

HERFY FOOD SERVICES COMPANY
(A Saudi Joint Stock Company)

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

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

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Report on review of condensed interim financial statements

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Herfy Food Services Company (the “Company”) as at June 30, 2023 and the related condensed interim statement of comprehensive income for the three-month and six-month periods then ended and the related condensed interim statements of changes in equity and cash flows for the six-month periods then ended and other explanatory notes (the “condensed interim financial statements”). The Board of Directors is responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

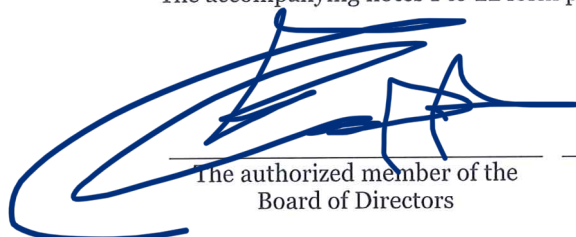
PricewaterhouseCoopers

Omar M. Al Sagga
License Number 369
3 August 2023

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

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	863,256,739	864,135,826
Right-of-use assets	7	556,152,951	572,525,445
Net investments in finance lease		5,268,824	5,912,484
Intangible assets		12,232,500	13,479,535
Investment properties	8	139,190,255	137,998,519
Other non-current assets		3,067,343	3,058,093
		1,579,168,612	1,597,109,902
Current assets			
Inventories	9	166,818,616	177,615,025
Trade, other receivables and prepayments	10	170,507,757	177,010,993
Net investments in finance lease – current portion		1,125,000	1,117,803
Financial assets held at fair value through profit or loss (FVTPL)	11	509,468	21,349,104
Cash and cash equivalents		33,995,875	20,297,172
		372,956,716	397,390,097
TOTAL ASSETS		1,952,125,328	1,994,499,999
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	646,800,000	646,800,000
Statutory reserve		101,760,104	101,760,104
Retained earnings		267,373,214	307,992,800
TOTAL EQUITY		1,015,933,318	1,056,552,904
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	540,064,296	553,988,051
Employees' defined benefits liabilities		97,099,343	97,263,701
Total non-current liabilities		637,163,639	651,251,752
Current liabilities			
Borrowings	13	28,070,110	15,612,073
Lease liabilities – current portion	7	26,344,292	30,640,179
Trade and other payables	14	243,936,322	235,736,844
Zakat payable	15	677,647	4,706,247
Total current liabilities		299,028,371	286,695,343
TOTAL LIABILITIES		936,192,010	937,947,095
TOTAL EQUITY AND LIABILITIES		1,952,125,328	1,994,499,999

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



The authorized member of the
Board of Directors



Chief Executive Office



Director of Finance

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

	Note	Three-month period ended		Six-month period ended	
		June 30,		June 30,	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Restated - note 21)		(Restated - note 21)
Revenue		288,220,371	298,081,804	563,346,500	629,078,694
Cost of revenue		(216,398,384)	(218,067,671)	(437,244,208)	(452,125,974)
Gross profit		71,821,987	80,014,133	126,102,292	176,952,720
Other income		2,334,441	3,221,226	5,339,919	5,167,039
Gains on financial assets held at fair value through profit or loss		106,609	17,099	653,977	162,940
Impairment loss on financial assets		-	(300,000)	1,191,753	407,289
Selling and distribution expenses		(43,527,996)	(35,817,777)	(90,085,105)	(80,038,101)
General and administrative expenses		(17,270,811)	(16,187,305)	(34,184,057)	(35,031,720)
Operating profit		13,464,230	30,947,376	9,018,779	67,620,167
Finance cost		(8,177,685)	(9,326,991)	(16,104,415)	(18,894,601)
Net (loss) / profit before zakat		5,286,545	21,620,385	(7,085,636)	48,725,566
Zakat	15	(750,000)	(339,999)	(1,193,950)	(729,763)
Net (loss) / profit for the period		4,536,545	21,280,386	(8,279,586)	47,995,803
Other comprehensive income for the period		-	-	-	-
Total comprehensive income / (loss) for the period		4,536,545	21,280,386	(8,279,586)	47,995,803
Earnings per share (SR)	17				
Basic and diluted earnings per share attributable to the equity shareholders of the Company		0.07	0.33	(0.13)	0.74
Weighted average number of shares		64,680,000	64,680,000	64,680,000	64,680,000

