

**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  
PERIOD ENDED MARCH 31, 2023**

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**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 PERIOD ENDED MARCH 31, 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 March 31, 2023 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three 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" as 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.

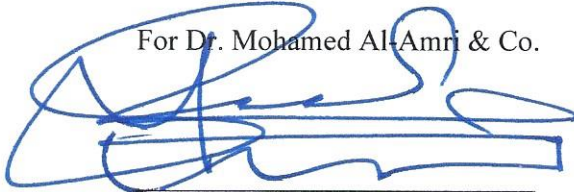
### Scope of review

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" as 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 3 Dhual-Qa'dah 1444 (H)  
Corresponding to: 23 May 2023 G





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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**  
(Expressed in Saudi Riyals)

	Note	March 31, 2023	December 31,
	s	(Un-audited)	2022
			(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	655,420,532	652,958,245
Right of use assets		616,964,061	605,605,076
Investment properties		28,746,843	28,793,319
Intangible assets		1,356,743	1,540,501
Investment in equity instrument at fair value through other comprehensive income ("FVOCI")		594,346	560,057
<b>Total non-current assets</b>		<b>1,303,082,525</b>	<b>1,289,457,198</b>
<b>Current assets</b>			
Inventories		968,141,743	929,137,686
Trade receivables		16,753,722	13,826,195
Prepayments and other receivables		34,977,077	51,964,113
Due from related parties	5	5,246,972	6,043,929
Investments at fair value through profit or loss ("FVTPL")		6,652,462	6,091,506
Cash and bank balances		31,320,715	32,862,359
<b>Total current assets</b>		<b>1,063,092,691</b>	<b>1,039,925,788</b>
<b>TOTAL ASSETS</b>		<b>2,366,175,216</b>	<b>2,329,382,986</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		450,000,000	450,000,000
Statutory reserve		101,120,546	101,120,546
Retained earnings		115,941,732	108,495,902
Fair value reserve of equity instrument at ("FVOCI")		(663,483)	(697,772)
<b>Equity attributable to the shareholders of the Company</b>		<b>666,398,795</b>	<b>658,918,676</b>
Non-controlling interests		86,999	104,522
<b>Total equity</b>		<b>666,485,794</b>	<b>659,023,198</b>
<b>Non-current liabilities</b>			
Long term loans	6	63,844,197	74,221,784
Lease liability		624,037,026	612,740,320
Employees end of service benefits		67,279,604	65,546,347
<b>Total non-current liabilities</b>		<b>755,160,827</b>	<b>752,508,451</b>
<b>Current liabilities</b>			
Trade payables and accruals		418,129,475	413,949,521
Short-term loans	6	414,854,670	404,617,281
Current portion of long term loans	6	41,510,334	38,807,628
Current portion of lease liability		63,443,123	53,967,029
Advances against sub lease		2,306,658	3,075,543
Provision for Zakat	7	4,284,335	3,434,335
<b>Total current liabilities</b>		<b>944,528,595</b>	<b>917,851,337</b>
<b>Total liabilities</b>		<b>1,699,689,422</b>	<b>1,670,359,788</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,366,175,216</b>	<b>2,329,382,986</b>

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

Chairman

Hazem Fayed Al Aswad

CEO

Maher Hazem Fayed Al Aswad

CFO

Salman Ejaz Khawaja Ejaz Ur Rehman

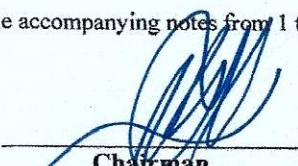
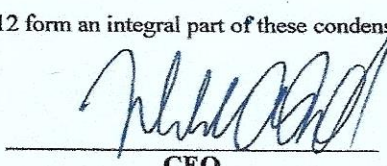
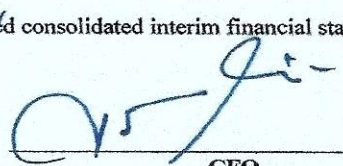


