

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS
PERIODS ENDED SEPTEMBER 30, 2023**

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

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

To the Shareholders of
Saudi Marketing Company (Farm Superstores)
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Saudi Marketing Company (Farm Superstores) ("the Company") and its subsidiary (collectively referred to as "the Group") which comprises the condensed consolidated interim statement of financial position as at September 30, 2023 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three months and nine months periods then ended and the related condensed consolidated interim statements of changes in equity and cash flows for the nine months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

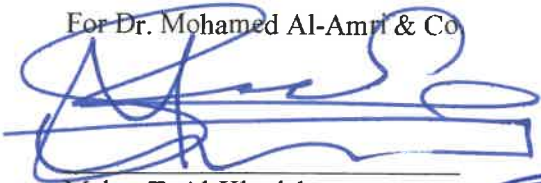
Scope of review

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

For Dr. Mohamed Al-Amri & Co.



Maher T. Al-Khatieb
Certified Public Accountant
Registration No. 514



Dammam, on 25 Rabi' al-Thani 1445 (H)
Corresponding to: 09 November 2023 G


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

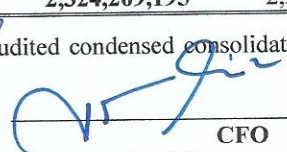
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023
(Expressed in Saudi Riyals)

| | Notes | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|--------------------------------------------------------------------------------------------|-------|------------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 4 | 665,369,417 | 652,958,245 |
| Right of use assets | | 590,802,773 | 605,605,076 |
| Investment properties | | 28,653,893 | 28,793,319 |
| Intangible assets | | 996,790 | 1,540,501 |
| Investment in equity instrument at fair value through other comprehensive income ("FVOCI") | | 594,346 | 560,057 |
| Total non-current assets | | 1,286,417,219 | 1,289,457,198 |
| Current assets | | | |
| Inventories | | 952,207,610 | 929,137,686 |
| Trade receivables | | 19,345,876 | 13,826,195 |
| Prepayments and other receivables | | 34,184,184 | 51,964,113 |
| Due from related parties | 5 | 4,340,828 | 6,043,929 |
| Investments at fair value through profit or loss ("FVTPL") | | 10,296,065 | 6,091,506 |
| Cash and bank balances | | 17,417,413 | 32,862,359 |
| Total current assets | | 1,037,791,976 | 1,039,925,788 |
| TOTAL ASSETS | | 2,324,209,195 | 2,329,382,986 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 450,000,000 | 450,000,000 |
| Statutory reserve | | 101,120,546 | 101,120,546 |
| Retained earnings | | 104,715,473 | 108,495,902 |
| Fair value reserve of equity instruments at ("FVOCI") | | (663,483) | (697,772) |
| Equity attributable to the shareholders of the Company | | 655,172,536 | 658,918,676 |
| Non-controlling interests | | 29,018 | 104,522 |
| Total equity | | 655,201,554 | 659,023,198 |
| Non-current liabilities | | | |
| Long term loans | 6 | 43,089,030 | 74,221,784 |
| Lease liability | | 606,127,405 | 612,740,320 |
| Employees end of service benefits | | 70,647,415 | 65,546,347 |
| Total non-current liabilities | | 719,863,850 | 752,508,451 |
| Current liabilities | | | |
| Trade payables and accruals | | 362,059,478 | 413,949,521 |
| Short-term loans | 6 | 482,730,472 | 404,617,281 |
| Current portion of long term loans | 6 | 41,510,334 | 38,807,628 |
| Current portion of lease liability | | 59,427,757 | 53,967,029 |
| Advances against sub lease | | 865,750 | 3,075,543 |
| Provision for Zakat | 7 | 2,550,000 | 3,434,335 |
| Total current liabilities | | 949,143,791 | 917,851,337 |
| Total liabilities | | 1,669,007,641 | 1,670,359,788 |
| TOTAL EQUITY AND LIABILITIES | | 2,324,209,195 | 2,329,382,986 |

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


Chairman
Hazem Fayeze Al Aswad


CEO
Maher Hazem Fayeze Al Aswad


CFO
Salman Ejaz Khawaja Ejaz Ur Rehman

SAUDI MARKETING COMPANY (FARM SUPERSTORES)


