Harbi	Subsidiary					
<b>Total</b>			<b>15,000</b>	<b>15,000</b>	<b>-</b>	<b>-</b>

**10-B Compensation to key management personnel:**

key persons are those who have the powers and responsibilities to plan and direct the group's operations in a direct and indirect manner.

**31 March 2022 G (Unaudited)**

	<b><u>Senior management Staff and Executive Board Members</u></b>	<b><u>Total</u></b>
Total salaries, allowances and bonuses	630,219	<b>630,219</b>

**31 March 2021 G (Unaudited)**

	<b><u>Senior management Staff and Executive Board Members</u></b>	<b><u>Total</u></b>
Total salaries, allowances and bonuses	711,042	<b>711,042</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

**11- Loans:**

**First: the current portion of long-term loans**

	<b>31 march 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
Al Rajhi Bank	1,953,000	3,851,653
Agricultural Development Fund	16,546,691	2,099,999
	<b>18,499,691</b>	<b>5,951,652</b>

**Second: long-term loans:**

	<b>31 march 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
Al Rajhi Bank	4,074,975	4,074,975
Agricultural Development Fund	2,904,529	17,095,979
	<b>6,979,504</b>	<b>21,170,954</b>

**The loans represent as below:**

- On 22 Dhu al-Qi'dah 1431 AH (30 October 2010), the Jazan Energy And Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund of SAR 20,999,997 to finance the shrimp breeding project, The loan is secured by marginalizing the title deeds of land within property, plant and equipment, the loan agreement included conditions regarding the Jazan Energy And Development Company commitment to some financial ratios and conditions, the loan is to be repaid in ten installments, the first installment is due on 22 Dhul-Qi'dah 1433 AH (corresponding to 8 October 2012 ) and the last installment on 03 Dhul-Hijah 1443 AH (corresponding to 2 July 2022).
- On 08-08-1442 (March 21, 2021), Jazan Energy and Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund in the amount of 15,000,000 SAR for the purpose of financing the shrimp breeding project. The loan is secured by mortgaging land titles within Property, machinery, equipment and investment real estate. The loan agreement included conditions regarding the commitment of Jazan Energy and Development Company to some ratios and financial terms. The amount of 15,000,000SAR will be paid in one installment on 07-10-1444 (corresponding to March 21, 2023).
- On 08-08-1442 AH (March 21, 2021 AD), Jazan Energy and Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund in the amount of SAR 5,902 781. An amount of SAR 3,224,525 was received for the purpose of financing the shrimp breeding project, the loan Guaranteed by mortgaging land title deeds within property, machinery, equipment and investment properties. The loan agreement included conditions regarding the commitment of Jazan Energy and Development Company to certain ratios and financial terms. The first installment is to be paid on March 21, 2024.
- On 17 Shawwal 1438 AH (corresponding to 11 July 2017), the Jazan Energy And Development Company signed a loan agreement with Al-Rajhi Bank to be repaid in semi-annual installments of SAR 14,996,712 for Financing Projects for the Jazan Energy and Development Group, the loan is

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

secured by a mortgage on buildings included in real estate investments and assignment of annual rents for the mortgaged buildings, the loan agreement included conditions regarding the Jazan Energy And Development Company commitment to some financial ratios and conditions, the first installment due on 9 Jumada Al-Akhir 1440 AH (corresponding to 14 February 2019) and the last installment on 19 Muharram 1445 AH (corresponding to 16 August 2023).