**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(Expressed in Saudi Riyals)

	Note	March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
Revenue		479,935,989	438,793,035
Cost of revenue		(343,049,145)	(317,431,384)
<b>Gross profit</b>		<b>136,886,844</b>	<b>121,361,651</b>
Selling and distribution expenses		(92,305,595)	(83,934,433)
General and administrative expenses		(24,117,824)	(24,115,839)
Rental income		3,805,828	4,114,716
<b>Profit from operations</b>		<b>24,269,253</b>	<b>17,426,095</b>
Finance cost		(17,023,553)	(12,519,803)
Other income - net		1,032,607	1,379,181
<b>Profit before Zakat</b>		<b>8,278,307</b>	<b>6,285,473</b>
Zakat		(850,000)	(172,155)
<b>PROFIT FOR THE PERIOD</b>		<b>7,428,307</b>	<b>6,113,318</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value gain on re- measurement of equity instrument at FVOCI		34,289	11,261
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>7,462,596</b>	<b>6,124,579</b>
<b>Profit / (loss) attributable to:</b>			
Shareholders of the Company		7,445,830	6,173,018
Non-controlling interests		(17,523)	(59,700)
		<b>7,428,307</b>	<b>6,113,318</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Shareholders of the Company		7,480,119	6,184,279
Non-controlling interests		(17,523)	(59,700)
		<b>7,462,596</b>	<b>6,124,579</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share from net profit attributable to the shareholders of the Company	9	0.17	0.14

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

		
<b>Chairman</b>	<b>CEO</b>	<b>CFO</b>
Hazem Fayeze Al Aswad	Maher Hazem Fayeze Al Aswad	Salman Ejaz Khawaja Ejaz Ur Rehman

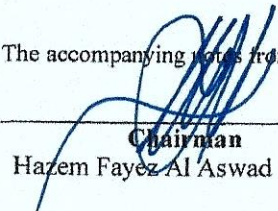


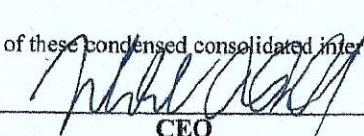
**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(A Saudi Joint Stock Company)

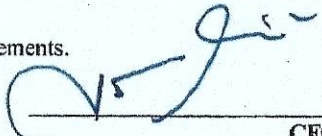
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(Expressed in Saudi Riyals)

	-----Attributable to the shareholders of the Company-----						
	Share capital	Statutory reserve	Retained earnings	Fair value reserves 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	-	-	6,173,018	-	6,173,018	(59,700)	6,113,318
Other comprehensive income	-	-	-	11,261	11,261	-	11,261
Total comprehensive income/ (loss) for the period	-	-	6,173,018	11,261	6,184,279	(59,700)	6,124,579
At March 31, 2022 (un-audited)	450,000,000	98,837,939	92,815,855	(514,607)	641,139,187	125,563	641,264,750
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	-	-	7,445,830	-	7,445,830	(17,523)	7,428,307
Other comprehensive income	-	-	-	34,289	34,289	-	34,289
Total comprehensive income/ (loss) for the period	-	-	7,445,830	34,289	7,480,119	(17,523)	7,462,596
At March 31, 2023 (un-audited)	450,000,000	101,120,546	115,941,732	(663,483)	666,398,795	86,999	666,485,794

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

  
Chairman  
Hazem Fayed Al Aswad

  
CEO  
Maher Hazem Fayed Al Aswad

  
CFO  
Salman Ejaz Khawaja Ejaz Ur Rehman



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**

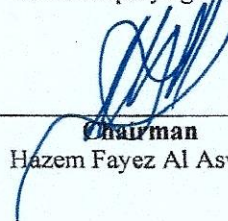
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

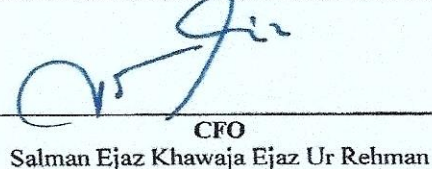
(Expressed in Saudi Riyals)

