

**HERFY FOOD SERVICES COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE-MONTH PERIOD**  
**ENDED MARCH 31, 2023**

**HERFY FOOD SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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<b><u>INDEX</u></b>	<b><u>Page</u></b>
Independent auditor's review report on the condensed interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of changes in equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	6-22



## *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 31 March 2023 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three-month period 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  
9 May 2023

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	858,609,722	864,135,826
Right-of-use assets	7	557,403,522	572,525,445
Net investments in finance lease		5,647,899	5,912,484
Intangible assets		12,577,214	13,479,535
Investment properties	8	137,974,262	137,998,519
Other non-current assets		3,060,344	3,058,093
		<u>1,575,272,963</u>	<u>1,597,109,902</u>
<b>Current assets</b>			
Inventories	9	173,612,500	177,615,025
Trade, other receivables and prepayments	10	191,827,941	177,010,993
Net investments in finance lease – current portion		1,119,330	1,117,803
Financial assets held at fair value through profit or loss (FVTPL)	11	21,896,472	21,349,104
Cash and cash equivalents		21,499,440	20,297,172
		<u>409,955,683</u>	<u>397,390,097</u>
<b>TOTAL ASSETS</b>		<u><b>1,985,228,646</b></u>	<u><b>1,994,499,999</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	646,800,000	646,800,000
Statutory reserve		101,760,104	101,760,104
Retained earnings		295,176,669	307,992,800
<b>TOTAL EQUITY</b>		<u><b>1,043,736,773</b></u>	<u><b>1,056,552,904</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	7	529,543,469	553,988,051
Employees' defined benefits liabilities		98,668,846	97,263,701
<b>Total non-current liabilities</b>		<u><b>628,212,315</b></u>	<u><b>651,251,752</b></u>
<b>Current liabilities</b>			
Borrowings	13	7,805,752	15,612,073
Lease liabilities – current portion	7	28,026,744	30,640,179
Trade and other payables	14	272,296,865	235,736,844
Zakat payable	15	5,150,197	4,706,247
<b>Total current liabilities</b>		<u><b>313,279,558</b></u>	<u><b>286,695,343</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>941,491,873</b></u>	<u><b>937,947,095</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,985,228,646</b></u>	<u><b>1,994,499,999</b></u>

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

			
The authorized member of the Board of Directors	Chief Executive Officer	Director of Finance	Finance Manager

HERFY FOOD SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended March 31,	
		2023 (Unaudited)	2022 (Unaudited) (Restated - note 21)
Revenue		275,126,129	330,996,890
Cost of revenue		(220,845,824)	(234,058,303)
<b>Gross profit</b>		<b>54,280,305</b>	<b>96,938,587</b>
Other income		3,005,478	1,945,813
Gains on financial assets held at fair value through profit or loss	11	547,368	145,841
Reversal of impairment on financial assets		1,191,753	707,289
Selling and distribution expenses		(46,557,109)	(44,220,324)
General and administrative expenses		(16,913,246)	(18,844,415)
<b>Operating (loss) / profit</b>		<b>(4,445,451)</b>	<b>36,672,791</b>
Finance cost		(7,926,730)	(9,567,611)
<b>Net operating (loss) / profit before zakat</b>		<b>(12,372,181)</b>	<b>27,105,180</b>
Zakat	15	(443,950)	(389,764)
<b>Net (loss) / profit for the period</b>		<b>(12,816,131)</b>	<b>26,715,416</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>(12,816,131)</b>	<b>26,715,416</b>
<b>Earnings per share (SR)</b>	17		
Basic and diluted earnings per share attributable to the equity shareholders of the Company		(0.20)	0.41
Weighted average number of shares		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    Finance Manager

**HERFY FOOD SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023  
(All amounts in Saudi Riyals unless otherwise stated)**

<b>For the Three-month period ended March 31, 2022</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance as at January 1, 2022 (Audited before restatement)	646,800,000	101,866,503	299,542,397	1,048,208,900
Correction of error	-	(461,009)	(4,149,077)	(4,610,086)
Balance as at January 1, 2022 (Audited and restated)	646,800,000	101,405,494	295,393,320	1,043,598,814
Net profit for the period (Restated - note 21)	-	-	26,715,416	26,715,416
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period (Restated - note 21)	-	-	26,715,416	26,715,416
Transfer to statutory reserve (Restated)	-	2,671,542	(2,671,542)	-
Balance as at March 31, 2022 (Unaudited and restated)	646,800,000	104,077,036	319,437,194	1,070,314,230