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


The authorized member of the Board of Directors


Chief Executive Officer


Director of Finance

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023
(All amounts in Saudi Riyals unless otherwise stated)**

For the Six-month period ended

June 30, 2022

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

Correction of error

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

Net profit for the period (Restated - note 21)

Other comprehensive income for the period

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

Transfer to statutory reserve (Restated)

Balance as at June 30, 2022 (Unaudited and restated)

Share capital	Statutory reserve	Retained earnings	Total equity
646,800,000	101,866,503	299,542,397	1,048,208,900
-	(461,009)	(4,149,077)	(4,610,086)
646,800,000	101,405,494	295,393,320	1,043,598,814
-	-	47,995,803	47,995,803
-	4,799,580	(4,799,580)	-
646,800,000	106,205,074	338,589,543	1,091,594,617

For the Six-month period ended

June 30, 2023

Balance as at January 1, 2023 (Audited)

Net loss for the period

Other comprehensive income for the period

Total comprehensive loss for the period

Dividends distributed*

Balance as at June 30, 2023 (Unaudited)

Share capital	Statutory reserve	Retained earnings	Total equity
646,800,000	101,760,104	307,992,800	1,056,552,904
-	-	(8,279,586)	(8,279,586)
-	-	-	-
-	-	(8,279,586)	(8,279,586)
-	-	(32,340,000)	(32,340,000)
646,800,000	101,760,104	267,373,214	1,015,933,318

* On 18 Shawwal 1444H, corresponding to 8 May 2023G, the Shareholders in their Annual General Meeting approved dividends of SR 0.50 per share which was paid on 03 DulKahda 1444H corresponding to 23 May 2023G. There were no dividends declared during the six-month period ended 30 June 2022.

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


The authorized member of the Board of Directors

Chief Executive Office

Director of Finance

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

		For the Six-month period ended	
	Note	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
			(Restated -note 21)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/ profit before zakat		(7,085,636)	48,725,566
Adjustments for:			
Depreciation on property, plant and equipment	6	42,247,624	41,651,197
Depreciation on right-of-use assets	7	41,159,756	37,804,354
Depreciation on investment property	8	2,071,556	1,312,043
Amortization of intangible assets		1,809,694	1,317,215
Reversal for impairment on financial assets		(1,191,753)	(407,289)
Reversal of provision for slow-moving items		-	(713,302)
Provision for employees' post-employment benefits		6,844,377	7,280,602
Gain on financial assets held at fair value through profit or loss		(653,977)	(162,940)
Gain on disposal of property, plant and equipment		(407,275)	(647,239)
Interest income		(136,036)	(161,741)
Finance cost		16,104,415	18,894,601
Movement in working capital			
Inventories	9	10,796,409	(61,395,995)
Trade, other receivables and prepayments	10	7,694,989	(34,598,100)
Trade and other payables	14	8,199,478	88,426,491
Cash generated from operating activities		127,453,621	147,325,463
Zakat paid	15	(5,222,550)	(4,745,861)
Employees' post-employment benefits paid		(7,008,735)	(5,365,546)
Net cash generated from operating activities		115,222,336	137,214,056
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(562,659)	-
Purchase of property, plant and equipment	6	(41,886,748)	(43,428,396)
Purchase of investment properties	8	(1,263,292)	-
Proceeds from the sale of financial assets held at fair value through profit or loss	11	21,493,613	-
Lease rental received		772,499	610,758
Proceeds from the sale of property, plant and equipment		925,486	1,256,796
Change in other non-current assets		(9,250)	-
Net cash used in investing activities		(20,530,351)	(41,560,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings	13	20,000,000	-
Repayment of current portion of the long term borrowings	13	(7,919,578)	(7,919,578)
Principal elements of lease payments	7	(43,006,904)	(48,686,178)
Finance cost paid on leases		(17,726,800)	(18,351,695)
Dividend paid		(32,340,000)	-
Net cash used in financing activities		(80,993,282)	(74,957,451)
Net change in cash and cash equivalents		13,698,703	20,695,763
Cash and cash equivalents at beginning of the period		20,297,172	30,485,715
Cash and cash equivalents at end of the period		33,995,875	51,181,478
Supplement information on non-cash items:			
Additions to right of use assets and lease obligation	7	24,787,262	27,597,301
Finance cost capitalized		2,000,000	-

