

**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**  
**Saudi Joint Stock Company**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**  
(A Saudi Joint Stock Company)  
**INDEX OF CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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**INDEPENDENT AUDITORS' REVIEW REPORT  
ON THE CONDENSED INTERIM FINANCIAL STATEMENTS.****To the Shareholders****Wafrah Company for Industry and Development****(A Saudi Joint Stock Company)****Riyadh – Kingdom of Saudi Arabia****Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of Wafrah for Industry and Development Company (A Saudi joint stock company) (the "Company") as at 31 March 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes of shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The management is responsible for the preparation and presentation of these condensed Interim financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated 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 Independents Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries primarily to 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 such 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 as at 31 March 2023 are not prepared in all material respects, in accordance with International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

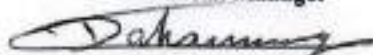
**For Al-Kharashi & Co.****Abdullah S. Al Msned**  
**License No. (456)****Riyadh at:**  
26 Shawal 1444H  
16 May 2023



**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 31 MARCH 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net		81,972,913	82,983,772
Right of use assets, net		2,823,835	2,917,795
Intangible assets, net		504,743	548,038
Investments at fair value through other comprehensive income		444,472	438,672
<b>Total non-current assets</b>		<b>85,745,963</b>	<b>86,888,277</b>
<b>Current assets</b>			
Trade receivables, net		61,006,795	53,859,273
Inventory, net		25,045,451	20,704,936
Prepayments and other receivables, net		27,904,593	22,248,440
Due from related party	7	1,280,576	1,391,306
Cash and cash equivalents		113,697,813	125,914,288
<b>Total current assets</b>		<b>228,935,228</b>	<b>224,118,243</b>
<b>Total assets</b>		<b>314,681,191</b>	<b>311,006,520</b>
<b>Total equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	231,511,050	231,511,050
Fair value reserve of investments through other comprehensive income		(811,227)	(817,027)
Remeasurement of defined benefit plan reserve		699,805	699,805
Accumulated losses		(4,062,784)	(9,686,142)
<b>Total shareholders' equity</b>		<b>227,336,844</b>	<b>221,707,686</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loan guarantee provision - related party		2,540,938	2,540,938
Long-term lease liabilities		2,552,326	2,611,110
Employees' defined benefits liabilities		5,851,666	5,772,867
<b>Total non-current liabilities</b>		<b>10,944,930</b>	<b>10,924,915</b>
<b>Current liabilities</b>			
Loan guarantee provision - related party		4,177,540	4,177,540
Trade payables		24,644,381	23,461,342
Short-term lease liabilities		485,088	485,088
Accrued expenses and other payables		6,932,274	7,150,501
Refund liabilities		1,111,961	441,186
Shareholders' accrued dues	9	25,903,139	25,913,228
Long-term loan - current portion	8	8,000,000	12,000,000
Zakat provision		5,145,034	4,745,034
<b>Total current liabilities</b>		<b>76,399,417</b>	<b>78,373,919</b>
<b>Total liabilities</b>		<b>87,344,347</b>	<b>89,298,834</b>
<b>Total shareholders' equity and liabilities</b>		<b>314,681,191</b>	<b>311,006,520</b>

Financial Manager



CEO



Authorized Board of directors Member



The accompanying notes form an integrated part of these condensed interim financial statements.

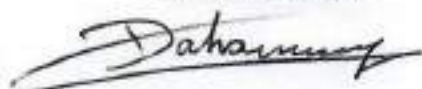
**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)****FOR THE THREE- MONTH PERIOD ENDED 31 MARCH 2023****(All amounts in Saudi Riyals unless otherwise stated)**

