

NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

To: the Shareholders

Nofoth Food Products Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Nofoth Food Products Company, a Saudi Joint Stock Company (the "Company")**, as at 30 June 2023 and the condensed interim statements of profit or loss and other comprehensive income for the six-months period ended 30 June, 2023, and condensed interim statements of changes in equity and cash flows for the six-months period ended on 30 June 2023, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). 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", that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

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 International Accounting Standard (34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Saudi Arabia
14 August 2023 (corresponding 27 Muharram1445H)

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2023

	Note	30 June 2023 (UNAUDITED) SAR	31 December 2022 (AUDITED) SAR
<u>Assets</u>			
Non-current assets			
Property and equipment, net	5	36,825,807	37,026,885
Right-of-use assets, net	6	32,245,010	33,095,799
Intangible assets, net		68,270	90,633
Total non-current assets		69,139,087	70,213,317
Current assets			
Inventory, net	7	12,931,676	13,000,360
Accounts receivable, prepaid expenses and other receivables, net	8	15,475,631	11,837,361
Cash and cash equivalents		45,892,343	28,346,642
Total current assets		74,299,650	53,184,363
Total assets		143,438,737	123,397,680
<u>Equity and liabilities</u>			
Equity			
Share capital	1	24,000,000	24,000,000
Statutory reserve	10	-	5,883,466
Reserve for re-measurement of employee benefit obligations		(725,816)	(725,816)
Retained earnings		62,394,362	39,259,440
Total equity		85,668,546	68,417,090
Liabilities			
Non-current liabilities			
Lease liabilities- non-current portion	6	17,569,468	20,028,745
Deferred revenue- non-current portion		1,447,583	1,076,333
Employees' benefit obligations		3,913,668	3,276,597
Total non-current liabilities		22,930,719	24,381,675
Current liabilities			
Lease liabilities- current portion	6	12,384,719	11,500,605
Deferred revenue- current portion		420,000	280,000
Accounts payable, accrued expenses and other payables	11	21,372,373	17,882,230
Zakat provision		662,380	936,080
Total current liabilities		34,839,472	30,598,915
Total liabilities		57,770,191	54,980,590
Total equity and liabilities		143,438,737	123,397,680

The accompanying notes from (1) to (18) are an integral part of these condensed interim financial statements.

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	For the six months period ended June 30	
		2023 SAR (UNAUDITED)	2022 SAR (UNAUDITED)
<u>Profit or Loss</u>			
Revenue	13	155,621,374	135,722,913
Cost of revenue		(64,152,640)	(63,442,347)
Gross profit		91,468,734	72,280,566
Selling and marketing expenses		(50,679,220)	(44,959,010)
General and administrative expenses		(17,366,686)	(11,924,396)
Profit from main operations		23,422,828	15,397,160
Provision charged for expected credit losses		(415,386)	-
Finance costs		(522,999)	(445,612)
Other income, net		181,236	842,851
Net profit for the period before Zakat		22,665,679	15,794,399
Zakat		(614,223)	(423,234)
Net profit for the period		22,051,456	15,371,165
<u>Other comprehensive income</u>		-	-
Total comprehensive income for the period		22,051,456	15,371,165
Earnings per share			
Basic and diluted earning per share	14	0.92	0.64

The accompanying notes from (1) to (18) are an integral part of these condensed interim financial statements.