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

The authorized member of the Board of Directors

Chief Executive Office

Director of Finance

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

1. LEGAL STATUS AND OPERATIONS

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

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

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

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

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

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

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

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

The Company has the following branches:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

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

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

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

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

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

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

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

4. CONSISTENT APPLICATION OF ACCOUNTING POLICIES

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

New standards, interpretations and amendments adopted by the Company

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

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

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

5. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions during the period ended June 30 (Unaudited)

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

Names of related parties	Nature of transactions	2023	2022
	Sales to PRC	10,082,575	14,535,441
	Advertisement expense charge by PRC	-	(941,000)
	Rent charged by PRC to the Company on short-term lease	(1,158,825)	(1,498,075)
Panda Retail company (PRC)	Purchases from Afia International Company	(10,237,182)	(6,445,154)
Afia International Company	Purchases from Al Ahsan Trading Company	(88,808)	-
Al Ahsan Trading Company	Purchases from United Sugar Factory	(1,393,840)	(1,520,928)
United Sugar Factory	Purchases from International Food Industries Company	(3,207,529)	(2,941,355)
International Food Industries Company			

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

Names of related parties	Nature of transactions	2023	2022
	Sales to Bazbazah Int Company	130,054	410,780
	Rent charged by Bazbazah Int Company on short-term lease	(142,500)	(217,500)
	Rent charged to Bazbazah Int Company on short-term lease	123,584	123,584
Bazbazah Int Company	Lease payments during the period	(125,000)	(125,000)
Taza Restaurant Company Limited	Sales to Taza Restaurant Company Limited	249,972	532,593
	Rent charged to El Mazaq El Amsal Company	87,500	-
El Mazaq El Amsal Company	Rent charged to the Company on short-term leases	(875,000)	(1,100,000)
Qitaf Company	Lease payments during the period	(800,000)	(517,500)
Mama Sauce Factory	Purchases from Mama Sauce Factory	(1,323,790)	(5,082,949)

• *Transactions with the shareholders*

Names of related parties	Nature of transactions	2023	2022
General Organization for Social Insurance (GOSI)	Rent charged by GOSI on short-term leases	(340,575)	-
	Employees subscription cost	(5,705,397)	(5,452,332)
	Rent charged by the shareholder to the Company on short-term leases	(125,000)	(315,000)
Mr. Ahmed Al Saeed	Lease payments during the period	(250,000)	-

• *Transactions with the previous board member*

Names of related parties	Nature of transactions	2023	2022
Mr. Khalid Al Saeed	Rent charged by the previous board member to the Company on short-term leases	(125,000)	(100,000)
	Salaries & Board Remunations	-	(157,336)

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

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions during the period ended June 30 (Unaudited) (continued)

- Transactions with the associate of the ultimate parent company*

Names of related parties	Nature of transactions	2023	2022
Kinan Company	Rent charged by Kinan Company on short-term leases	(46,659)	(133,919)
Al Marai Company	Purchases from Al Marai Company	(166,480)	(1,411,052)

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

- Balances with the subsidiaries of the ultimate parent company*

Names of related parties	Classification	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Panda Retail Company	Trade, other receivables, and prepayments	6,703,231	7,527,176

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

Names of related parties	Classification	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Taza Restaurant Company Limited	Trade, other receivables, and prepayments	124,493	198,491
Double Coffee Company	Trade, other receivables, and prepayments	33,042	33,042
Green Leave Company	Trade, other receivables, and prepayments	32,062	32,062
Meslan Investment Company	Trade, other receivables, and prepayments	31,671	31,671
El Mazaq El Amsal Company	Trade, other receivables, and prepayments	524,492	-
Bazbazah International Trading Company	Net investment in finance lease	109,575	167,973