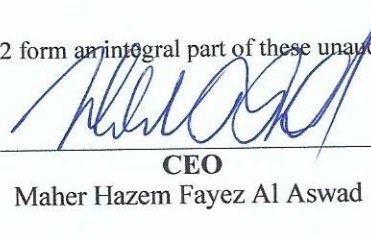
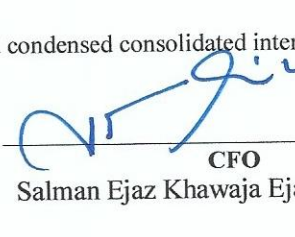
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals)

| | Note | For the three months period ended September 30 | | For the nine months period ended September 30 | |
|------------------------------------------------------------------------------------------------------|------|---------------------------------------------------|---------------------|--------------------------------------------------|---------------------|
| | | 2023 (Unaudited) | 2022 (Unaudited) | 2023 (Unaudited) | 2022 (Unaudited) |
| Revenue | | 429,257,137 | 430,476,688 | 1,358,414,588 | 1,321,676,281 |
| Cost of revenue | | (290,618,498) | (300,905,605) | (948,644,909) | (942,853,521) |
| Gross profit | | 138,638,639 | 129,571,083 | 409,769,679 | 378,822,760 |
| Selling and distribution expenses | | (95,332,788) | (91,743,731) | (277,714,843) | (265,197,298) |
| General and administrative expenses | | (26,229,167) | (24,168,718) | (75,499,816) | (71,111,929) |
| Rental income | | 4,798,356 | 5,013,298 | 12,388,953 | 12,955,314 |
| Profit from operations | | 21,875,040 | 18,671,932 | 68,943,973 | 55,468,847 |
| Finance cost | | (18,421,228) | (15,309,009) | (52,757,943) | (42,141,951) |
| Other income – net | | 2,293,552 | 1,252,152 | 5,026,872 | 3,151,598 |
| Profit before Zakat | | 5,747,364 | 4,615,075 | 21,212,902 | 16,478,494 |
| Zakat | | (871,524) | (116,660) | (2,568,835) | (517,403) |
| NET PROFIT FOR THE PERIOD | | 4,875,840 | 4,498,415 | 18,644,067 | 15,961,091 |
| Other comprehensive income / (loss) | | | | | |
| <i>Items that will not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Fair value (loss)/gain on re-measurement of equity instruments at FVOCI | | (50,291) | (27,431) | 34,289 | (137,615) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 4,825,549 | 4,470,984 | 18,678,356 | 15,823,476 |
| Net profit / (loss) attributable to: | | | | | |
| Shareholders of the Company | | 4,886,081 | 4,521,118 | 18,719,571 | 16,075,360 |
| Non-controlling interests | | (10,241) | (22,703) | (75,504) | (114,269) |
| | | 4,875,840 | 4,498,415 | 18,644,067 | 15,961,091 |
| Total comprehensive income/ (loss) attributable to: | | | | | |
| Shareholders of the Company | | 4,835,790 | 4,493,687 | 18,753,860 | 15,937,745 |
| Non-controlling interests | | (10,241) | (22,703) | (75,504) | (114,269) |
| | | 4,825,549 | 4,470,984 | 18,678,356 | 15,823,476 |
| Earnings per share | | | | | |
| Basic and diluted earnings per share from net profit attributable to the shareholders of the Company | | | | | |
| | 9 | 0.11 | 0.10 | 0.42 | 0.36 |

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

| | | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|  |  |  |
| Chairman | CEO | CFO |
| Hazem Fayeze Al Aswad | Maher Hazem Fayeze Al Aswad | Salman Ejaz Khawaja Ejaz Ur Rehman |

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023
(Expressed in Saudi Riyals)