	March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Zakat	8,278,307	6,285,473
<i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	14,155,279	13,132,512
Depreciation of right of use assets	16,687,550	15,796,813
Depreciation of investment properties	46,476	46,476
Amortization of intangible assets	186,950	318,456
Provision for employees' end of service benefits	2,785,098	2,317,188
Gain on disposal of property and equipment – net	(7,826)	(169,578)
Allowance for obsolete/ slow moving inventories	1,357,901	-
Gain on termination of lease	(632,634)	-
Finance cost	17,023,553	12,519,803
Unrealized gain on investments at FVTPL	(560,956)	(1,451,222)
	59,319,698	48,795,921
<i>Working capital adjustments</i>		
Inventories	(40,361,958)	(54,919,195)
Trade receivables	(2,927,527)	(3,313,190)
Prepayments and other receivables	16,987,036	8,970,886
Due from related parties	796,957	1,282,346
Trade payable and accruals	4,179,954	39,654,887
Advances against sub-lease	(768,885)	(966,669)
<b>Cash provided by operations</b>	37,225,275	39,504,986
Employees' end of service benefits paid	(1,051,841)	(702,396)
Finance cost paid	(7,602,372)	(3,494,979)
<b>Net cash generated from operating activities</b>	28,571,062	35,307,611
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(16,617,566)	(15,158,240)
Proceeds from disposal of property and equipment	7,826	206,159
Purchases of intangible assets	(3,192)	-
Purchases of investments at FVTPL	-	(1,181,507)
<b>Net cash used in investing activities</b>	(16,612,932)	(16,133,588)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(7,674,881)	(6,750,000)
Net change in short term loans	10,237,389	9,000,000
Repayment of lease liability	(16,062,282)	(14,253,740)
<b>Net cash used in financing activities</b>	(13,499,774)	(12,003,740)
<b>Net change in cash and cash equivalents</b>	(1,541,644)	7,170,283
Cash and cash equivalents at beginning of the period	32,862,359	17,180,690
Cash and cash equivalents at end of the period	31,320,715	24,350,973

The accompanying notes from 1 to 12 form an integral part of these 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 THREE MONTHS PERIOD ENDED MARCH 31, 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 (%)		
		March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 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.

#### 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.



## **SAUDI MARKETING COMPANY (FARM SUPERSTORES)**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(Expressed in Saudi Riyals)

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## **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 March 31, 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 no new standards issued, however, there are 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 March 31, 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 THREE MONTHS PERIOD ENDED MARCH 31, 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 March 31, 2023 and March 31, 2022 are as follows:

<b>Period ended March 31, 2023 (un-audited)</b>	<b>Retail</b>	<b>Household</b>	<b>Entertainment services</b>	<b>Total</b>
<b>Revenue</b>	<b>462,314,171</b>	<b>1,890,787</b>	<b>15,731,031</b>	<b>479,935,989</b>
<b>Profit from operations</b>	<b>17,156,327</b>	<b>152,017</b>	<b>6,960,909</b>	<b>24,269,253</b>
<b>Profit/ (loss) for the period attributable to shareholders</b>	<b>6,116,066</b>	<b>(1,094,656)</b>	<b>2,424,420</b>	<b>7,445,830</b>
<b>Total non-current assets</b>	<b>1,167,058,261</b>	<b>251,093</b>	<b>135,773,171</b>	<b>1,303,082,525</b>
<b>Total assets</b>	<b>2,230,150,952</b>	<b>251,093</b>	<b>135,773,171</b>	<b>2,366,175,216</b>
<b>Total liabilities</b>	<b>1,649,259,294</b>	<b>-</b>	<b>50,430,128</b>	<b>1,699,689,422</b>
 Period ended March 31, 2022 (un-audited)	 Retail	 Household	 Entertainment services	 Total
Revenue	423,283,057	2,867,901	12,642,077	438,793,035
Profit from operations	11,774,041	481,797	5,170,257	17,426,095
Profit/ (loss) for the period attributable to shareholders	5,256,515	(1,225,128)	2,141,631	6,173,018
Total non-current assets	1,170,144,617	306,464	117,109,164	1,287,560,245
Total assets	2,157,062,275	306,464	117,109,164	2,274,477,903
Total liabilities	1,591,014,249	-	42,198,904	1,633,213,153



