

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

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

with

INDEPENDENT AUDITOR'S REPORT

For the three-month period ended June 30, 2023

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended June 30, 2023

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KPMG Professional Services

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Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 403029792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements:

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO)

Introduction

We have reviewed the accompanying June 30, 2023 condensed consolidated interim financial statements of Saudia Dairy and Foodstuff Company (the "Company" or "SADAFCO") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at June 30, 2023;
- the condensed consolidated statement of profit or loss for the three-month period ended June 30, 2023;
- the condensed consolidated statement of comprehensive income for the three-month period ended June 30, 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended June 30, 2023;
- the condensed consolidated statement of cash flows for the three-month period ended June 30, 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is 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 that are 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

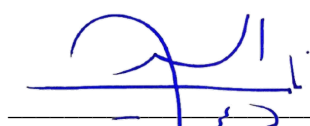
Independent auditor's report on review of condensed consolidated interim financial statements:

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2023 condensed consolidated interim financial statements of Saudia Dairy and Foodstuff Company (SADAFCO) and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services


Nasser Ahmed Al Shutairy
License No. 454



Jeddah, July 25, 2023
Corresponding to 7 Muharram, 1445H

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at June 30, 2023

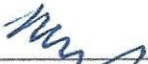
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
ASSETS			
Property, plant and equipment	7	913,936	926,079
Right-of-use assets		59,378	62,679
Intangible assets		16,573	15,753
Other non-current assets		5,305	5,165
Equity accounted investee		868	539
Long-term investment	8	38,786	38,258
Non-current assets		1,034,846	1,048,473
Inventories		484,418	419,534
Trade receivables	9	272,969	285,812
Prepayments and other receivables		42,378	45,545
Short-term investments	10	561,319	394,520
Cash and cash equivalents	11	273,988	290,299
Current assets		1,635,072	1,435,710
Total assets		2,669,918	2,484,183
EQUITY			
Share capital	12	325,000	325,000
Statutory reserve		162,500	162,500
Other reserves	18	344,903	334,049
Treasury shares		(51,559)	(51,559)
Foreign currency translation reserves		(9,117)	(10,401)
Retained earnings		991,264	893,577
Equity attributable to equity holders of the parent		1,762,991	1,653,166
Non-controlling interests		22,611	22,381
Total equity		1,785,602	1,675,547
LIABILITIES			
Employee benefit obligations		144,674	140,138
Lease liabilities – non-current portion		48,452	51,647
Non-current liabilities		193,126	191,785
Trade and other payables		263,267	187,065
Accrued expenses and other liabilities		309,741	319,591
Non-controlling interest put option	13.1	68,288	65,163
Due to related parties	15	1,918	3,391
Lease liabilities – current portion		12,338	12,297
Dividends payable		3,595	3,595
Accrued Zakat and income tax	14	32,043	25,749
Current liabilities		691,190	616,851
Total liabilities		884,316	808,636
Total equity and liabilities		2,669,918	2,484,183

The notes on pages from 8 to 24 form an integral part of these condensed consolidated interim financial statements.


Mussad Abdullah Al Nassar
Member Board of Directors


Patrick Othmar Stillhart
Chief Executive Officer


Syed Faim Hamdani
Chief Financial Officer (acting)

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the three-month period ended	
		June 30, 2023	June 30, 2022
Revenue - net	4	679,232	631,325
Cost of revenue		(443,814)	(429,118)
Gross profit		235,418	202,207
Selling and distribution expenses		(100,041)	(80,626)
General and administrative expenses		(31,186)	(31,931)
Impairment loss on trade receivables	9	--	(273)
Other income		771	560
Operating profit		104,962	89,937
Finance income		9,578	2,344
Finance costs	13	(720)	(28,086)
Net finance cost		8,858	(25,742)
Share of profit / (loss) from equity accounted investee		294	(66)
Profit before zakat and income tax		114,114	64,129
Zakat and income tax	14	(6,475)	(7,850)
Profit for the period		107,639	56,279
Profit for the period attributable to:			
Equity holders of the parent		108,541	54,328
Non-controlling interests		(902)	1,951
		107,639	56,279
Earnings per share:			
Basic and diluted earnings per share attributable to owners of the Company (SR)	6	3.39	1.70

The notes on pages from 8 to 24 form an integral part of these condensed consolidated interim financial statements.



Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Othmar Stillhart
Chief Executive Officer



Syed Fahim Hamdani
Chief Financial Officer (acting)

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the three-month period ended June 30, 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	For the three-month period ended	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Profit for the period	107,639	56,279
Other comprehensive income / (loss)		
<i>Items that are or may be reclassified to profit or loss</i>		
Foreign Operations – foreign currency translation difference	2,416	(1,518)
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of post-employment benefit obligations	--	--
Other comprehensive income / (loss) for the period	2,416	(1,518)
Total comprehensive income for the period	110,055	54,761
Total comprehensive income for the period attributable to:		
Equity holders of the parent	109,825	54,178
Non-controlling interests	230	583
	110,055	54,761

The notes on pages from 8 to 24 form an integral part of
these condensed consolidated interim financial statements.



Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Othmar Stillhart
Chief Executive Officer



Syed Fahim Hamdani
Chief Financial Officer (acting)

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Other reserves	Treasury shares	Foreign currency translation reserves	Retained earnings		
Balance at April 1, 2022	325,000	162,500	303,172	(51,559)	(11,506)	812,596	21,151	1,561,354
Profit for the period	--	--	--	--	--	54,328	1,951	56,279
Other comprehensive loss	--	--	--	--	(150)	--	(1,368)	(1,518)
Total comprehensive (loss) / income for the period	--	--	--	--	(150)	54,328	583	54,761
Dividends	--	--	--	--	--	(96,000)	--	(96,000)
Transfer to other reserves (Note 18)	--	--	5,433	--	--	(5,433)	--	--
Balance as at June 30, 2022 (Unaudited)	325,000	162,500	308,605	(51,559)	(11,656)	765,491	21,734	1,520,115
Balance at April 1, 2023	325,000	162,500	334,049	(51,559)	(10,401)	893,577	22,381	1,675,547
Profit for the period	--	--	--	--	--	108,541	(902)	107,639
Other comprehensive income	--	--	--	--	1,284	--	1,132	2,416
Total comprehensive income for the period	--	--	--	--	1,284	108,541	230	110,055
Transfer to other reserves (Note 18)	--	--	10,854	--	--	(10,854)	--	--
Balance at June 30, 2023 (Unaudited)	325,000	162,500	344,903	(51,559)	(9,117)	991,264	22,611	1,785,602

The notes on pages from 8 to 24 form an integral part of these condensed consolidated interim financial statements.



Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Othmar Stillhart
Chief Executive Officer



Syed Fahim Hamdani
Chief Financial Officer (acting)