- Balances with the shareholders*

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

- Balances with the previous board members*

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

- Balances with the key management personnel*

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

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

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

• *Balances with the subsidiaries of the ultimate parent company*

		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
	Lease liabilities – current	1,570,951	535,008
Panda Retail company (PRC)	Lease liabilities – non-current	4,327,898	5,363,841

• *Balances with the shareholders*

		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
General Organization for Social Insurance (GOSI)	Lease liabilities – current	548,606	252,725
	Lease liabilities – non-current	883,826	1,179,707

• *Balances with the previous board members*

		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
	Lease liabilities – current	196,347	153,653
Mr. Khalid Al Saeed	Lease liabilities – non-current	1,339,437	1,382,131

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

		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Names of related parties	Classification		
Mama Sauce Factory	Trade and other payables	282,766	587,016
United Sugar Factory	Trade and other payables	491,264	162,222
	Trade and other payables	230,716	133,828
Bazbazah International trading Company	Lease liabilities – current	967,985	714,469
	Lease liabilities – non-current	4,496,527	4,750,043
	Lease liabilities – current	1,600,252	1,307,748
Qitaf Company	Lease liabilities – non-current	22,689,460	24,299,464

• *Balances with the associate of the parent company*

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

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5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

• *Balances with the subsidiaries of the parent company*

Names of related parties	Classification	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Afia International Company	Trade and other payables	2,373,860	3,880,784
International Food Industrial Company	Trade and other payables	1,137,810	800,050
Al Ahsan Trading Company	Trade and other payables	41,612	15,597

Remunerations of the Company's key management personnel

Key management personnel are those persons, including the Board of Directors members, Managing Director and top executives having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The total remuneration of Company's key management personnel for the period ended June 30, 2023 amounted to SR 4.3 million (June 30, 2022: SR 4.7 million). Such remuneration includes basic salaries, bonuses and other benefits as per the Company's policies.

6. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Net book value at the beginning of the period/year	864,135,826	977,621,549
Additions during the period/year	41,886,748	103,293,679
Disposals during the period/year	(518,211)	(660,048)
Transfer to investment properties (note 8)	-	(113,837,594)
Depreciation for the period/year	(42,247,624)	(84,736,170)
Impairment loss for the period/year	-	(17,545,590)
Net book value at the end of the period/year	863,256,739	864,135,826

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

7.1 Right-of-use assets

	Land	Buildings	Total
Cost:			
At January 1, 2023 (Audited)	361,676,805	499,458,445	861,135,250
Additions during the period	10,410,650	14,376,612	24,787,262
Disposal	(9,633,807)	(13,303,830)	(22,937,637)
At June 30, 2023 (Unaudited)	362,453,648	500,531,227	862,984,875
Accumulated depreciation:			
At January 1, 2023 (Audited)	121,216,118	167,393,687	288,609,805
Charge during the period	17,287,098	23,872,658	41,159,756
Disposal	(9,633,807)	(13,303,830)	(22,937,637)
At June 30, 2023 (Unaudited)	128,869,409	177,962,515	306,831,924
Net book value:			
At June 30, 2023 (Unaudited)	233,584,239	322,568,712	556,152,951
At December 31, 2022 (Audited)	240,460,687	332,064,758	572,525,445

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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

7.2 Lease liabilities

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At the beginning of the period/year	584,628,230	618,811,035
Additions during the period/year	24,787,262	44,469,325
Finance cost for the period/year	17,726,800	36,380,822
Lease payments during the period/year	(60,733,704)	(115,032,952)
	566,408,588	584,628,230
Current portion	26,344,292	30,640,179
Non-current portion	540,064,296	553,988,051

8. INVESTMENT PROPERTIES

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Net book value at the beginning of the period / year	137,998,519	28,034,938
Transfers from property plant and equipment for the period / year *	-	113,837,594
Additions during the period / year	1,263,292	-
Finance cost capitalized for the period / year	2,000,000	-
Depreciation for the period / year	(2,071,556)	(3,874,013)
Net book value at the end of the period / year	139,190,255	137,998,519