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(Expressed in Saudi Riyals)

**4. PROPERTY AND EQUIPMENT**

During the three months period ended March 31, 2023, the Group purchased property and equipment with a cost of SR 16.6 million (March 31, 2022: SR 15.1 million) including additions to construction work in progress amounted to SR 13.4 million (March 31, 2022: SR 12.8 million) and disposed-off assets with a cost of SR 0.04 million (March 31, 2022: SR. 0.3 million). The depreciation charge for the three months period ended March 31, 2023 was amounted to SR 14.1 million (March 31, 2022: SR 13.1 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 three months period ended March 31,	
			2023 (Un-audited)	2022 (Un-audited)
Al Karam Restaurant	Common directorship	Sales	-	78,100
		Collections	(50,000)	(534,007)
Al Aswad Trading and Contracting Company	Common directorship	Rental and advances paid	(1,153,766)	(1,337,673)
		Purchases	(274,069)	(480,930)
		Rental income	744,269	992,163
Al Aswad Trading Company	Common directorship	Purchases	689,385	1,049,590
		Gondola, rental income and Sales	(39,069)	(75,972)
		Payments	(481,304)	(592,649)
Space Travel and Tourism Agency	Common directorship	Purchases	562,455	463,451
		Payments	(406,839)	(337,601)

**Amounts due from related parties:**

Related parties	Balances as at	
	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
Al Aswad Trading and Contracting Company	4,777,000	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
	<b>5,246,972</b>	<b>6,043,929</b>

**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**

A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(Expressed in Saudi Riyals)

**5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

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

<b>Related parties</b>	<b>Balances as at</b>	
	<b>March 31, 2023 (Un-audited)</b>	<b>December 31, 2022 (Audited)</b>
Al Aswad Trading Company	<b>417,273</b>	248,261
Space Travel and Tourism Agency	<b>92,225</b>	-
	<b>509,498</b>	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:**

	<b>March 31, 2023 (Un-audited)</b>	<b>March 31, 2022 (Un-audited)</b>
Short term benefits	<b>719,250</b>	688,800
End of service benefits	<b>59,938</b>	57,400
Board of Directors' remuneration	<b>112,500</b>	112,500
	<b>891,688</b>	858,700

**6. LOANS**

	<b>Notes</b>	<b>March 31, 2023 (Un-audited)</b>	<b>December 31, 2022 (Audited)</b>
Long term loans - non-current portion	6.1	<b>63,844,197</b>	74,221,784
- current portion	6.1	<b>41,510,334</b>	38,807,628
		<b>105,354,531</b>	113,029,412
Short term loans	6.2	<b>414,854,670</b>	404,617,281
		<b>520,209,201</b>	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 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)**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(Expressed in Saudi Riyals)

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#### **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 Customs 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. However, the Company is in the process to submit the appeal to GSTC during the statutory deadline.

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 2021 have been submitted to ZATCA.

## SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

(Expressed in Saudi Riyals)

#### 8. CONTINGENCIES AND COMMITMENTS

The Group's bankers have issued payment guarantees, on behalf of the Group, amounted to SR 39.9 million (December 31, 2022: SR 40.2 million) and letter of credits amounted to SR 1.3 million (December 31, 2022: SR 3 million).

#### 9. EARNINGS PER SHARE

Considering that Group does not have any dilutive instruments as of March 31, 2023 and 2022, diluted earnings per share was the same as basic earnings per share.

	<b>Three months period ended March 31,</b>	
	<b>2023 (Un-audited)</b>	<b>2022 (Un-audited)</b>
Profit attributable to the shareholders of the Company	<b>7,445,830</b>	6,173,018
Weighted average number of ordinary shares outstanding	<b>45,000,000</b>	45,000,000
Basic and diluted earnings per share	<b>0.17</b>	0.14

#### 10. DIVIDENDS

On March 29, 2023, the Board of Directors has recommended 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.

#### 11. COMPARATIVE FIGURES

Below comparative figure has 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 amounted to SR 4,114,716 previously included in 'other income - net' is 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 May 21, 2023 G.