**For the Three-month period ended  
March 31, 2023**

	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance as at January 1, 2023 (Audited)	646,800,000	101,760,104	307,992,800	1,056,552,904
Net loss for the period	-	-	(12,816,131)	(12,816,131)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(12,816,131)	(12,816,131)
Balance as at March 31, 2023 (Unaudited)	646,800,000	101,760,104	295,176,669	1,043,736,773

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      Finance Manager

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	<b>For the Three-month period ended</b>	
	<b>March 31, 2023 (Unaudited)</b>	<b>March 31, 2022 (Unaudited) (Restated - note 21)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / profit before zakat	(12,372,181)	27,105,180
<b>Adjustments to reconcile operating (loss) / profit before zakat to net cash from operating activities:</b>		
Depreciation on property, plant and equipment	20,648,605	22,951,075
Depreciation on right-of-use assets	20,082,861	18,789,499
Depreciation on investment property	1,024,257	632,533
Amortization of intangible assets	902,321	753,002
Reversal of impairment on financial assets	(1,191,753)	(707,289)
Provision for employees' defined benefits liabilities	3,336,890	3,327,737
Gain on financial assets held at fair value through profit or loss	(547,368)	(145,841)
Gain on disposal of property, plant and equipment	(30,677)	(82,616)
Interest income	(69,442)	(82,168)
Finance cost	7,926,730	9,567,611
<b>Changes in operating assets and liabilities:</b>		
Inventories	4,002,525	(10,556,526)
Trade, other receivables and prepayments	(13,625,195)	(28,201,388)
Trade and other payables	36,802,672	32,602,126
<b>Cash generated from operating activities</b>	<b>66,890,245</b>	<b>75,952,935</b>
Employees' defined benefits liabilities paid	(1,931,745)	(3,701,272)
<b>Net cash generated from operating activities</b>	<b>64,958,500</b>	<b>72,251,663</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(15,496,139)	(14,985,143)
Purchase of intangible assets	-	(704,351)
Ancillary finance lease income received	332,500	332,500
Proceeds from the sale of property, plant and equipment	404,315	568,288
Other non-current assets	(2,251)	-
<b>Net cash used in investing activities</b>	<b>(14,761,575)</b>	<b>(14,788,706)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(7,806,321)	(7,919,578)
Principal elements of lease payments	(32,018,955)	(28,343,484)
Paid finance cost	(9,169,381)	(9,284,344)
<b>Net cash used in financing activities</b>	<b>(48,994,657)</b>	<b>(45,547,406)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,202,268</b>	<b>9,200,199</b>
Cash and cash equivalents at beginning of the period	20,297,172	30,485,715
<b>Cash and cash equivalents at end of the period</b>	<b>21,499,440</b>	<b>39,685,914</b>
<b>Supplement information on non-cash items:</b>		
Additions to right of use assets	4,960,938	7,830,526
Additions to lease obligation	4,960,938	7,830,526
Finance cost capitalized	1,000,000	-

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

The authorized member  
of the Board of Directors

Chief Executive Officer

Director of Finance

Finance Manager

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**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 March 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 March 31, 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:

<b>S. No</b>	<b>Branch</b>	<b>C.R. No.</b>	<b>Date</b>
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 period ended March 31, 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 period ended March 31, 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 PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**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 interim condensed 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 PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**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 March 31, 2023 and 31 December 2022 are unsecured, interest free and settled in cash. For the period ended 31 March 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 PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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

**Transactions during the period ended March 31 (Unaudited)**

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

<b>Names of related parties</b>	<b>Nature of transactions</b>	<b>2023</b>	<b>2022</b>
	Sales to PRC	<b>5,977,904</b>	7,703,568
	Advertisement expense charge by PRC	-	(941,000)
	Rent charged by PRC to the Company on short-term lease	<b>(595,034)</b>	(808,741)
Panda Retail company (PRC)	Purchases from Afia International Company	<b>(5,952,342)</b>	(1,572,120)
Afia International Company	Purchases from Al Ahsan Trading Company	<b>(47,196)</b>	-
Al Ahsan Trading Company	Purchases from United Sugar Factory	<b>(656,739)</b>	(899,594)
United Sugar Factory	Purchases from International Food Industries Company	<b>(1,701,282)</b>	(1,709,567)
International Food Industries Company			