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Share capital SAR	Statutory reserve SAR	Reserve for re- measurement of employee benefit obligations SAR	Retained earnings SAR	Total Shareholders' equity SAR
Balance as at 1 January 2022 (AUDITED)	24,000,000	2,734,795	(164,837)	12,121,400	38,691,358
Net profit for the period	-	-	-	15,371,165	15,371,165
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	15,371,165	15,371,165
Dividends	-	-	-	(1,200,000)	(1,200,000)
Balance as at 30 June 2022 (UNAUDITED)	24,000,000	2,734,795	(164,837)	26,292,565	52,862,523
Balance as at 1 January 2023 (AUDITED)	24,000,000	5,883,466	(725,816)	39,259,440	68,417,090
Net profit for the period	-	-	-	22,051,456	22,051,456
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	22,051,456	22,051,456
Transfer from statutory reserve to retained earnings (Note 10)	-	(5,883,466)	-	5,883,466	-
Dividends (Note 12)	-	-	-	(4,800,000)	(4,800,000)
Balance as at 30 June 2023 (UNAUDITED)	24,000,000	-	(725,816)	62,394,362	85,668,546

The accompanying notes from (1) to (18) are an integral part of these condensed interim financial statements.

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	2023 SAR (UNAUDITED)	2022 SAR (UNAUDITED)
Cash flows from operating activities		
Net profit for the period before zakat	22,665,679	15,794,399
Adjustments to reconcile the net profit for the period before		
Depreciation of property and equipment	4,581,160	3,542,035
Depreciation of right-of-use assets	5,890,405	4,939,212
Amortization of intangible assets	22,363	32,042
Losses on disposal of property and equipment	186,575	100,729
Provision for the expected credit losses	415,386	-
Loss on termination of lease contracts	334,535	27,373
Amortization of deferred revenue	(188,750)	-
Provision for employees defined benefits plan obligations	797,471	1,134,957
Finance cost	522,999	445,612
	<u>35,227,823</u>	<u>26,016,359</u>
Changes in operating assets and liabilities:		
Inventory	68,684	(4,528,356)
Account receivables, prepaid expenses and other receivables	(4,053,656)	(2,712,612)
Due from related parties	-	(572,730)
Accounts payables, accrued expenses and other payables	3,490,143	2,571,527
Cash generated from operations	<u>34,732,994</u>	<u>20,774,188</u>
Employee benefit obligations paid	(160,400)	(67,986)
Zakat paid	(887,923)	(732,216)
Net cash generated from operating activities	<u>33,684,671</u>	<u>19,973,986</u>
Cash flows from investing activities		
Payments for purchase of property and equipment	(4,566,657)	(16,824,913)
Payments for purchase of intangible assets	-	(33,004)
Net cash used in investing activities	<u>(4,566,657)</u>	<u>(16,857,917)</u>
Cash flows from financing activities		
Long term loan paid	-	(1,080,000)
Lease liabilities paid	(7,472,313)	(5,633,511)
Receipt of deferred income	700,000	-
Dividends paid	(4,800,000)	-
Net cash used in financing activities	<u>(11,572,313)</u>	<u>(6,713,511)</u>
Net change in cash and cash equivalents	17,545,701	(3,597,442)
Cash and cash equivalents at the beginning of the period	<u>28,346,642</u>	<u>7,351,826</u>
Cash and cash equivalents at the ending of the period	<u>45,892,343</u>	<u>3,754,384</u>
Non-cash transactions		
Addition to the right-of-use assets and corresponding lease liabilities	6,979,384	12,113,094
Dividends payable	-	1,200,000

The accompanying notes from (1) to (18) are an integral part of these condensed interim financial statements.

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

1- ORGANIZATION AND ACTIVITIES

Nofoth Food Products Company is a Saudi joint stock company (the “Company”) registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010441682 issued in Riyadh on Jumada Al-Awwal 1, 1437 AH (corresponding to February 10, 2016).

The company's activity is represented in the manufacture of bread and its products by automated bakeries, the manufacture of pies of all kinds, the manufacture of biscuits of all kinds, the manufacture of folk and oriental sweets of various kinds, the manufacture of sugary sweets, including candied, caramel, toffee and nougat, the wholesale of used oils and includes export, retail sale of bakery products and sugary sweets, restaurants with service, retail sale of nuts, coffee, spices and perfumes, dry food stores, the activities of contractors providing food services and the activities of the head offices.