| | -----Attributable to the shareholders of the Company----- | | | | | | |
|---------------------------------------------------|-----------------------------------------------------------|-------------------|-------------------|---------------------------------------------------|--------------|---------------------------|--------------|
| | Share capital | Statutory reserve | Retained earnings | Fair value reserve of equity instruments at FVOCI | Total | Non-controlling interests | Total equity |
| At January 01, 2022 (audited) | 450,000,000 | 98,837,939 | 86,642,837 | (525,868) | 634,954,908 | 185,263 | 635,140,171 |
| Profit/ (loss) for the period | - | - | 16,075,360 | - | 16,075,360 | (114,269) | 15,961,091 |
| Other comprehensive loss | - | - | - | (137,615) | (137,615) | - | (137,615) |
| Total comprehensive income/ (loss) for the period | - | - | 16,075,360 | (137,615) | 15,937,745 | (114,269) | 15,823,476 |
| At September 30, 2022 (un-audited) | 450,000,000 | 98,837,939 | 102,718,197 | (663,483) | 650,892,653 | 70,994 | 650,963,647 |
| At January 01, 2023 (audited) | 450,000,000 | 101,120,546 | 108,495,902 | (697,772) | 658,918,676 | 104,522 | 659,023,198 |
| Profit/ (loss) for the period | - | - | 18,719,571 | - | 18,719,571 | (75,504) | 18,644,067 |
| Other comprehensive income | - | - | - | 34,289 | 34,289 | - | 34,289 |
| Total comprehensive income/ (loss) for the period | - | - | 18,719,571 | 34,289 | 18,753,860 | (75,504) | 18,678,356 |
| Dividend (note 10) | - | - | (22,500,000) | - | (22,500,000) | - | (22,500,000) |
| At September 30, 2023 (un-audited) | 450,000,000 | 101,120,546 | 104,715,473 | (663,483) | 655,172,536 | 29,018 | 655,201,554 |

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

Chairman
Hazem Fayeze Al Aswad

CEO
Maher Hazem Fayeze Al Aswad

CFO
Salman Ejaz Khawaja Ejaz Ur Rehman

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals)

| | Notes | September 30, 2023 (Un-audited) | September 30, 2022 (Un-audited) |
|-------------------------------------------------------------------------------------------|-------|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before Zakat | | 21,212,902 | 16,478,494 |
| <i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i> | | | |
| Depreciation of property and equipment | 4 | 43,888,061 | 40,288,812 |
| Depreciation of right of use assets | | 50,278,639 | 47,958,919 |
| Depreciation of investment properties | | 139,426 | 139,426 |
| Amortization of intangible assets | | 546,903 | 931,730 |
| Provision for employees' end of service benefits | | 8,373,054 | 6,883,318 |
| Loss/(gain) on disposal of property and equipment – net | | 1,610,709 | (167,159) |
| Allowance for obsolete/ slow moving inventories | | 4,073,703 | 4,326,554 |
| Gain on termination of lease | | (632,634) | - |
| Finance cost | | 52,757,943 | 42,141,951 |
| Unrealized gain on investments at FVTPL | | (3,379,689) | (2,534,345) |
| | | <u>178,869,017</u> | <u>156,447,700</u> |
| <i>Working capital adjustments</i> | | | |
| Inventories | | (27,143,627) | (46,088,491) |
| Trade receivables | | (5,519,681) | (5,635,271) |
| Prepayments and other receivables | | 17,779,929 | 9,891,719 |
| Due from related parties | 5 | 1,703,101 | 2,011,948 |
| Trade payables and accruals | | (51,890,043) | 3,156,786 |
| Advances against sub lease | | (2,209,793) | (2,209,797) |
| Cash provided by operations | | <u>111,588,903</u> | <u>117,574,594</u> |
| Employees' end of service benefits paid | | (3,271,986) | (2,967,656) |
| Finance cost paid | | (24,538,866) | (14,621,591) |
| Zakat paid | | (3,453,170) | (1,358,273) |
| Net cash generated from operating activities | | <u>80,324,881</u> | <u>98,627,074</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property and equipment | 4 | (59,900,137) | (41,976,995) |
| Proceeds from disposal of property and equipment | | 1,990,195 | 804,760 |
| Purchases of intangible assets | | (3,192) | (25,093) |
| Purchases of investments at FVTPL | | (824,870) | (1,181,507) |
| Net cash used in investing activities | | <u>(58,738,004)</u> | <u>(42,378,835)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | 10 | (22,500,000) | - |
| Repayment of long term loans | 6 | (28,430,048) | (26,897,059) |
| Net change in short term loans | 6 | 78,113,191 | 28,801,030 |
| Repayment of lease liability | | (64,214,966) | (49,543,698) |
| Net cash used in financing activities | | <u>(37,031,823)</u> | <u>(47,639,727)</u> |
| Net change in cash and cash equivalents | | <u>(15,444,946)</u> | <u>8,608,512</u> |
| Cash and cash equivalents at beginning of the period | | 32,862,359 | 17,180,690 |
| Cash and cash equivalents at end of the period | | <u>17,417,413</u> | <u>25,789,202</u> |