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

9. INVENTORIES

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Raw materials		76,702,070	92,222,348
Finished goods		28,963,984	27,080,699
Packing materials		17,892,318	18,283,267
Spare parts, not held for sale and to be consumed within one year		27,121,732	27,384,159
Operational supplies		35,812,717	32,318,757
		186,492,821	197,289,230
Less: provision for slow moving inventory	9.1	(19,674,205)	(19,674,205)
		166,818,616	177,615,025

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period/year	19,674,205	16,128,910
Provided during the period/year	-	3,545,295
Balance at the end of the period/year	19,674,205	19,674,205

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10. TRADE, OTHER RECEIVABLE AND PREPAYMENTS

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables – external parties		86,921,431	85,611,245
Less: provision for expected credit losses on external parties	10.1	(18,330,151)	(19,521,904)
Trade receivables from external parties, net		68,591,280	66,089,341
Trade receivables – related parties	5	7,962,336	8,085,787
Trade receivables, net		76,553,616	74,175,128
Prepayments		45,141,600	38,609,283
Advance for investment	10.2	-	-
Advances to suppliers		41,799,991	56,203,239
Other receivables		7,012,550	8,023,343
		170,507,757	177,010,993

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period / year	19,521,904	14,982,342
Provided during the period / year	-	4,539,562
Reversal during the period / year	(1,191,753)	-
Balance at the end of the period / year	18,330,151	19,521,904

10.2 Advance for investment

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

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

11 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Al-Rajhi Commodities Fund	11.1	509,468	20,239,707
Equity Investment - Quoted	11.2	-	1,109,397
		509,468	21,349,104

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11 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)
(continued)

11.1 The movement in investments in Al-Rajhi Commodities Fund is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period / year	20,239,707	-
Purchase during the period / year	-	20,000,000
Gain during the period / year	269,761	239,707
Sale during the period / year	(20,000,000)	-
Balance at the end of the period / year	509,468	20,239,707

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period / year	1,109,397	811,681
Gain during the period / year	384,216	297,716
Sale during the period / year	(1,493,613)	-
Balance at the end of the period / year	-	1,109,397

11.3 Recorded in profit or loss:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Gain on Al-Rajhi Commodities Fund	269,761	-
Gain on quoted equity	384,216	162,940
Total	653,977	162,940

12. SHARE CAPITAL

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

13. BORROWINGS

Long-term loan

Unsecured borrowings at amortized cost	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Al Rajhi Bank – Current portion	13.1	7,894,285	15,612,073
		7,894,285	15,612,073

Short – term loans

Unsecured borrowings at amortized cost

Al Rajhi Bank – Murabaha	13.1	10,078,506	-
SAB Bank – Murabaha	13.2	10,097,319	-
		20,175,825	-
Total borrowings classified as current		28,070,110	15,612,073

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13. BORROWINGS (continued)

13.1 Al Rajhi Bank

The Company has obtained facilities with Al Rajhi bank. The long term unsecured facilities are payable in semi-annual installments over the period of six years. The short term unsecured facility is payable in one installment during a period of six months. The fair values of the borrowings are not different from their carrying amounts as the interest payable on those borrowings is at market prevailing rates.

The long term facility agreements include covenants which require the Company to maintain certain financial ratios. As of June 30, 2023, the Company was in compliance with all covenants of the financing agreements.

The long-term facility include finance cost payable amounting to SR 151,772 (December 31, 2022: SR 305,890).

The credit facility was fully withdrawn as at June 30, 2023.

13.2 SAB Bank

The Company has obtained facilities from SAB Bank. These unsecured facilities is repayable in one installment during a period of three months. The fair values of the borrowing is not different from its carrying value as the interest payable on this borrowing is at prevailing market rates.

As at June 30, 2023 and December 31, 2022, The undrawn portion of the short term credit facility amounted to SR 27.9 million (December 31, 2022: 37.9 million).