The company conducts its activities through the following branches, which operate under an independent commercial register for each of them, the details of which are as follows:

Branch name	CR number	Location	Date
Golden Dates Company for Sweets	1010277617	Riyadh	1430/12/22
Golden Dates Trading Company	1010290756	Riyadh	1431/07/15
Golden Dates Trading Company	1010372414	Riyadh	1434/06/18
Top Hundred Trading Company	1010470546	Riyadh	1437/08/04
Waraq Enab Field Company to provide meals	1010480895	Riyadh	1440/04/02
Darb Al-Nofoth Company for Catering Services	1010616272	Riyadh	1441/04/08
Golden Dates Company for serving meals	1010616727	Riyadh	1441/04/15
Mamola Sweets Company	1010655023	Riyadh	1442/02/04
Pinkish Bites Company to provide meals	1010689438	Riyadh	1442/07/11
Dokan Luqaimat company to provide meals	1010710468	Riyadh	1438/08/25
Arab House Coffee Trading Company	1010928171	Riyadh	1439/03/19
Waraq Enab Field Company to provide meals	1128187033	Anaiza	1443/06/22
Mamola Sweets Company	1128187035	Anaiza	1443/06/22
Golden Dates Trading Company	1131296371	Bouraidah	1440/05/24
Top Hundred Trading Company	1131321578	Bouraidah	1443/11/03
Mamola Sweets Company	1131322103	Bouraidah	1443/11/30
Waraq Enab Field Company to provide meals	1131322104	Bouraidah	1443/11/30
Waraq Enab Field Company to provide meals	2051246663	Al-Khobar	1444/08/07
Mamola Sweets Company	2051247227	Al-Khobar	1444/08/24
Golden Dates Trading Company	2511114442	Hafar Al Baten	1441/01/17
Golden Dates Company for serving meals	3350142366	Hail	1440/05/23
Waraq Enab Field Company to provide meals	3350162146	Hail	1444/03/01
Mamola Sweets Company	3350162336	Hail	1444/03/10
Mamola Sweets Company	4030478167	Jeddah	1443/12/11
Waraq Enab Field Company to provide meals	4030480255	Jeddah	1443/12/26
Waraq Enab Field Company to provide meals	4031262624	Makkah Al Mukarramah	1443/07/29
Mamola Sweets Company	4031263816	Makkah Al Mukarramah	1443/08/28
Waraq Enab Field Company to provide meals	4032266147	Taif	1444/07/08
Mamola Sweets Company	4032266258	Taif	1444/07/27
Mamola Sweets Company	4650248556	Al Madinah Al Munawwarah	1444/02/09
Waraq Enab Field Company to provide meals	4650248862	Al Madinah Al Munawwarah	1444/02/10

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

1- ORGANIZATION AND ACTIVITIES (CONTINUED)

The company's capital as of June 30 2023 amounted to 24,000,000 SAR, divided into 24,000,000 shares, and the face value of each share is 1 SAR (December 31 2022: amounted to 24,000,000 divided into 2,400,000 equal value and the face value of each share 10 SAR).

On Rabi` al-Awwal 21, 1444 (corresponding to October 17, 2022), the company obtained the approval of the Capital Market Authority on the company's request to register its shares and offer 288,000 shares representing 12% of its shares for the purpose of direct listing in the parallel market.

On Shawwal 19, 1444 (corresponding to May 9, 2023), the company's board of directors recommended to the general assembly to vote on amending the company's articles of association. On Dhu al-Hijjah 1, 1444 (corresponding to June 19, 2023), the extraordinary general assembly approved the recommendation of the Board of Directors for amending the company's articles of association. On July 23, 2023, the legal procedures were completed, the commercial registration and articles of association were amended by the Ministry of Commerce.