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

Chairman

Hazem Fayeze Al Aswad

CEO

Maher Hazem Fayeze Al Aswad

CFO

Salman Ejaz Khawaja Ejaz Ur Rehman

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(Expressed in Saudi Riyals)

1. CORPORATE INFORMATION AND GROUP STRUCTURE

Saudi Marketing Company (Farm Superstores) (the "Company") is a Saudi Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia under Commercial Registration Number 2050006430 dated Muharram 2, 1399H (corresponding to December 03, 1978). The Company's registered office is P.O. Box 4605, Dammam 31412, Kingdom of Saudi Arabia. The Company operates through the branches. The financial results of those branches are included in these condensed consolidated interim financial statements.

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

| Subsidiary name | Country of incorporation | Effective ownership interest (%) | | |
|---------------------------------------------------|--------------------------|------------------------------------|--------------------------------|------------------------------------|
| | | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) | September 30, 2022 (Un-audited) |
| Pure Springs Agencies and Trading Company Limited | Kingdom of Saudi Arabia | 90% | 90% | 90% |

The subsidiary is engaged in managing and operating coffee shops.

The Group is engaged in the following activities:

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

On July 23, 2023, the Board of Directors has recommended to the Extraordinary General Assembly (EoGM) of the Company, to split the nominal value of shares from SR 10 per share to SR 1 per share and increase the number of shares from 45 million shares to 450 million shares while keeping the Company's total share capital unchanged. The said EoGM is still not held.

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022.

The methods of computation and accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022.

The significant judgements made by management in applying the Group's key sources of estimation uncertainty are similar to those described in the Group's annual consolidated financial statements for the year ended December 31, 2022.

The results for the nine-months period ended September 30, 2023 are not necessarily indicative of the results that can be expected for the year ending December 31, 2023.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(Expressed in Saudi Riyals)

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

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared using the accruals basis of accounting under the historical cost convention, except for:

- The remeasurement of equity instruments at FVOCI and at FVTPL which are measured at fair values, and;
- Employees end of service benefits that have been measured at the present value using Projected Unit Credit method.

As of September 30, 2023 and December 31, 2022, the carrying values of the financial assets and financial liabilities approximate to their fair values. Investment in equity instrument at FVOCI and FVTPL are determined at level 1 of the fair value hierarchy.

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

2.3 New accounting standards, interpretations and amendments

There are new standards and number of amendments to standards which are effective from January 01, 2023 and onwards and have been explained in Group's annual consolidated financial statements for the year ended December 31, 2022, but these do not have a material effect on the Group's condensed consolidated interim financial statements for the period ended September 30, 2023. The Group did not early adopt any such amendments.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals)

3. SEGMENT INFORMATION**Operating segments**

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

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

All of the Group's operations are located in the Kingdom of Saudi Arabia. The selected information for each operating segment for the period ended September 30, 2023 and September 30, 2022 are as follows:

| Period ended September 30, 2023 (un-audited) | Retail | Household | Entertainment services | Total |
|----------------------------------------------------------------------------|----------------------|--------------------|-----------------------------------|----------------------|
| Revenue | 1,293,960,592 | 4,864,601 | 59,589,395 | 1,358,414,588 |
| Profit from operations | 48,241,343 | (303,281) | 21,005,911 | 68,943,973 |
| Net profit / (loss) for the period attributable to shareholders | 16,090,053 | (5,607,017) | 8,236,535 | 18,719,571 |
| Total non-current assets | 1,117,988,363 | 218,352 | 168,210,504 | 1,286,417,219 |
| Total assets | 2,155,780,339 | 218,352 | 168,210,504 | 2,324,209,195 |
| Total liabilities | 1,599,352,279 | - | 69,655,362 | 1,669,007,641 |
| | | | | |
| Period ended September 30, 2022 (un-audited) | Retail | Household | Entertainment services | Total |
| Revenue | 1,272,549,755 | 6,123,108 | 43,003,418 | 1,321,676,281 |
| Profit from operations | 39,034,250 | 1,126,094 | 15,308,503 | 55,468,847 |
| Net profit / (loss) for the period attributable to shareholders | 15,837,667 | (6,418,165) | 6,655,858 | 16,075,360 |
| Total non-current assets | 1,137,487,978 | 272,975 | 121,825,397 | 1,259,586,350 |
| Total assets | 2,114,441,376 | 272,975 | 121,825,397 | 2,236,539,748 |
| Total liabilities | 1,544,781,158 | - | 40,794,943 | 1,585,576,101 |