14. TRADE AND OTHER PAYABLES

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payable – related parties	5	4,558,028	5,588,744
Trade payable – third parties		137,428,710	148,597,498
Accrued expenses		80,998,784	65,006,140
Advance rental		13,975,441	4,003,617
Other payables		6,975,359	12,540,845
		243,936,322	235,736,844

15. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period / year	4,706,247	9,272,345
Provided during the period / year	1,193,950	179,763
Payment during the period / year	(5,222,550)	(4,745,861)
Balance at the end of the period / year	677,647	4,706,247

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15. PROVISION FOR ZAKAT (continued)

15.1 STATUS OF ASSESSMENTS

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

Zakat assessments have been raised by the ZATCA for the years 2014 to 2021 assessing an additional zakat liability of SR 21.15 million against which the Company has filed an appeal. Company is confident that the assessments will be in their favor and hence, no provision has been made in these condensed interim financial statements. Currently, there are no assessments rendered by ZATCA for the years 2008 – 2013.

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

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

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

16.2 Commitments

The capital expenditure committed by the Company but not incurred till June 30, 2023 SR 10.03 million (December 31, 2022: SR 12.3 million)

16.3 Bank guarantees

The Company is liable for the bank guarantees issued on behalf of the Company amounting to SR 10.13 million (December 31, 2022: SR 10.2 million) and letters of credit issued on behalf of the Company amounting SR 0.12 million (December 31, 2022: SR 0.7 million) in the normal course of business.

17. EARNINGS PER SHARE

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

	For the three-month period ended June 30, 2023 (Unaudited)	For the three-month period ended June 30, 2022 (Unaudited)	For the Six-month period ended June 30, 2023 (Unaudited)	For the Six-month period ended June 30, 2022 (Unaudited)
Net profit / (loss) for the period	4,536,545	21,280,386	(8,279,586)	47,995,803
Weighted average number of ordinary shares for the purpose of basic / diluted earnings	64,680,000	64,680,000	64,680,000	64,680,000
Earnings per share (SR)				
-Basic	0.07	0.33	(0.13)	0.74
-Diluted	0.07	0.33	(0.13)	0.74

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

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18. SEGMENT INFORMATION

The Company operates principally in the following major business segments:

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

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

18.1 Selected financial information for the three month and six month periods ended June 30, 2023, and June 30, 2022, summarized by the above business segments, was as follows (in thousand Saudi Riyal):

For the Three-month period ended June 30 (Unaudited)	Restaurants		Meat factory		Bakeries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Total segment revenue	222,426	237,339	44,739	46,047	48,341	47,837	315,506	331,223
Inter-segment revenue	-	-	(23,708)	(28,218)	(3,578)	(4,923)	(27,286)	(33,141)
Net revenue	222,426	237,339	21,031	17,829	44,763	42,914	288,220	298,082
Net (loss)/ income	(6,903)	6,067	9,906	11,601	1,534	3,612	4,537	21,280

For the Six-month period ended June 30 (Unaudited)	Restaurants		Meat factory		Bakeries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Total segment revenue	433,334	500,750	90,353	99,745	96,581	100,793	620,268	701,288
Inter-segment revenue	-	-	(49,389)	(61,578)	(7,532)	(10,631)	(56,921)	(72,209)
Net revenue	433,334	500,750	40,964	38,167	89,049	90,162	563,347	629,079
Net (loss)/ income	(33,562)	8,674	19,974	28,427	5,308	10,895	(8,280)	47,996

	Restaurants		Meat factory		Bakeries		Total	
	30 June 2022 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Total assets	1,514,285	1,561,343	145,127	158,672	292,713	274,485	1,952,125	1,994,500
Total liabilities	740,409	778,604	62,342	47,575	133,441	111,768	936,192	937,947

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19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

June 30, 2023 (Unaudited)	Fair value			
	Level 1	Level 2	Level 3	Total
<i>Financial assets held at fair value through profit or loss (FVTPL)</i>				
Al-Rajhi Commodities Fund	-	-	509,468	509,468
Equity investment	-	-	-	-

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

20. Subsequent events

The Company is not aware of any significant subsequent events that would have material impact on the condensed interim financial statements.