On Dhu al-Hijjah 1, 1444 (corresponding to June 19, 2023), the extraordinary general assembly of shareholders approved the recommendation of the company's board of directors to split the company's shares without any change in the company's share capital before and after the split. The face value of the share before the split was 10 SAR, and the number of shares were 2,400,000 shares. The face value of the share after the split becomes 1 SAR, and the number of shares are 24,000,000 shares. Referring to the company's letter dated May 30, 2023 addressed to the Capital Market Authority that the split resolution will be effective on all the company's shareholders who own shares on the day of the extraordinary general assembly and who are registered in the company's shareholders register with Edaaa Securities Company at the end of the second trading day following the date of the extraordinary general assembly, in which the split of shares will be decided. On the same date, the extraordinary general assembly of shareholders approved transferring the balance of the statutory reserve amounting to 5,883,466 SAR to the company's retained earnings.

The address of the company's head office is the Kingdom of Saudi Arabia - Riyadh - 6383 Abu Bakr Al-Siddiq, Al-Nuzha, 2747.

2- BASIS OF PREPARATION CONDENSED INTERIM FINANCIAL STATEMENTS

2-1 STATEMENT OF COMPLIANCE

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants- SOCPA. These condensed interim financial statements do not include all information and disclosures required to issue the complete set of financial statements. Also, the results for the period ended 30 June 2023 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2023 . It should also be read in conjunction with the company's latest financial statements for the year ended 31 December 2022. However, selected explanatory notes have also been included to explain important events and transactions to understand the changes in the financial position and financial performance of the Company since 31 December 2022.

2-2 PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements have been prepared on a historical cost convention except when IFRS requires the use of another measurement basis and in accordance with the accrual principle and going concern.

2-3 FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Saudi Riyals, It is the currency of operation and disclosure.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in the Company's annual financial statements, but have no material effect on the condensed interim financial statements. The Company did not have to amend its accounting policies or make retrospective adjustments as a result of applying these revised standards.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the most important accounting policies adopted by the company:

Use of judgments and estimates

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. Actual results may differ from these estimates. The 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 last annual financial statements.

NOFOTH FOOD PRODUCTS COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

5- PROPERTY AND EQUIPMENT, NET

	Land SAR	Improvement to leasehold buildings SAR	Office equipments and electrical appliances SAR	Vehicles SAR	Furniture and fixtures SAR	Projects under construction* SAR	Total SAR
<u>Cost</u>							
Balance as at 1 January 2023 (Audited)	6,520,499	22,766,418	14,285,645	4,571,395	3,017,498	724,447	51,885,902
Additions during the period	-	399,540	28,833	-	2,598	4,135,686	4,566,657
Transferred from projects under construction	-	1,604,325	1,896,181	-	253,154	(3,753,660)	-
Disposal during the period	-	(712,150)	(223,810)	-	(12,579)	-	(948,539)
Balance as at 30 June 2023 (Unaudited)	6,520,499	24,058,133	15,986,849	4,571,395	3,260,671	1,106,473	55,504,020
<u>Accumulated depreciation</u>							
Balance as at 1 January 2023 (Audited)	-	7,128,169	4,935,060	1,777,590	1,018,198	-	14,859,017
Charged for the period	-	2,262,866	1,593,679	417,136	307,479	-	4,581,160
Disposal during the period	-	(553,261)	(197,861)	-	(10,842)	-	(761,964)
Balance as at 30 June 2023 (Unaudited)	-	8,837,774	6,330,878	2,194,726	1,314,835	-	18,678,213
Net book value							
As at 30 June 2023 (Unaudited)	6,520,499	15,220,359	9,655,971	2,376,669	1,945,836	1,106,473	36,825,807

*The balance of projects under construction represents works for installation of decoratives and equipments, central kitchen, stores and outlets, which are still under construction and are expected to be completed during the subsequent period.