The movement in long-term loans is as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>SAR</b>	<b>SAR</b>
Balance at the beginning of the year	27,122,606	16,036,532
Additions during the year	-	19,027,695
Paid from loans during the year	(1,898,653)	(4,995,817)
<b>Total</b>	<b>25,223,953</b>	<b>30,068,410</b>
Less of the present value of loan balances	160,694	(1,166,848)
Deduction of interest for loans	94,548	(728,958)
Less of expedited payment from the Agricultural Development Fund	-	(1,049,998)
<b>Balance at the end of the year</b>	<b>25,479,195</b>	<b>27,122,606</b>
Current portion of long-term loans	<b>18,499,691</b>	<b>5,951,652</b>
Non-current portion of long-term loans	<b>6,979,504</b>	<b>21,170,954</b>

**12- COMMITMENT AGAINST THE LOAN GUARANTEE OF AN ASSOCIATE**

On 24 October 2016, the Saudi Fund for Development notified Jannat Agricultural Investment Company that, as of 24 October 2016, the loan due to the fund from the Rakha Agricultural Investment and Development Company (an associate company) is considered implicitly transferred to the guarantor of the loan with a fine guarantee and the performance and demand of the guarantor partners to quickly repay the obligations. The implications for the partners, as the Jazan Energy and Development Company (JAZADCO) is a partner in Jannat Agricultural Investment Company, so a provision has been made in the amount equivalent to the loan guarantee percentage of the Jazan Energy and Development Company (JAZADCO), which is 18.85%, at an amount of SAR 18,771,396.

Movement in commitment against the loan guarantee of an associate is as follows:

	<b>31 march 2022</b>	31 December
	<b>(Unaudited)</b>	2021
	<b>SAR</b>	<b>(Audited)</b>
	<b>SAR</b>	<b>SAR</b>
Balance at the beginning of the period/ year	14,619,841	14,619,841
<b>Balance at the end of the period/ year</b>	<b>14,619,841</b>	<b>14,619,841</b>

**13- STATUTORY RESERVE**

As per the Regulations for Companies in Saudi Arabia, and the Company's by-laws of the parent company a statutory reserve of 10% of net income must be appropriated until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends to shareholders.

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**14- EARNING PER SHARE**

Basic and diluted earnings per share from net income is calculated by dividing the net income for the period by the weighted average number of shares outstanding at the end of the period amounting to 50,000,000 shares (31 December 2020: 50,000,000 shares)

**15- SEGMENT INFORMATION**

Segment information relates to the group's activities and business, which the group's management has relied on as a basis for preparing its financial information, in line with internal reporting methods. Transactions between sectors are carried out on the same terms as dealing with other parties.

The sectors 'operating assets, liabilities, and operating activities include items directly related to a specific sector and items that can be distributed among the different sectors on a reasonable basis. Items that cannot be distributed between sectors are classified under the heading of joint assets and liabilities. The group sectors are as follows:

- The agricultural sector, where the group cultivates and reaps shrimp, in addition to the fruit farm.
- The commercial sector, where the group purifies and distributes bottled mineral water.
- Investment properties sector, where the group leases buildings for commercial and residential purposes.

The following is a summary of the financial segments information for the two periods ended 31 march 2022 and 31 March 2021, respectively, according to the nature of the activity:

	<b>Agricultural sector SAR</b>	<b>Commercial sector SAR</b>	<b>Investment properties sector SAR</b>	<b>Total SAR</b>
<b>For the period ended 31 march 2022: (Unaudited)</b>				
Revenues	20,033,737	3,135,790	3,143,419	26,312,946
Gross profit	7,209,238	(184,977)	1,573,272	8,597,533
<b>For the period ended 31 March 2021: (Unaudited)</b>				
Revenues	16,071,777	4,405,572	2,699,588	23,176,937
Gross profit	4,212,949	954,696	1,325,135	6,492,780

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

The following is a summary of the financial segments information as of 31 march 2022, 31 December 2021, respectively, according to the nature of the activity:

	<b>Agricultural sector SAR</b>	<b>Commercial sector SAR</b>	<b>Investment properties sector SAR</b>	<b>Total SAR</b>
As of 31 march 2022 (Unaudited):				
Total assets	<b>300 820 120</b>	<b>80,985,224</b>	<b>252,479,940</b>	<b>633 285284</b>
Total liabilities	<b>55,668,792</b>	<b>19,329,387</b>	<b>9,687,777</b>	<b>84,685,926</b>
As of 31 December 2021				
Total assets	313,501,548	77,767,350	243,180,892	634,449,790
Total liabilities	54,213,017	22,329,387	12,687,778	89,230,182