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals)

4. PROPERTY AND EQUIPMENT

During the nine months period ended September 30, 2023, the Group purchased property and equipment with a cost of SR 59.9 million (September 30, 2022: SR 41.9 million) including additions to construction work in progress amounted to SR 37.4 million (September 30, 2022: SR 33.4 million) and disposed-off assets with a cost of SR 5.4 million (September 30, 2022: SR 2.1 million). The depreciation charge for the nine months period ended September 30, 2023 was amounted to SR 43.9 million (September 30, 2022: SR 40.3 million).

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties and entities having common directorship.

The significant transactions with related parties are as follows:

| Related parties | Relationship | Nature of transactions | Amounts of transaction for nine months period ended September 30, | |
|------------------------------------------|---------------------|----------------------------------|-------------------------------------------------------------------|----------------------|
| | | | 2023 (Un-audited) | 2022 (Un-audited) |
| Al Karam Restaurant | Common directorship | Sales | - | 175,440 |
| | | Collections | (50,000) | (534,007) |
| Al Aswad Trading and Contracting Company | Common directorship | Rental and advances paid | (3,233,022) | (3,733,653) |
| | | Purchases | (1,194,647) | - |
| | | Rental income | 2,837,959 | 2,080,272 |
| Al Aswad Trading Company | Common directorship | Purchases | 1,674,580 | 2,071,821 |
| | | Gondola, rental income and sales | (160,748) | (169,822) |
| | | Payments | (1,452,472) | (1,813,159) |
| Space Travel and Tourism Agency | Common directorship | Purchases | 1,524,385 | 1,201,196 |
| | | Payments | (1,424,284) | (1,179,176) |

Amounts due from related parties:

| Related parties | Balances as at | |
|--------------------------------------------|------------------------------------|--------------------------------|
| | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
| Al Aswad Trading and Contracting Company | 3,870,856 | 5,460,566 |
| Al Karam Restaurant | 88,671 | 138,671 |
| Al- Aswad for Real Estate Services Company | 381,301 | 381,301 |
| Space Travel and Tourism Agency | - | 63,391 |
| | 4,340,828 | 6,043,929 |

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals)

5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**Amounts due to related parties presented under trade payables and accruals:**

| Related parties | Balances as at | |
|---------------------------------|--------------------------------------------|----------------------------------------|
| | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
| Al Aswad Trading Company | 309,621 | 248,261 |
| Space Travel and Tourism Agency | 36,710 | - |
| | 346,331 | 248,261 |

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

Remuneration of key management personnel:

| | September 30, 2023 (Un-audited) | September 30, 2022 (Un-audited) |
|----------------------------------|--------------------------------------------|--------------------------------------------|
| Short term benefits | 3,041,025 | 2,892,188 |
| End of service benefits | 180,294 | 176,640 |
| Board of Directors' remuneration | 337,500 | 337,500 |
| | 3,558,819 | 3,406,328 |

6. LOANS

| | Notes | September 30, 2023 (Un-audited) | December 31, 2022 (Audited) |
|---------------------------------------|--------------|--------------------------------------------|----------------------------------------|
| Long term loans - non-current portion | 6.1 | 43,089,030 | 74,221,784 |
| - current portion | 6.1 | 41,510,334 | 38,807,628 |
| | | 84,599,364 | 113,029,412 |
| Short term loans | 6.2 | 482,730,472 | 404,617,281 |
| | | 567,329,836 | 517,646,693 |

6.1 Long term loans

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

In 2022, the Group obtained a new loan facility from a local commercial bank amounted to SR 50 million with final maturity date in 2026. This loan is subject to mark-up at SIBOR plus margin ranging 1.55% to 1.75% per annum and is secured by promissory notes.

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

6.2 Short term loans

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

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(Expressed in Saudi Riyals)

7. ZAKAT

Status of assessments

The Company has finalized its Zakat assessments for years from 2009 to 2012 with the Zakat, Tax and Customs Authority (ZATCA). The declarations / returns for the years from 2013 to 2022 have been submitted to ZATCA.