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21. RESTATEMENT OF PRIOR PERIOD FIGURES

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

Restatement/reclassification:

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

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21. RESTATEMENT OF PRIOR PERIOD FIGURES (Continued)

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

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
Revenue	291,610,958	-	-	6,470,846	-	298,081,804
Cost of revenue	(226,152,298)	3,914,230	5,814,285	(1,643,888)	-	(218,067,671)
Gross profit	65,458,660	3,914,230	5,814,285	4,826,958	-	80,014,133
Other income, net	9,692,072	-	-	(6,470,846)	-	3,221,226
Unrealized gain on investments carried at FVTPL	17,099	-	-	-	(17,099)	-
Gains on financial assets held at fair value through profit or loss	-	-	-	-	17,099	17,099
Impairment loss on trade and other receivables	(300,000)	-	-	-	-	(300,000)
Selling and distribution expenses	(30,003,492)	-	(5,814,285)	-	-	(35,817,777)
General and administrative expenses	(17,831,193)	-	-	1,643,888	-	(16,187,305)
Operating profit	27,033,146	3,914,230	-	-	-	30,947,376
Finance cost	(6,494,692)	(2,832,299)	-	-	-	(9,326,991)
Net profit before zakat	20,538,454	1,081,931	-	-	-	21,620,385
Zakat	(339,999)	-	-	-	-	(339,999)
Net profit for the period	20,198,455	1,081,931	-	-	-	21,280,386
Total comprehensive income for the period	20,198,455	1,081,931	-	-	-	21,280,386
 Earnings per share	 0.31					 0.33

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21. RESTATEMENT OF PRIOR PERIOD FIGURES (Continued)

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

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
Revenue	619,809,096	-	-	9,269,598	-	629,078,694
Cost of revenue	(471,829,847)	5,247,992	17,406,886	(2,951,005)	-	(452,125,974)
Gross profit	147,979,249	5,247,992	17,406,886	6,318,593	-	176,952,720
Other income, net	14,436,637	-	-	(9,269,598)	-	5,167,039
Unrealized gain on investments carried at FVTPL	162,940	-	-	-	(162,940)	-
Gains on financial assets held at fair value through profit or loss	-	-	-	-	162,940	162,940
Reversal of Impairment on trade and other receivables	407,289	-	-	-	-	407,289
Selling and distribution expenses	(62,631,215)	-	(17,406,886)	-	-	(80,038,101)
General and administrative expenses	(37,982,725)	-	-	2,951,005	-	(35,031,720)
Operating profit	62,372,175	5,247,992	-	-	-	67,620,167
Finance cost	(13,050,332)	(5,844,269)	-	-	-	(18,894,601)
Net operating profit before zakat	49,321,843	(596,277)	-	-	-	48,725,566
Zakat	(729,763)	-	-	-	-	(729,763)
Net profit for the period	48,592,080	(596,277)	-	-	-	47,995,803
Total comprehensive income for the period	48,592,080	(596,277)	-	-	-	47,995,803
 Earnings per share	 0.75					 0.74

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

21. RESTATEMENT OF PRIOR PERIOD FIGURES (Continued)

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

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit before zakat	49,321,843	(596,277)	-	-	-	48,725,566
Depreciation on property, plant and equipment	40,843,495	807,702	-	-	-	41,651,197
Depreciation on right of use assets	37,230,466	573,888	-	-	-	37,804,354
Unrealised gain on investments measured at FVTPL, net	(162,940)	-	-	-	162,940	-
Gain on financial assets held at fair value through profit or loss	-	-	-	-	(162,940)	(162,940)
Finance cost	13,050,332	5,844,269	-	-	-	18,894,601
CASH FLOW FROM FINANCING ACTIVITIES						
Lease liabilities paid	(64,205,575)	15,519,397	-	-	-	(48,686,178)
Finance cost paid on leases	-	(18,351,695)	-	-	-	(18,351,695)

22. Approval of the interim condensed Financial Statements

These condensed interim financial statements were approved and authorized for issue on 3 August 2023 (corresponding to 16 Muharram, 1445H) by the Board of Directors of the Company.