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

<b>Names of related parties</b>	<b>Nature of transactions</b>	<b>2023</b>	<b>2022</b>
	Sales to Bazbazah Int Company	<b>137,816</b>	230,000
	Rent charged by Bazbazah Int Company on short-term lease	<b>(108,750)</b>	(108,750)
	Rent charged to Bazbazah Int Company on short-term lease	<b>61,792</b>	61,792
Bazbazah Int Company	Lease payments during the period	<b>(125,000)</b>	(125,000)
Taza Restaurant Company Limited	Sales to Taza Restaurant Company Limited	<b>127,301</b>	300,533
	Rent charged to El Mazaq El Amsal Company	<b>87,500</b>	-
El Mazaq El Amsal Company	Rent charged to the Company on short-term leases	<b>(425,000)</b>	(550,000)
Qitaf Company	Lease payments during the period	<b>(450,000)</b>	(517,500)
Mama Sauce Factory	Purchases from Mama Sauce Factory	<b>(1,007,372)</b>	(2,696,035)

• *Transactions with the shareholders*

<b>Names of related parties</b>	<b>Nature of transactions</b>	<b>2023</b>	<b>2022</b>
General Organization for Social Insurance (GOSI)	Rent charged by GOSI on short-term leases	<b>(170,288)</b>	-
	Employees subscription cost	<b>(3,044,746)</b>	(2,933,817)
	Rent charged by the shareholder to the Company on short-term leases	<b>(62,500)</b>	(112,500)
Mr. Ahmed Al Saeed	Lease payments during the period	<b>(250,000)</b>	-

• *Transactions with the previous board member*

<b>Names of related parties</b>	<b>Nature of transactions</b>	<b>2023</b>	<b>2022</b>
Mr. Khalid Al Saeed	Rent charged by the previous board member to the Company on short-term leases	<b>(50,000)</b>	(50,000)

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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

**Transactions during the period ended March 31 (Unaudited) (continued)**

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

<b>Names of related parties</b>	<b>Nature of transactions</b>	<b>2023</b>	<b>2022</b>
Kinan Company	Rent charged by Kinan Company on short-term leases	<b>(22,781)</b>	<b>(118,909)</b>
Al Marai Company	Purchases from Al Marai Company	<b>(44,018)</b>	<b>(895,871)</b>

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

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

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Panda Retail Company	Trade, other receivables, and prepayments	<b>7,685,537</b>	<b>7,527,176</b>

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

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Taza Restaurant Company Limited	Trade, other receivables, and prepayments	<b>78,271</b>	<b>198,491</b>
Double Coffee Company	Trade, other receivables, and prepayments	<b>33,042</b>	<b>33,042</b>
Green Leave Company	Trade, other receivables, and prepayments	<b>32,062</b>	<b>32,062</b>
Meslan Investment Company	Trade, other receivables, and prepayments	<b>31,671</b>	<b>31,671</b>
Bazbazah International Trading Company	Net investment in finance lease	<b>109,575</b>	<b>167,973</b>

• *Balances with the shareholders*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Mr. Ahmed Al Saeed	Trade, other receivables, and prepayments	<b>310,824</b>	<b>60,824</b>

• *Balances with the previous board members*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Mr. Khalid Al Saeed	Trade, other receivables, and prepayments	<b>202,521</b>	<b>202,521</b>

• *Balances with the key management personnel*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Key management personnel	Other receivables	<b>800,000</b>	<b>800,000</b>

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	Lease liabilities – current	<b>1,106,949</b>	535,008
Panda Retail company (PRC)	Lease liabilities – non-current	<b>4,791,901</b>	5,363,841

• *Balances with the shareholders*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
General Organization for Social Insurance (GOSI)	Lease liabilities – current	<b>394,702</b>	252,725
	Lease liabilities – non-current	<b>732,380</b>	1,179,707

• *Balances with the previous board members*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	Lease liabilities – current	<b>156,008</b>	153,653
Mr. Khalid Al Saeed	Lease liabilities – non-current	<b>1,379,776</b>	1,382,131