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(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

5-PROPERTY AND EQUIPMENT, NET (CONTINUED)

	Land	Improvement to leasehold buildings	Office equipments and electrical appliances	Vehicles	Furniture and fixtures	Projects under construction	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
<u>Cost</u>							
Balance as at 1 January 2022 (Audited)	-	14,161,185	10,001,499	3,562,688	1,969,475	1,479,459	31,174,306
Additions during the year	6,520,499	6,080,260	1,833,761	780,200	465,094	6,668,138	22,347,952
Transferred from projects under construction	-	3,719,218	2,845,896	269,257	588,779	(7,423,150)	-
Disposal during the year	-	(1,194,245)	(395,511)	(40,750)	(5,850)	-	(1,636,356)
Balance as at 31 December 2022(Audited)	6,520,499	22,766,418	14,285,645	4,571,395	3,017,498	724,447	51,885,902
<u>Accumulated depreciation</u>							
Balance as at 1 January 2022(Audited)	-	4,259,762	2,524,368	1,019,698	492,608	-	8,296,436
Charged for the year	-	3,809,108	2,746,379	780,720	526,333	-	7,862,540
Disposal during the year	-	(940,701)	(335,687)	(22,828)	(743)	-	(1,299,959)
Balance as at 31 December 2022(Audited)	-	7,128,169	4,935,060	1,777,590	1,018,198	-	14,859,017
Net book value							
As at 31 December 2022(Audited)	6,520,499	15,638,249	9,350,585	2,793,805	1,999,300	724,447	37,026,885

NOFOTH FOOD PRODUCTS COMPANY

(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)****6- LEASES**

The following table shows the movement during the period / year on both the right of use assets and lease liabilities, and it is as follows:

A- Movement on the right to use assets (buildings)

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
<u>Cost</u>		
The balance as at the beginning of the period/ year	50,073,599	39,824,958
Additions during the period/ year	6,979,384	20,480,307
Disposal during the period/ year	<u>(7,518,789)</u>	<u>(10,231,666)</u>
The balance as at the end of the period/ year	<u>49,534,194</u>	<u>50,073,599</u>
<u>Accumulated depreciation</u>		
The balance as at the beginning of the period/ year	16,977,800	12,522,135
Charged for the period/ year	5,890,405	10,465,232
Disposal during the period/ year	<u>(5,579,021)</u>	<u>(6,009,567)</u>
The balance as at the end of the period/ year	<u>17,289,184</u>	<u>16,977,800</u>
<u>Net book value</u>	<u>32,245,010</u>	<u>33,095,799</u>

B- Movement on leases liabilities as follows:

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
The balance as at the beginning of the period/ year	31,529,350	26,200,120
Additions during the period/ year	6,979,384	20,480,307
Disposal during the period/ year	<u>(1,605,233)</u>	<u>(4,282,806)</u>
Amortization of interest during the period/ year	522,999	885,897
Paid during the period/ year	<u>(7,472,313)</u>	<u>(11,754,168)</u>
The balance as at the end of the period/ year	<u>29,954,187</u>	<u>31,529,350</u>
Lease liabilities are classified as follows:		
Non-current portion	<u>17,569,468</u>	<u>20,028,745</u>
Current portion	<u>12,384,719</u>	<u>11,500,605</u>

7- INVENTORY, NET

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
Food items/ material	5,152,006	5,015,583
Packing and wrapping material	5,100,941	5,412,691
Finished materials	1,562,292	909,360
Cleaning materials	676,829	1,147,686
Consumables items	229,100	270,683
Office supplies	210,508	244,357
	<u>12,931,676</u>	<u>13,000,360</u>

NOFOTH FOOD PRODUCTS COMPANY

(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

8 -ACCOUNT RECEIVABLE, PREPAID EXPENSES AND OTHER RECEIVABLES, NET

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
Accounts receivables	9,733,896	5,278,580
(Less): Provision for expected credit losses	(1,664,971)	(1,249,585)
	8,068,925	4,028,995
Prepaid expenses	4,120,497	3,780,976
Advance payments to suppliers	2,416,819	2,265,864
Advances of employees	718,127	553,562
Other	151,263	1,207,964
	15,475,631	11,837,361

The movement in the allowance for expected credit losses is as follows:

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
Balance as at the beginning of the period/ year	1,249,585	1,174,315
Charged during the period/ year	415,386	75,270
Balance as at the end of the period/ year	1,664,971	1,249,585

9- TRANSACTION WITH RELATED PARTIES

The Company, through its normal activities, deals with related parties, and these transactions include providing other operational services.