**16- FINANCIAL INSTRUMENTS RISK MANAGEMENT**

**Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the group commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the Group, the group maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Group avoids financing long-term capital requirements through short-term borrowing. Long-term projects are currently funded with long-term loans only. The Group has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

The following is the maturities of assets and liabilities as of 31 march 2022, and 31 December 2020:

<u>31 march 2022</u>	<b>3 months or less SAR</b>	<b>More than 3 months to 1 year SAR</b>	<b>More than 1 year up to 10 years SAR</b>	<b>No specific maturity dates SAR</b>	<b>Total SAR</b>
<b>Assets</b>					
Accounts receivable, prepaid expenses and other debtors, net	-	47,613,144	-	-	47,613,144
<b>Total</b>	-	47,613,144	-	-	47,613,144
<b>Liabilities</b>					
Loans	-	-	25,479,195	-	25,479,195
Distributions of shareholders' entitlements	-	5,628,188	-	-	5,628,188
Employees' defined benefit plan obligations	-	-	-	8,932,006	8,932,006
A commitment against the loan guarantee of an associate	-	-	-	14,619,841	14,619,841
Accounts payable, accrued expenses and other creditors	-	16,612,158	-	-	16,612,158
Zakat provision	-	1,778,239	11,288,257	-	13,066,496
<b>Total</b>	-	24,018,585	36,767,452	23,551,847	84,337,884

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

<u>31 December 2021</u>	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
<b>Assets</b>					
Accounts receivable, prepaid expenses and other debtors, net	45 686 624	-	-	-	45 686 624
<b>Total</b>	<b>45 686 624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 686 624</b>
<b>Liabilities</b>					
Long-term loans	5 951 652	21 170 954	-	-	27 122 606
Distributions of shareholders' entitlements	-	-	15 000	-	15 000
Employees' defined benefit plan obligations	-	-	5 630 528	-	5 630 528
A commitment against the loan guarantee of an associate	-	-	-	8 935 262	8 935 262
Accounts payable, accrued expenses and other creditors	-	-	-	14 619 841	14 619 841
Zakat provision	-	19 907 407	-	-	19 907 407
<b>Total</b>	<b>5 951 652</b>	<b>54 144 898</b>	<b>5 630 528</b>	<b>23 555 103</b>	<b>88 882 140</b>

**Market price risk**

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market rates have 3 types: Interest rate risk. Currency risk and other price risks such as Shares price risk and commodity price risk, and includes financial liabilities affected by market price risk on loans, accounts receivables, and payables.

**Interest rate risk**

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the interest rate of the market. The group's financial assets and liabilities as of the balance sheet date, except for long-term loans, are not exposed to interest rate risk. Long-term loans carry interest in addition to credit margin based on prevailing market interest rates.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's primary transactions are in Saudi riyals and US dollars. Management monitors currency fluctuations.

**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. Fair value definition includes the assumption that the Group will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

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Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**17- IMPACT OF THE CORONA VIRUS (COVID-19):**

In response to the spread of the Covid-19 in 2020 all over the world, and its resulting disruptions to the social and economic activities in those markets, Management had proactively assessed its impacts on its operations and took a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers, and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group's operations remained largely unaffected as the food industry, in general, was exempt from the various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. The underlying demand from retail and wholesale customers for the Group's products has been largely unaffected, although some small shifts in product mix were apparent. Based on these factors, Management believes that the Covid-19 pandemic has had no material effect on Almarai's reported financial results for the period ended 31 march 2022. The Group continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2021 or beyond.

**18- SUBSEQUENT EVENTS**

In the opinion of the management, there were no other significant events subsequent to 31 March 2021 that are expected to have a significant impact on these condensed consolidated interim financial statements as of 31march 2022.

**19- APPROVAL OF THE FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved by the board of directors on 22 /10/1443 H (corresponding to 23 /05/ 2022 G).

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