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

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Mama Sauce Factory	Trade and other payables	<b>1,134,562</b>	587,016
United Sugar Factory	Trade and other payables	<b>83,137</b>	162,222
	Trade and other payables	<b>109,575</b>	133,828
Bazbazah International trading Company	Lease liabilities – current	<b>724,877</b>	714,469
	Lease liabilities – non-current	<b>4,739,635</b>	4,750,043
	Lease liabilities – current	<b>2,052,793</b>	1,307,748
Qitaf Company	Lease liabilities – non-current	<b>22,934,941</b>	24,299,464

• *Balances with the associate of the parent company*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Al Marai Company	Trade and other payables	<b>3,623</b>	9,201
Kinan Company	Trade and other payables	-	46

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 (continued)**

• *Balances with the subsidiaries of the parent company*

<b>Names of related parties</b>	<b>Classification</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Afia International Company	Trade and other payables	<b>1,811,713</b>	<b>3,880,784</b>
International Food Industrial Company	Trade and other payables	<b>1,114,092</b>	<b>800,050</b>
Al Ahsan Trading Company	Trade and other payables	<b>31,154</b>	<b>15,597</b>

**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 three-month period ended March 31, 2023 amounted to SR 1.3 million (March 31, 2022: SR 1.5 million). Such remuneration includes basic salaries, bonuses and other benefits as per the Company's policies.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Net book value at the beginning of the period/year	<b>864,135,826</b>	977,621,549
Additions during the period/year	<b>15,496,139</b>	103,293,679
Disposals during the period/year	<b>(373,638)</b>	(660,048)
Transfer to investment properties (note 8)	-	(113,837,594)
Depreciation for the period/year	<b>(20,648,605)</b>	(84,736,170)
Impairment loss for the period/year	-	(17,545,590)
Net book value at the end of the period/year	<b>858,609,722</b>	864,135,826

**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**7.1 Right-of-use assets**

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>			
At January 1, 2023 (Audited)	361,676,805	499,458,446	861,135,250
Additions during the period	2,083,594	2,877,344	4,960,938
<b>At March 31, 2023 (Unaudited)</b>	<b>363,760,399</b>	<b>502,335,790</b>	<b>866,096,188</b>
<b>Accumulated depreciation:</b>			
At January 1, 2023 (Audited)	121,216,118	167,393,687	288,609,805
Charge during the period	8,434,802	11,648,059	20,082,861
<b>At March 31, 2023 (Unaudited)</b>	<b>129,650,920</b>	<b>179,041,746</b>	<b>308,692,666</b>
<b>Net book value:</b>			
<b>At March 31, 2023 (Unaudited)</b>	<b>234,109,479</b>	<b>323,294,044</b>	<b>557,403,522</b>
At December 31, 2022 (Audited)	240,460,687	332,064,759	572,525,445

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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

**7.2 Lease liabilities**

	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
At the beginning of the period/year	<b>584,628,230</b>	618,811,035
Additions during the period/year	<b>4,960,938</b>	44,469,325
Finance cost for the period/year	<b>8,794,546</b>	36,380,822
Lease payments during the period/year	<b>(40,813,501)</b>	(115,032,952)
	<b>557,570,213</b>	584,628,230
Current portion	<b>28,026,744</b>	30,640,179
Non-current portion	<b>529,543,469</b>	553,988,051

**8. INVESTMENT PROPERTIES**

	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
Net book value at the beginning of the period / year	<b>137,998,519</b>	28,034,938
Transfers from property plant and equipment for the period / year *	-	113,837,594
Finance cost capitalized for the period / year	<b>1,000,000</b>	-
Depreciation for the period / year	<b>(1,024,257)</b>	(3,874,013)
Net book value at the end of the period / year	<b>137,974,262</b>	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**

	<b>Note</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
Raw materials		<b>84,823,911</b>	92,222,348
Finished goods		<b>29,989,454</b>	27,080,699
Packing materials		<b>18,203,039</b>	18,283,267
Spare parts, not held for sale and to be consumed within one year		<b>27,522,752</b>	27,384,159
Operational supplies		<b>32,747,549</b>	32,318,757
		<b>193,286,705</b>	197,289,230
Less: provision for slow moving inventory	9.1	<b>(19,674,205)</b>	(19,674,205)
		<b>173,612,500</b>	177,615,025