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	June 30, 2023	June 30, 2022
Cash flows from operating activities			
Profit before zakat and income-tax		114,114	64,129
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	7	25,633	26,054
Depreciation on right-of-use assets		3,471	3,532
Amortization of intangible assets		--	685
Gain on disposal of property, plant and equipment		(80)	(151)
Impairment loss on trade receivables	9	--	273
Finance income on long-term investment		(528)	--
Finance costs on lease liabilities		536	661
Finance costs on non-controlling interest put option		--	25,985
Share of (profit) / loss from equity accounted investee		(294)	66
Provision for employee benefit obligations		5,543	4,544
Provision for slow moving inventories		--	24
		<u>148,395</u>	<u>125,802</u>
<u>Changes in:</u>			
Inventories		(64,884)	(67,815)
Trade receivables		12,843	22,730
Prepayments and other receivables		3,167	3,611
Trade and other payables		76,202	85,367
Due to related parties		(1,473)	(66)
Accrued expenses and other liabilities		(9,850)	(12,916)
Cash generated from operating activities		<u>164,400</u>	<u>156,713</u>
Employee benefit obligations paid		(1,007)	(1,472)
Zakat and income tax paid		(181)	(2,089)
Net cash from operating activities		<u>163,212</u>	<u>153,152</u>
Cash flow from investing activities			
Purchases of property, plant and equipment	7	(11,597)	(24,997)
Proceeds from disposal of property, plant and equipment		80	151
Short-term investments		(166,799)	--
Movement in other non-current assets		(140)	565
Net cash used in investing activities		<u>(178,456)</u>	<u>(24,281)</u>
Cash flow from financing activities			
Repayments of finance costs on lease liabilities		(1,199)	(1,237)
Principal repayments of lease liability		(2,603)	(3,939)
Net cash used in financing activities		<u>(3,802)</u>	<u>(5,176)</u>
Net (decrease) / increase in cash and cash equivalents		(19,046)	123,695
Effects of exchange rate fluctuations on cash and cash equivalents		2,735	(6)
Cash and cash equivalents at the beginning of the period		<u>290,299</u>	<u>625,962</u>
Cash and cash equivalents at the end of the period		<u>273,988</u>	<u>749,651</u>

The notes on pages from 8 to 24 form an integral part of these condensed consolidated interim financial statements.



Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Othmar Stillhart
Chief Executive Officer



Syed Fahim Hamdani
Chief Financial Officer (acting)

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. REPORTING ENTITY

Saudia Dairy and Foodstuff Company (the “Company” or “SADAFCO”, together with its subsidiaries referred to as the “Group”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030009917 issued in Jeddah dated Rabi Al-Akhar 21, 1396H (April 21, 1976). The registered office of the Company is located at the following address:

Ibrahim Almalki Street,
Alnakhil District
P.O. Box 5043, Jeddah 21422
Kingdom of Saudi Arabia

The Company and its subsidiaries are primarily engaged in the production and distribution of dairy products, beverages, and various foodstuffs in the Kingdom of Saudi Arabia, Poland, and certain other Gulf and Arab countries. Information on the Group’s structure is provided in Note 5 of these condensed consolidated interim financial statements.

The accompanying condensed consolidated interim financial statements include the activities of the Company’s head office and its following branches:

<u>Commercial Registration No.</u>	<u>Location of Branch</u>	<u>Commercial Registration No.</u>	<u>Location of Branch</u>
1010138304	Riyadh	2511003119	Hafr Elbatin
1010138318	Riyadh	3350006499	Hail
1116003338	Riyadh	3403005857	Hasa
1131010561	Buraydah	3550007577	Tabouk
2050031704	Dammam	4030122648	Jeddah
5950003515	Najran	4030279567	Jeddah
2251018568	Dhahran	4030311244	Jeddah
1011150527	AlKharj	4030424042	Jeddah
4032019884	Taif	4031019174	Makkah
4700003368	Yanbu	4650005848	Madinah
5860013254	Abha	5852001684	Sabt Al Alaya
5900003767	Jizan	5860013254	Abha

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in the process of assessing the impact of the New Companies Law and will amend its By-laws for any changes to align the By-laws to the provisions of the Law. Consequently, the Company shall present the amended By-laws to the shareholders in their Extraordinary General Assembly meeting for their ratification.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended March 31, 2023 (“last annual Financial Statements”).

These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements. In addition, results for the interim period ended June 30, 2023, are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2024.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for the following significant items in the condensed consolidated statement of financial position:

- Non-controlling interest put option is recognised at the present value of the redemption amount; and
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.

Certain comparatives have been reclassified to conform to the current period’s presentation.