	Note	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Sales, net	10	38,774,183	34,561,599
Cost of sales		(25,901,514)	(21,420,456)
<b>Gross profit</b>		<b>12,872,669</b>	<b>13,141,143</b>
Administrative and general expenses		(4,168,287)	(2,363,808)
Selling and marketing expenses		(4,414,729)	(3,653,393)
<b>Profit from main operations</b>		<b>4,289,653</b>	<b>7,123,942</b>
Provision for expected credit losses		-	(384,331)
Finance charges		(180,000)	(206,000)
Finance cost		(140,894)	(39,535)
Other income / (expenses)		2,054,599	(41,580)
<b>Profit before zakat</b>		<b>6,023,358</b>	<b>6,452,496</b>
Zakat		(400,000)	(300,000)
<b>Profit for the period</b>		<b>5,623,358</b>	<b>6,152,496</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Net change in fair value of investments		5,800	(18,980)
<b>Total comprehensive income for the period</b>		<b>5,629,158</b>	<b>6,133,516</b>
<b>Earnings per share</b>			
Earnings per share from main operations	11	0.24	0.40
Earnings per share basic and diluted	11	0.31	0.34

Financial Manager



CEO



Authorized Board of directors Member

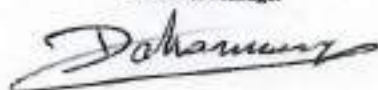


The accompanying notes form an integrated part of these condensed interim financial statements.

**WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Fair value reserve of investments through other comprehensive income	Remeasurement of defined benefit plan reserve	Accumulated losses	Total
Balance at 1 January 2022 (Audited)	77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
Profit for the period	-	-	-	6,152,496	6,152,496
Other comprehensive loss for the period	-	(18,980)	-	-	(18,980)
Balance at 31 March 2022 (Unaudited)	77,170,350	(550,238)	(33,914)	(17,592,905)	58,993,293
Balance at 1 January 2023 (Audited)	231,511,050	(817,027)	699,805	(9,686,142)	221,707,686
Profit for the period	-	-	-	5,623,358	5,623,358
Other comprehensive income for the period	-	5,800	-	-	5,800
Balance at 31 March 2023 (Unaudited)	231,511,050	(811,227)	699,805	(4,062,784)	227,336,844

Financial Manager



CEO



Authorized Board of Directors Member



The accompanying notes form an integrated part of these condensed interim financial statements.



**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before zakat	6,023,358	6,452,496
<b>Adjustments to:</b>		
Depreciation for the period	1,786,236	1,954,379
Amortization for the period	43,295	45,900
Provision for expected credit losses	-	384,331
Refund liabilities	670,775	384,473
Provision for employee's defined benefits liabilities	210,587	193,641
	<u>8,734,251</u>	<u>9,415,220</u>
<b>Changes in</b>		
Accounts receivable	(7,147,522)	(10,186,914)
Inventory	(4,340,515)	1,553,441
Prepayments and other receivables	(5,656,153)	(4,572,184)
Accounts payable	1,183,039	3,641,406
Accrued expenses and other credit balances	(218,227)	3,333,126
Due from related parties	110,730	-
<b>Cash (used in) / generated from operating activities</b>	<u>(7,334,397)</u>	<u>3,184,095</u>
Zakat paid	-	(120,868)
Employees' defined benefits paid	(131,788)	(90,338)
<b>Net cash (used in) / generated from operating activities</b>	<u>(7,466,185)</u>	<u>2,972,889</u>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant, and equipment	(681,417)	(277,796)
Right of use assets	-	(152,670)
<b>Net cash used in investing activities</b>	<u>(681,417)</u>	<u>(430,466)</u>
<b>Cash flows from financing activities:</b>		
Repayment of lease liabilities	(58,784)	86,114
Repayment of accrued dividends	(10,089)	(135)
Repayment of long-term loan	(4,000,000)	-
<b>Net cash (used in) / generated from financing activities</b>	<u>(4,068,873)</u>	<u>85,979</u>
<b>(Decrease) / increase in cash and cash equivalent during the period</b>	<u>(12,216,475)</u>	<u>2,628,402</u>
Cash and cash equivalents at beginning of the period	125,914,288	9,330,328
<b>Cash and cash equivalents at end of the period</b>	<u>113,697,813</u>	<u>11,958,730</u>

Financial Manager



CEO



Authorized Board of directors Member



The accompanying notes form an integrated part of these condensed interim financial statements.

## WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT

(A Saudi Joint Stock Company)

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(All amounts in Saudi Riyals unless otherwise stated)

#### 1. ACTIVITIES

Wafrah for Industry and Development Company is a Saudi Joint Stock Company founded according to the commercial registration No. 1010076996 issued in Riyadh dated 24/10/1410H (corresponding to 18 May 1990).