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

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

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**10. TRADE, OTHER RECEIVABLE AND PREPAYMENTS**

	<b>Note</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Trade receivables – external parties		<b>83,303,894</b>	85,611,245
Less: provision for expected credit losses on external parties	10.1	<b>(18,330,151)</b>	(19,521,904)
Trade receivables from external parties, net		<b>64,973,743</b>	66,089,341
Trade receivables – related parties	5	<b>8,373,928</b>	8,085,787
Trade receivables, net		<b>73,347,671</b>	74,175,128
Prepayments		<b>46,841,384</b>	38,609,283
Advance for investment	10.2	-	-
Advances to suppliers		<b>64,132,893</b>	56,203,239
Other receivables		<b>7,505,993</b>	8,023,343
		<b>191,827,941</b>	177,010,993

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

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

**10.2 Advance for investment**

	<b>Note</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Advance for investment	10.2.1	<b>4,000,000</b>	4,000,000
Less: Provision for impairment	10.2.1	<b>(4,000,000)</b>	(4,000,000)
		-	-

**10.2.1** 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.



**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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

		<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
Al-Rajhi Commodities Fund	11.1	<b>20,431,021</b>	20,239,707
Equity Investment - Quoted	11.2	<b>1,465,451</b>	1,109,397
		<b>21,896,472</b>	21,349,104

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

	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>20,239,707</b>	-
Purchase during the period / year	-	20,000,000
Gain during the period / year	<b>191,314</b>	239,707
Balance at the end of the period / year	<b>20,431,021</b>	20,239,707

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

	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
Balance at beginning of the period / year	<b>1,109,397</b>	811,681
Gain during the period / year	<b>356,054</b>	297,716
Balance at the end of the period / year	<b>1,465,451</b>	1,109,397

**11.3** Recorded in profit or loss:

	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>March 31, 2022</b> <b>(Unaudited)</b>
Gain on Al-Rajhi Commodities Fund	<b>191,314</b>	-
Gain on quoted equity	<b>356,054</b>	145,841
Total	<b>547,368</b>	145,841

**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**

<b>Unsecured borrowings at amortized cost</b>	<b>Note</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
Murabaha	13.1	<b>7,805,752</b>	15,612,073
		<b>7,805,752</b>	15,612,073
Current portion		<b>7,805,752</b>	<b>15,612,073</b>
Non-current portion		-	-

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**13. BORROWINGS (continued)**

- 13.1** The Company has obtained facilities with Al Rajhi bank. These unsecured facilities are payable in semi-annual installments over the period of six years. 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.
- 13.2** The facility agreements include covenants which require the Company to maintain certain financial ratios. As of March 31, 2023, the Company was in compliance with all covenants of the financing agreements.
- 13.3** The long-term loans include finance cost payable amounting to SR 63,239 (December 31, 2022: SR 305,890).
- 13.4** As at March 31, 2023 and December 31, 2022, the credit facility with Al Rajhi Bank was fully drawn.
- 13.5** The Company entered into an agreement with another commercial bank during 2022, for which the credit facility has not been utilized yet. The total amount undrawn from this facility as at March 31, 2023 is SR 37.9 Million (December 31, 2022: SR 37.9 Million).

**14. TRADE AND OTHER PAYABLES**

	<b>Note</b>	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Trade payable – related parties	5	4,287,856	5,588,744
Trade payable – third parties		169,810,566	148,597,498
Accrued expenses		61,574,090	65,006,140
Advance rental		18,154,574	4,003,617
Other payables		18,469,779	12,540,845
		<b>272,296,865</b>	<b>235,736,844</b>

**15. PROVISION FOR ZAKAT**

The movement in the provision for zakat is as follows:

	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Balance at the beginning of the period / year	4,706,247	9,272,345
Provided during the period / year	443,950	179,763
Payment during the period / year	-	(4,745,861)
Balance at the end of the period / year	<b>5,150,197</b>	<b>4,706,247</b>

**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").

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 10 1444H corresponding to April 30, 2023.