2.3 Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (“SR”) being the functional currency of the Company and currency of presentation of the Group. All amounts are rounded to the nearest thousand SR, unless otherwise indicated.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.4 New standards and amendments to standards

The following amendments to existing standards and framework have been applied by the Group in preparation of these condensed consolidated interim financial statements. The adoption of the following did not result in changes to the previously reported profit or equity of the Group.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective date</u></i>
IAS 8	Definition to accounting estimates	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 01, 2023
IFRS 17	Insurance contracts and amendments	January 01, 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 01, 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 01, 2023

2.5 Standards issued but not yet effective

The standards, interpretations, and amendments issued, but not yet effective up to the date of issuance of the condensed consolidated interim financial statements are disclosed below. The Group is currently assessing the implications on the Group's condensed consolidated interim financial statements on adoption. The Group intends to adopt these standards, where applicable, when they become effective.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS 16	Lease Liability in a Sale and Leaseback – Amendment	January 01, 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 01, 2024
IAS 1	Non-current liabilities with covenants (amendments to IAS 1)	January 01, 2024
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.5 Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, accompanying disclosures, including disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future periods. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those described in the last annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group for the preparation of the 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 March 31, 2023, except for the adoption of amendments and interpretations effective as at January 1, 2023, as mentioned in note 2. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

4. SEGMENT INFORMATION

4.1 Operating segment

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different marketing strategies. The Group's Board of Directors and Chief Executive Officer monitors the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For each of the strategic business units, the CODM reviews internal management reports on at least a quarterly basis. No operating segments have been aggregated to form the above reportable operating segments.

The drinks segment represents milk and juice products, while non-drinks represent ice creams, tomato paste, cheese and snacks.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended June 30, 2023

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

4. SEGMENT INFORMATION (continued)

4.1 Operating segment (continued)

The following table presents segment information for the period ended June 30:

	<u>Three-month period ended</u>			
	<u>Drinks</u>	<u>Non-Drinks</u>	<u>Unallocated</u>	<u>Total</u>
June 30, 2023 (Unaudited)				
<u>Segment profit or loss</u>				
Revenue – net	418,978	308,914	--	727,892
Inter-segment revenue – net	(13,887)	(34,773)	--	(48,660)
Revenue from external customers	405,091	274,141	--	679,232
Profit before zakat and income-tax	60,632	43,904	9,578	114,114
Depreciation and amortization	18,661	10,443	--	29,104
Finance income	--	--	9,578	9,578
Finance costs	720	--	--	720
	<u>Drinks</u>	<u>Non-Drinks</u>	<u>Unallocated</u>	<u>Total</u>
<u>Segment assets:</u>				
Property, plant and equipment	582,999	330,937	--	913,936
Right-of-use assets	49,005	10,373	--	59,378
Intangible assets	--	16,573	--	16,573
Other non-current assets	--	5,305	--	5,305
Equity accounted investee	--	--	868	868
Long-term investment	--	--	38,786	38,786
Current assets	63,152	66,954	1,504,966	1,635,072
Total assets	<u>695,156</u>	<u>430,142</u>	<u>1,544,620</u>	<u>2,669,918</u>
<u>Segment liabilities:</u>				
Current liabilities	8,974	99,348	582,868	691,190
Lease liabilities - non-current portion	40,557	7,895	--	48,452
Employee benefit obligations	--	286	144,388	144,674
Total liabilities	<u>49,531</u>	<u>107,529</u>	<u>727,256</u>	<u>884,316</u>

	<u>Three-month period ended</u>			
	<u>Drinks</u>	<u>Non-Drinks</u>	<u>Unallocated</u>	<u>Total</u>
June 30, 2022 (Unaudited)				
<u>Segment profit or loss</u>				
Revenue – net	361,818	316,019	--	677,837
Inter-segment revenue - net	(10,911)	(35,601)	--	(46,512)
Revenue from external customers	350,907	280,418	--	631,325
Profit before zakat and income-tax	31,478	32,610	41	64,129
Depreciation and amortization	20,468	9,803	--	30,271
Finance income	--	2,303	41	2,344
Finance costs	513	27,573	--	28,086

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4. SEGMENT INFORMATION (continued)