The volume of transactions with related parties is as follows :

	Nature of the relationship	The nature of transaction	The volume of transactions for the period ending June 30			
			2023		2022	
			SAR	(Unaudited)	SAR	(Unaudited)
Related Parties			Debit	Credit	Debit	Credit
Akal hanet catering establishment	Affiliate	Sales	-	-	-	146,475
		Receipt of payment	-	-	85,003	-
Musakhan Waraq Enab for serving meals	Affiliate	Sales	-	607,601	-	699,574
		Receipt of payment	607,601	-	731,530	-
Hakaya cakes fast food establishment	Affiliate	Sales	-	30,569	-	149,251
		Receipt of payment	30,569	-	67,103	-
Hakaya cakes fast food establishment	Affiliate	Operational	250,000	-	-	-
		Payment	-	250,000	-	-
Abdullah Al-ameqan real estate company	Affiliate	Rental	550,475	-	520,976	-
		Payment	-	550,475	-	520,976

An affiliate is a related party whose shareholders own a share in the capital of the company, or it is those related parties in whom the company has representation.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)****9- TRANSACTION WITH RELATED PARTIES (CONTINUED)****Transaction with senior executives**

The related parties also represent the non-executive members of the Board of Directors and the senior management personnel of the company. The senior management personnel are the persons who exercise the authority and responsibility in planning, managing and controlling the activities of the company, directly or indirectly, including the managers. Those transactions as follows:

	30 June 2023 (Unaudited) SAR	30 June 2022 (Unaudited) SAR
Salaries, allowances and bonuses of the executive management	2,898,116	2,582,939
Allowances and bonuses of the Board of Directors	480,000	562,750
Committee's allowances and bonuses	172,000	-
	3,550,116	3,145,689

10 - STATUTORY RESERVE

On 1 Dhu al-Hijjah 1444H (corresponding to June 19, 2023), the Extraordinary General Assembly approved the recommendation of the company's Board of directors to transfer the balance of the statutory reserve of an amount 5,883,466 SAR to the retained earnings, resulting Nil balance of the statutory reserve as at June 30, 2023 (December 31, 2022: 5,883,466 SAR) (note 1).

11- ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
Account payable	9,296,567	9,811,330
Accrued expenses	7,042,151	3,015,053
Accrued VAT	2,042,740	1,414,210
Payable to executive and non-executive directors	1,000,000	3,226,139
Accrued salaries, wages and employee benefits	796,458	260,884
Other	1,194,457	154,614
	21,372,373	17,882,230

12- DIVIDEND

On June 19, 2023, the Extraordinary General Assembly approved the recommendation of the board of directors to distribute dividend for the year 2022 by 2 SAR per share, which represents 20% of the face value of the share and resulting in total dividend of 4,800,000 SAR. Dividend was transferred from the company to Tadawul on 21 June 2023.

13- REVENUE

	30 June 2023 (Unaudited) SAR	30 June 2022 (Unaudited) SAR
Sales of goods	154,572,036	135,722,913
Franchise income	1,049,338	-
	155,621,374	135,722,913

Revenue from sales of good is recognised at point in time whereas revenue earned from franchise is recognised over the period of time. All the revenue is earned within the geographical region of Kindgom of Saudi Arabia.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)****14- EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of outstanding shares as at the end of the period, as follows:

	30 June 2023 (Unaudited) SAR	30 June 2022 (Unaudited) SAR
Net profit for the period	22,051,456	15,371,165
Weighted average number of outstanding shares at the end of the period (restated)	24,000,000	24,000,000
Basic share per share in net profit for the period (restated)	0.92	0.64

15- RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**Liquidity risks**

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments that the company obligated to others.