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**16. CONTINGENCIES AND COMMITMENTS**

**16.1 Contingencies**

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

**16.2 Commitments**

The capital expenditure committed by the Company but not incurred till March 31, 2023 SR 10.8 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 10.2 million (December 31, 2022: SR 10.2 million) and letters of credit issued on behalf of the Company amounting SR 0.62 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:

	<b>For the Three-month period ended March 31, 2023 (Unaudited)</b>	<b>For the Three-month period ended March 31, 2022 (Unaudited) (Restated - note 21)</b>
Net (loss) / profit for the period	<b>(12,816,131)</b>	26,715,416
Weighted average number of ordinary shares for the purpose of basic / diluted earnings	<b>64,680,000</b>	64,680,000
Earnings per share (SR)		
-Basic	<b>(0.20)</b>	0.41
-Diluted	<b>(0.20)</b>	0.41

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.

1000

**The Company operates principally in the following major business segments:**

- 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.

**For the Three-month  
period ended March 31  
(Unaudited)**

18

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**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.

March 31, 2023 (Unaudited)	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets held at fair value through profit or loss (FVTPL)</b>				
Al-Rajhi Commodities Fund	-	-	20,431,021	20,431,021
Equity investment	1,465,451	-	-	1,465,451

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**

On 18 Shawwal 1444H, corresponding to 8 May 2023G, the Shareholders in their Annual General Meeting approved dividends of SR 0.50 per share (2021: SR 1 per share during the 2nd Quarter) which will be paid starting from 24 May 2023G.

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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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 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 rates within 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, 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.

**HERFY FOOD SERVICES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 comprehensive income for the period ended March 31, 2022**

	<b>As issued</b>	<b>Adjustment (i)</b>	<b>Adjustment (ii)</b>	<b>Adjustment (iii)</b>	<b>Adjustment (iv)</b>	<b>Restated</b>
Revenue	328,198,138	-	-	2,798,752	-	330,996,890
Cost of revenue	(245,677,549)	1,333,762	11,592,601	(1,307,117)	-	(234,058,303)
<b>Gross profit</b>	<b>82,520,589</b>	<b>1,333,762</b>	<b>11,592,601</b>	<b>1,491,635</b>	<b>-</b>	<b>96,938,587</b>
Other income, net	4,744,565	-	-	(2,798,752)	-	1,945,813
Unrealized gain on investments carried at FVTPL	145,841	-	-	-	(145,841)	-
Gains on financial assets held at fair value through profit or loss	-	-	-	-	145,841	145,841
Reversal of Impairment on trade and other receivables	707,289	-	-	-	-	707,289
Selling and distribution expenses	(32,627,723)	-	(11,592,601)	-	-	(44,220,324)
General and administrative expenses	(20,151,532)	-	-	1,307,117	-	(18,844,415)
<b>Operating profit</b>	<b>35,339,029</b>	<b>1,333,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,672,791</b>
Finance cost	(6,555,640)	(3,011,971)	-	-	-	(9,567,611)
<b>Net operating profit before zakat</b>	<b>28,783,389</b>	<b>(1,678,209)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,105,180</b>
<b>Net profit for the period</b>	<b>28,393,625</b>	<b>(1,678,209)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,715,416</b>
<b>Total comprehensive income for the period</b>	<b>28,393,625</b>	<b>(1,678,209)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,715,416</b>
<b>Earnings per share</b>	<b>0.44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.41</b>

**HERFY FOOD SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 period ended March 31, 2022**

	<u>As issued</u>	<u>Adjustment (i)</u>	<u>Adjustment (ii)</u>	<u>Adjustment (iii)</u>	<u>Adjustment (iv)</u>	<u>Restated</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net operating profit before zakat	28,783,389	(1,678,209)	-	-	-	27,105,180
Depreciation on property, plant and equipment	22,143,373	807,702	-	-	-	22,951,075
Depreciation on right of use assets	18,215,611	573,888	-	-	-	18,789,499
Unrealised gain on investments measured at FVTPL, net	(145,841)	-	-	-	145,841	-
Gain on financial assets held at fair value through profit or loss	-	-	-	-	(145,841)	(145,841)
Finance cost	6,555,640	3,011,971	-	-	-	9,567,611
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Lease liabilities paid	(37,627,828)	9,284,344	-	-	-	(28,343,484)
Paid finance cost on lease liabilities	-	(9,284,344)	-	-	-	(9,284,344)

**22. Approval of the interim condensed Financial Statements**

These condensed interim financial statements were approved and authorized for issue on May 8, 2023G (corresponding to Shawwal 18, 1444H) by the Board of Directors of the Company.