4.1 Operating segment (continued)

<u>June 30, 2022 (Unaudited)</u>	<u>Drinks</u>	<u>Non-Drinks</u>	<u>Unallocated</u>	<u>Total</u>
<i>Segment assets</i>				
Property, plant and equipment	628,286	303,951	--	932,237
Right-of-use assets	51,118	10,627	--	61,745
Intangible assets	--	16,718	--	16,718
Other non-current assets	--	4,067	--	4,067
Equity accounted investee	--	--	1,024	1,024
Current assets	67,130	90,399	1,269,282	1,426,811
Total assets	<u>746,534</u>	<u>425,762</u>	<u>1,270,306</u>	<u>2,442,602</u>
<i>Segment liabilities</i>				
Current liabilities	--	52,316	628,042	680,358
Non-controlling interest put option	--	48,663	--	48,663
Lease liabilities - non-current portion	50,918	11,331	--	62,249
Employee benefit obligations	--	262	130,955	131,217
Total liabilities	<u>50,918</u>	<u>112,572</u>	<u>758,997</u>	<u>922,487</u>
		<u>March 31, 2023 (Audited)</u>		
	<u>Drinks</u>	<u>Non-Drinks</u>	<u>Unallocated</u>	<u>Total</u>
<i>Segment assets</i>				
Property, plant and equipment	631,164	294,915	--	926,079
Right-of-use assets	51,662	11,017	--	62,679
Intangible assets	--	15,753	--	15,753
Other non-current assets	--	5,165	--	5,165
Equity accounted investee	--	--	539	539
Long-term investment	--	--	38,258	38,258
Current assets	62,234	133,459	1,240,017	1,435,710
Total assets	<u>745,060</u>	<u>460,309</u>	<u>1,278,814</u>	<u>2,484,183</u>
<i>Segment liabilities</i>				
Current liabilities	9,240	138,446	469,165	616,851
Lease liabilities - non-current portion	42,982	8,665	--	51,647
Employee benefit obligations	--	271	139,867	140,138
Total liabilities	<u>52,222</u>	<u>147,382</u>	<u>609,032</u>	<u>808,636</u>

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4. SEGMENT INFORMATION (continued)

4.1 Operating segment (continued)

The management has categorized its geographical operations as follows:

	Three-month period ended June 30,	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Geographic information		
Revenue from external customers		
Kingdom of Saudi Arabia	579,704	503,694
Poland	45,276	89,988
Gulf Cooperation Council (GCC) countries	20,209	14,346
Others	34,043	23,297
Total	<u>679,232</u>	<u>631,325</u>
	June 30,	March 31,
	<u>2023</u>	<u>2023</u>
	(Unaudited)	(Audited)
<u>Non-current operating assets:</u>		
Kingdom of Saudi Arabia	918,692	935,322
Poland	57,820	54,460
Gulf Cooperation Council (GCC) countries	9,938	11,080
Others	9,610	9,353
Total	<u>996,060</u>	<u>1,010,215</u>

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5. GROUP INFORMATION

The condensed consolidated interim financial statements of the Group include:

<u>Name</u>	<u>Relationship</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity interest</u>	
				<u>June 30, 2023</u>	<u>March 31, 2023</u>
SADAFCO Bahrain Company LLC	Subsidiary	Foodstuff and dairy products	Bahrain	100%	100%
SADAFCO Jordan Foodstuff Company LLC	Subsidiary	Foodstuff and dairy products	Jordan	100%	100%
SADAFCO Qatar W.L.L.	Subsidiary	Foodstuff and dairy products	Qatar	75%	75%
SADAFCO Kuwait Foodstuff Co. W.L.L (*)	Subsidiary	Foodstuff and dairy products	Kuwait	49%	49%
SADAFCO Poland Sp. z o.o. ("SADAFCO Poland")	Subsidiary	Holding company	Poland	100%	100%
Mlekoma Sp. z o.o. (**)	Subsidiary	Dairy products	Poland	76%	76%
Foodexo Sp. z o.o. (**)	Subsidiary	Dairy products	Poland	76%	76%
Mlekoma Dairy Sp. z o.o. (**)	Associate	Dairy products	Poland	37%	37%

(*) The Group considers the SADAFCO Kuwait Foodstuff Co. W.L.L ("investee company") as 100% subsidiary and held 51% beneficial interest in the investee company through parties nominated by the Group.