The paid-up capital of the Company is SR 200 million consisting of 20 million shares at a par value of SR 10 per share, during the year 2020, the Company's capital was reduced by amortizing the accumulated losses to SR 77,170,350 from 7,717,035 shares, each valued at SR 10.

During the year 2022 the Company's capital was increased via rights shares issue amounted to SR 231,511,050 with number of shares 23,151,105 shares, each of SAR 10.

The principal activities of the Company are the production of chilled and frozen meats, the manufacture of food products manufactured from potatoes, including (potato chips), the manufacture of cereal breakfast foods in the form of chips, and includes (corn flakes, chips ... etc.) and the manufacture of pasta of all kinds.

The accompanying condensed interim financial statements represents Company's accounts and branch's which are as follows:

<u>Branch Name</u>	<u>Commercial registration No.</u>	<u>Activity</u>
Wafrah for Industry and Development Co. – Jeddah	4030108227	Marketing of the company's products
Wafrah for Industry and Development Co. – Dammam	2050028895	Wholesale of food and beverages
Wafrah for Industry and Development Co. – Khamis Mushait	5855339110	Marketing of the company's products
Wafrah factory for pasta and noodles	1010320947	Macaroni industry of all kinds
Branch of Wafrah for Industry and Development	1011016029	Feed production
Wafrah food factory	1010320946	Foods industry from the grain
Wafrah factory for grain products	1010320952	Foods industry from the grain
Wafrah food factory	1010320955	Chilled and frozen meat production
Wafrah factory for freezing vegetables	1010320956	Pickles and industry
Branch of Wafrah for Industry and Development	1011016028	Dates drying and packing and Manufacture of their products

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization of Certified Public Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2022. They do not include all of the information required for a complete set of IFRS financial statements, however; accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.



## **WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**(All amounts in Saudi Riyals unless otherwise stated)**

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#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **2.2 Basis of preparation:**

These condensed interim financial statements have been prepared on the historical cost basis except for the following material items in the condensed interim statement of financial position.

- Equity investments is measured at condensed statement of comprehensive income.
- The Company's net obligation in respect of defined benefit plans is calculated separately for each individual plan by estimating amount of future benefits that employees have earned in the current and prior periods, deducting this amount and deducting the fair value of the plan assets.
- The defined benefit obligation is calculated annually by a qualified actuary using the unit method. When the results of the calculation lead to the emergence of potential assets of the company. The credit expected assets recognized are limited to the present value of the economic benefits available in the form of future refunds from the program or in the form of a reduction in future contributions to the program. For the purpose of calculating the present value of economic benefits, the applicable minimum financing requirements are taken into account.

##### **2.3 Functional and presentation currency:**

The condensed interim financial statements are presented in Saudi Riyal, which is the Company's functional currency.

#### **3. USE OF JUDGMENTS AND ESTIMATES:**

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 annual financial statements ended at 31 December 2022.

#### **4. GOING CONCERN**

There are positive indications of an improvement in the financial and operational position of the Company which reduced accumulated losses amounting to 5,623,358 Saudi riyals to be 4,062,784 as at 31 March 2023, the decrease represents profit for the period ended at 31 March 2023, and there are also positive indicators as the Company's current assets exceeded its current liabilities by 152,535,811 Saudi riyals on that date, the management conducted an assessment of the company's ability to continue as an existing facility, and came to the conviction that the company has the necessary resources to continue operating in the foreseeable future for a period of not less than 12 months from the date of approval of this financial statements, and therefore these statements were prepared on the basis of going concern.

#### **5. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied to these condensed interim financial statements are the same as those applied to the last year's financial statements as in the year ended 31 December 2022.

#### **6. STATUTORY RESERVE**

In accordance with the Saudi Arabian Companies Regulations and the Company's statute of, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 30% of the capital, this reserve is not available for distribution to shareholders.



**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)****FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****(All amounts in Saudi Riyals unless otherwise stated)****7. RELATED PARTIES TRANSACTION****7.1 Related parties' balances**

The related parties are represented in the dealings with the sister company, non-executive members of the board of directors, managing director and senior management employees of the company, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the company's activities, directly or indirectly, including the managers.