During 2020, ZATCA raised assessments of Zakat for the years from 2014 to 2018 claiming additional Zakat liability which was initially SR 15.6 million and then reduced to SR 13.5 million. Further, in 2020, the Company also received an assessment of VAT for the years 2018 and 2019 amounted to SR 35.5 million excluding penalties.

In 2021, the Company received another Zakat assessment for the years 2019 and 2020 claiming additional Zakat liability aggregated to SR 21 million. In addition, the Company also received assessment for excise tax for the years 2017 to 2021 claiming additional tax liability of SR 0.6 million.

The Company, with an assistance of an external consultant, has filed appeals against these assessments within the statutory timelines and all of these cases have been escalated to the General Secretariat of Zakat, Tax and Custom Committees (GSTC).

On August 17, 2022, the Tax Committees for Resolution of Tax Violations and Disputes (TCRTVD) issued its decision for which GSTC has accepted the Company's position for certain items in dispute and thereby reduced the amount of VAT liability (related to the years 2018 and 2019) from SR 35.5 million to SR 4.1 million excluding penalties for which the management has re-appealed. Further, on June 30, 2022, TCRTVD issued its decision for which GSTC has accepted the Company's position and thereby reduced the amount of Zakat liability from SR 13.5 million to SR 2.7 million (related to the years from 2014 to 2018) for which the management has re-appealed.

On October 27, 2022, TCRTVD issued its decision for which GSTC has rejected the Company's position against the Zakat assessment for the years 2019 and 2020. The Company, with the help of the external consultant, has filed appeal against the decision.

On December 25, 2022, TCRTVD accepted the Company's position for excise tax assessment related to the year from 2017 to 2021 which resulted in reducing the original liability of SR 0.6 million to zero. ZATCA has appealed against TRCTVD on January 24, 2023 and the appeal decision is still awaited.

Further, in 2022, the Company received an assessment for excise tax for the years from 2021 to July 2022 claiming additional tax liability of SAR 0.1 million. The Company has appealed against the assessment which has been rejected by ZATCA on February 20, 2023. TCRTVD accepted the Company's position on August 06, 2023 which resulted in reducing the original liability of SR 0.1 million to zero. ZATCA has appealed against TRCTVD on October 04, 2023 and the appeal committee decision is still awaited.

Based on the opinion of the external consultant, the Company has strong grounds to defend and thereby, management is not expecting a material liability on these matters.

Pure Springs Agencies and Trading Company Limited obtained its final assessments up to 2008. The declarations for years from 2009 to 2022 have been submitted to ZATCA.

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8. CONTINGENCIES AND COMMITMENTS

The Group's bankers have issued payment guarantees, on behalf of the Group, amounted to SR 40.1 million (December 31, 2022: SR 40.2 million) and letter of credits amounted to SR 2.2 million (December 31, 2022: SR 3 million).

9. EARNINGS PER SHARE

Considering that Group does not have any dilutive instruments as of September 30, 2023 and 2022, diluted earnings per share was the same as basic earnings per share.

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|------------------------------------------------------------|----------------------------------------------------|--------------------|---------------------------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Net profit attributable to the shareholders of the Company | 4,886,081 | 4,521,118 | 18,719,571 | 16,075,360 |
| Weighted average number of ordinary shares outstanding | 45,000,000 | 45,000,000 | 45,000,000 | 45,000,000 |
| Basic and diluted earnings per share | 0.11 | 0.10 | 0.42 | 0.36 |

10. DIVIDEND

On March 29, 2023, the Board of Directors recommended a cash dividend of SR 22.5 million (SR 0.5 per share) for the year ended December 31, 2022 to the General Assembly of the Company which has approved it on May 18, 2023 and it was also paid to the shareholders.

11. COMPARATIVE FIGURES

Below comparative figures have been reclassified in order to conform with the presentation for the current period. Such reclassification has been made by the Group to improve the quality of information presented.

Sublease rental income for the three months and nine months periods amounted to SR 5.0 million and SR 12.9 million respectively, previously included in 'other income - net' are now presented under 'rental income' as a separate line item in the condensed consolidated interim statement of profit or loss and other comprehensive income.

12. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on November 7, 2023G.