(**) These entities together are referred to as "Mlekoma group".

At June 30, 2023, the Group's parent entity is Kuwait Projects Company Holding ("KIPCO") and Group's ultimate parent entity is Al Futtooh Holding Company K.S.C. (Closed).

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6. EARNINGS PER SHARE (EPS)

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue outstanding during the period.

	Three-month period ended June 30,	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	108,541	54,328
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	32,000	32,000
Basic and diluted earnings per share based on profit for the period attributable to shareholders of the Company (Saudi Riyals)	3.39	1.70

Diluted earnings per share has been computed by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, in the absence of any convertible shares, the diluted earnings per share do not differ from the basic earnings per share.

7. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts:

	June 30, <u>2023</u> (Unaudited)	March 31, <u>2023</u> (Audited)
Carrying amount at beginning of the period / year	926,079	935,403
Additions during the period / year	11,597	95,812
Disposals during the period / year	--	(314)
Depreciation charge for the period / year	(25,633)	(103,827)
Exchange differences for the period / year	1,893	(995)
	<u>913,936</u>	<u>926,079</u>
Carrying amount at the end of the period / year	913,936	926,079

8. LONG-TERM INVESTMENT

Long-term investment comprise of following:

	June 30, <u>2023</u> (Unaudited)	March 31, <u>2023</u> (Audited)
Long-term investments	<u>38,786</u>	<u>38,258</u>

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8. LONG TERM INVESTMENT (continued)

The Group has invested SR 38 million in Tier 1 Sukuks, issued by Al Rajhi Bank, with a face value of SR 1,000 each. The Sukuks carry mark-up of 5.5% per annum and are classified at amortised cost. The Sukuks are having maturity date of November 16, 2027.

The Sukuks are listed on Tadawul and are currently actively traded in the market. The fair value of the Sukuks at June 30, 2023 was SR 1,025.99 (March 31, 2023: SR 1,012.7) per certificate. The investment is made with bank with sound credit rating of A1 based on Moody's credit rating.

9. TRADE RECEIVABLES

Trade receivables comprise of following:

	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Trade receivables	300,740	313,583
Less: Allowance for impairment of trade receivables	(27,771)	(27,771)
Net trade receivables	<u>272,969</u>	<u>285,812</u>

Trade receivables are non-interest bearing and are classified as financial assets measured at amortised cost.

The movement in allowance for impairment loss against trade receivables is as follows:

	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Carrying amount at beginning of the period / year	27,771	39,190
Charge / (reversal) for the period / year	--	(11,419)
Carrying amount at the end of the period / year	<u>27,771</u>	<u>27,771</u>

The Group does not obtain collaterals over receivables, and the vast majority of receivables are, therefore, unsecured. However, unimpaired receivables are expected to be recoverable based on past experience.

10. SHORT TERM INVESTMENTS

Short term investments as at June 30 comprise of the following:

	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Short term murabaha deposits	<u>561,319</u>	<u>394,520</u>

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10. SHORT TERM INVESTMENTS (continued)

- a) Short term murabaha deposits represent deposits with local banks that have an original maturity of more than three months and less than twelve months from the investment date.
- b) These deposits earn commission at an average rate of 5.32% per annum as at June 30, 2023 (March 31, 2023: 5.10%).
- c) The investments are made with banks with sound credit ratings ranging from A1 to A2 based on Moody's credit rating.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprise of the following:

	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Cash in hand	6,974	6,268
Balances with banks - current account	110,573	44,717
Short-term murabaha deposits with original maturity of less than three months	156,441	239,314
	273,988	290,299

The rates on short-term murabaha deposits ranges from 5.2% to 5.5% per annum for the period ended June 30, 2023 (March 31, 2023: 4.8% to 5.6% per annum).