To reduce the liquidity risk and associated losses which may affect the business of the Company, the company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Company has a highly dynamic cash flow policy and a system by which it can estimate the maturity period of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

A- The following is the maturities of liabilities as at 30 June 2023 (Unaudited):

	3 months or less SAR	From 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
30 June 2023 (Unaudited)					
Rental lease liabilities	-	12,384,719	17,569,468	-	29,954,187
Employees' benefits obligations	-	-	-	3,913,668	3,913,668
Accounts payables, accrued expenses and other liabilities	15,426,489	5,945,884	-	-	21,372,373
Zakat provision	-	662,380	-	-	662,380
Total	15,426,489	18,992,983	17,569,468	3,913,668	55,902,608

B - The following is the maturities of liabilities as at December 31, 2022 (Audited):

	3 months or less SAR	From 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
31 December 2022 (Audited)					
Rental lease liabilities	-	11,500,605	20,028,745	-	31,529,350
Employees' benefits obligations	-	-	-	3,276,597	3,276,597
Accounts payables, accrued expenses and other liabilities	11,659,524	6,222,706	-	-	17,882,230
Zakat provision	-	936,080	-	-	936,080
Total	11,659,524	18,659,391	20,028,745	3,276,597	53,624,257

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)****15- RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)****Credit risk**

Credit risk is represented by the failure of one of the parties to the financial instrument contracts to fulfill its contractual obligations, which leads to the company incurring financial losses, the company retains as much cash as possible with banks with a good credit rating, although the company may be exposed to credit risks on cash balances with banks and receivables as follows:

	30 June 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
Cash at banks	<u>45,109,265</u>	<u>27,304,010</u>
Accounts receivable	<u>9,733,896</u>	<u>5,278,580</u>
	<u>54,843,161</u>	<u>32,582,590</u>

Currency risk

Currency risk arises from possible changes and fluctuations in currency rates that affect future profit or fair values of financial instruments. The company monitors currency rate fluctuations and believes that the effect of currency risk is not significant.

Fair value

The fair value of the company's financial assets and liabilities does not differ materially from the book value included condensed interim financial statements.

Market price risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in market prices. Market prices contain 3 types: Interest rate risk. Currency risk and other price risks such as stock price risk and commodity price risk. Financial liabilities that are affected by market price risk include loans and Account payables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will change because of a change in the market interest rate. The financial assets and liabilities of the company as at the date of the condensed interim statement of financial position, with the exception of some long-term loans, are not exposed to interest rate risk. The long-term loans carry interest in addition to the credit margin based on the prevailing market interest rates.

Capital risks management

The Company's policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to maintain the future development of business. The Company monitors its capital base using the ratio of net debt to equity, net debt is calculated based long-term murabaha financing less cash and cash equivalents. The Company is not geared by debt as it has discharged its debt obligations.

16- GENERAL

The figures in the condensed interim financial statements have been rounded to the nearest Saudi riyal.

17- SUBSEQUENT EVENTS

As indicated in Note no. 1 regarding the decisions of the Extraordinary General Assembly, the Company's Articles of Association were updated in relation to these matters on July 23, 2023. Dividend was distributed from Tadawul among the shareholders of the company on 6 July, 2023. With the exception of the above, in the opinion of management, there were no other significant subsequent events after June 30, 2023 and until the date of approval of the condensed interim financial statements that may have a material impact on the condensed interim financial statements, as at June 30, 2023.

18- APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the board of directors on behalf of shareholders on 14 August 2023 (corresponding 27 Muharram1445H).