12. SHARE CAPITAL

At June 30, 2023, the Company share capital is SR 325 million consisting of 32.5 million fully paid shares of SR 10 each (March 31, 2023: SR 325 million consisting of 32.5 million shares of SR 10 each).

On June 19, 2023, the Board of Directors proposed dividend of Saudi Riyals 3 per share amounting to Saudi Riyals 96 million (March 31, 2023: Saudi Riyals 96 million). The dividend is yet to be approved by shareholders in their Annual General Assembly.

13. FINANCE COSTS

Finance costs comprise of the following:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Finance cost on NCI put option (Note 13.1)	--	25,985
Finance cost on lease liability	536	661
Others	184	1,440
	720	28,086

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13. FINANCE COSTS (continued)

13.1 The non-controlling interest put option is a binding, irrevocable option to acquire from the non-controlling interest equity holders their remaining shareholding at the expiry date of the option i.e. fifth year of the completion date, in accordance with terms of the sales and purchase agreement (“SPA”). The put option available to the non-controlling interest equity holders is exercisable within a period of 15 business days from the expiry date of the option. The redemption value is recognised as higher of the purchase price as per the SPA or determined by applying the earnings multiplier to the audited EBITDA of the financial year 2022 of Mlekoma group as reduced by net debt in accordance with the SPA.

14. ACCRUED ZAKAT AND INCOME TAX

a) Charge for the period

Zakat and income tax for the period ended comprise the following:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Zakat	6,402	5,761
Income tax	73	2,089
Charge for the period	6,475	7,850

Zakat is payable at the rate of 2.5% of higher of Zakat base and adjusted net income / (losses) for the period.

b) Accrued zakat and income tax

The movement in the accrued Zakat and income tax during the period / year is analysed as under:

	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
At April 1, 2022	22,081	--	22,081
Charge for the year	25,433	3,220	28,653
Payments during the year	(21,765)	(3,220)	(24,985)
At March 31, 2023 (Audited)	25,749	--	25,749
At April 1, 2023	25,749	--	25,749
Charge during the period	6,402	73	6,475
Payments during the period	(108)	(73)	(181)
At June 30, 2023 (Unaudited)	32,043	--	32,043

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14. ACCRUED ZAKAT AND INCOME TAX (continued)

c) Status of assessments

Zakat assessments for the years up to year ended March 31, 2020, have been finalized with the Zakat, Tax and Customs Authority (ZATCA).

The Group has filed the Zakat return for the year ended March 31, 2022 and received the zakat certificate valid until July 31, 2023. ZATCA is yet to issue its final assessments for years 2021 and 2022.

15. RELATED PARTY TRANSACTIONS AND BALANCES

15.1 Transactions and balances with related parties

Related party transactions were undertaken in the ordinary course of business at commercially agreed terms and were approved by the management. For the purpose of these condensed consolidated interim financial statements, related parties are identified as affiliates of the Group include entities which are subsidiaries including subsidiaries and associates of KIPCO Group and key management personnel.

Significant related party transactions and balances for the period / year ended and balances arising there-from are described as under:

a) Due to related parties:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>Amount of transactions</u>		<u>Due to related parties</u>	
		<u>Three-month period ended June 30,</u>		<u>June 30,</u>	<u>March 31,</u>
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Buruj Cooperative Insurance Company (associate of parent company) (*)	Insurance premium	2,647	2,180	1,918	2,507
PKC Advisory (associate of parent company)	Consultancy services	--	276	--	--
Axa Cooperative Insurance (associate of parent company)	Insurance premium	163	9	--	3
Alternative Energy Projects Co. (associate of parent company)	Purchase of solar energy systems	--	--	--	881
				<u>1,918</u>	<u>3,391</u>

(*) These transactions represent the insurance premium expense net of any claims received from Buruj Cooperative Insurance Company.

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15. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

15.1 Transactions and balances with related parties (continued)

b) Due to related parties under accrued expenses and other liabilities:

<u>Transaction with</u>	<u>Nature of Transaction</u>	<u>Transactions with related parties</u>		<u>Closing balance</u>	
		<u>June, 30</u> <u>2023</u>	<u>June, 30</u> <u>2022</u>	<u>June, 30</u> <u>2023</u>	<u>March, 31</u> <u>2023</u>
Board of Directors and other committees	Remuneration	1,119	900	5,594	4,475

Compensation of key management personnel of the Group

<u>Nature of transactions</u>	<u>June 30,</u> <u>2023</u> (Unaudited)	<u>June 30,</u> <u>2022</u> (Unaudited)
Short-term and long-term employee benefits	<u>3,349</u>	<u>2,700</u>

16. FINANCIAL INSTRUMENTS

16.1 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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16. FINANCIAL INSTRUMENTS (continued)

16.1 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of financial instruments are not materially different from their carrying values.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2023 (Unaudited)</u>				
Long-term investment	38,988	--	--	38,988
Non-controlling interest put option	--	68,288	--	68,288
<u>March 31, 2023 (Audited)</u>				
Long-term investment	38,483	--	--	38,483
Non-controlling interest put option	--	65,163	--	65,163

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, it does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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16. FINANCIAL INSTRUMENTS (continued)

16.1 Fair value measurement (continued)

<u>June 30, 2023 (Unaudited)</u>	<u>Carrying amount</u>			<u>Total</u>
	<u>Amortised cost</u>	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
<u>Description:</u>				
Financial assets not measured at fair value				
Long-term investment	38,786	--	--	38,786
Short-term investment	561,319	--	--	561,319
Trade receivables	272,969	--	--	272,969
Other receivables	4,482	--	--	4,482
Cash and cash equivalents	273,988	--	--	273,988
Financial liabilities measured at fair value				
Non-controlling put option	--	68,288	--	68,288
Financial liabilities not measured at fair value				
Trade and other payables	263,267	--	--	263,267
Accrued expenses and other liabilities	290,952	--	--	290,952
Lease liabilities	60,790	--	--	60,790
Dividend payables	3,595	--	--	3,595
Due to related parties	1,918	--	--	1,918
<u>March 31, 2023 (Audited)</u>	<u>Carrying amount</u>			<u>Total</u>
	<u>Amortised cost</u>	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
<u>Description:</u>				
Long-term investment	38,258	--	--	38,258
Trade receivables	285,812	--	--	285,812
Short-term investment	394,520	--	--	394,520
Cash and cash equivalents	290,299	--	--	290,299
Other receivables	5,038	--	--	5,038
Financial liabilities measured at fair value				
Non-controlling put option	--	65,163	--	65,163
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	298,454	--	--	298,454
Trade and other payables	187,065	--	--	187,065
Lease liabilities	63,944	--	--	63,944
Dividend payables	3,595	--	--	3,595
Due to related parties	3,391	--	--	3,391

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17. COMMITMENTS AND CONTINGENCIES

In addition to contingencies disclosed in note 14, below are the commitments and contingencies of the Group:

- a) As at June 30, 2023, the Group has outstanding commitments for future capital expenditures amounting to SR 24.9 million (March 31, 2023: SR 24.6 million).
- b) As at June 30, 2023, the Group has contingent liabilities of SR 1.4 million (March 31, 2023: SR 1.4 million) in respect of guarantees issued for various business needs.

18. OTHER RESERVES

In the prior years, the shareholders decided to create a voluntary reserve by transferring ten percent from the profit attributable to equity shareholders of SADAFCO, to the reserve. The utilization of this reserve is at the discretion of the shareholders. In the current period, a transfer of SR 10.8 million (period ended June 30, 2022: SR 5.4 million) has been made to the voluntary reserve.

19. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period end up to and including the date of the approval of these condensed consolidated interim financial statements by the Board of Directors that would require disclosures or adjustments in these condensed consolidated interim financial statements.

20. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Group on July 25, 2023.