During the normal course of its operations, the Company had the following significant transactions with related parties during the year ended 31 March 2023 and 31 December 2022 along with their balances:

Due from related parties is as follow:

<u>Name of the Company</u>	<u>Type of relationship</u>	<u>Balance as of</u>	
		<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Premium Meat Company	Related party to a member of the board of directors.	-	110,730
Rakhaa Agricultural Investment and development Company	Sister Company	1,280,576	1,280,576
		<u>1,280,576</u>	<u>1,391,306</u>

**7.2 The following details of remuneration and compensation paid to non-executive board members and senior management personnel:**

<u>Non-executive board members and senior management personnel</u>	<u>31 March 2023 (Unaudited)</u>	<u>31 March 2022 (Unaudited)</u>
Salaries and compensation	649,500	462,900
Allowances	277,170	158,946
Annual incentives	437,500	45,525
	<u>1,364,170</u>	<u>667,371</u>

**8. LONG TERM LOAN**

The Company obtained a long-term loan from the Saudi Industrial Development Fund on 9 May 2012 in order to finance the establishment and expansion of frozen vegetables and potatoes production plant, the total of the approved facilitate loan amounted to SR 34,000,000. The loan is to be paid over a period of six-years and the semi-annual installments start from 1 August 2015, and during 2016, the loan was rescheduled, with the first installment due after the rescheduling on 2 January 2019. This amount was paid in SAR 1,000,000 during 2015, SAR 1,500,000 in 2016, and 3,500,000 in 2018. The total value of the loan as of 31 December 2020 amounted to SR 28,000,000. During the year 2019, the loan was rescheduled, with the first payment due after the rescheduling on 1 December 2020, and it was not paid. During the year 2021, an amount of SR 2,500,000 was paid, and during the year 2022, SR 13,500,000 were paid, and during the year 2023, an amount of SR 4,000,000 was paid. The loan balance became SR 8,000,000 on 31 March 2023. The loan is secured by mortgaging the entire food plant to fully produce the meat and the food plant to completely freeze the vegetables in favor of the fund as collateral for the loan. The loan agreement contains pledges that include, among other things, to reduce future capital expenditures to maintain certain financial ratios.

The long-term loan movement represents as follow:

	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Balance at beginning of the period / year	12,000,000	25,500,000
Paid during the period / year	(4,000,000)	(13,500,000)
<b>Total long-term loan</b>	<u><b>8,000,000</b></u>	<u><b>12,000,000</b></u>



**WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)****FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****(All amounts in Saudi Riyals unless otherwise stated)****9. REFUND LIABILITES**

	<u>31 March 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<b>Sales discount:</b>		
Balance at beginning of the period / year	53,725	739,349
Additions during the period / year	1,730,133	2,675,945
Paid / adjustments during the period / year	(1,059,358)	(3,361,569)
<b>Balance at end of the period / year</b>	<b>724,500</b>	<b>53,725</b>
<b>Sales returns:</b>		
Balance at beginning of the period / year	387,461	581,329
Additions during the period / year	1,006,162	3,429,792
Paid / adjustments during the period / year	(1,006,162)	(3,623,660)
<b>Balance at end of the period / year</b>	<b>387,461</b>	<b>387,461</b>
	<b>1,111,961</b>	<b>441,186</b>

**10. SALES, NET**

	<u>31 March 2023</u> (Unaudited)	<u>31 March 2022</u> (Unaudited)
Sales of pastry factory	13,569,657	13,797,620
Sales of vegetables factory	24,600,068	20,865,468
Sales of food and meat factory	2,147,546	2,150,115
Sales of breakfast cereals factory	1,193,207	581,916
<b>Total</b>	<b>41,510,478</b>	<b>37,395,119</b>
Deduct: Sales discount	(1,730,133)	(1,394,290)
Deduct: Sales return	(1,006,162)	(1,439,230)
<b>Net</b>	<b>38,774,183</b>	<b>34,561,599</b>

**11. EARNINGS PER SHARE**

Earnings per share from net profit from the main operating is calculated by dividing net profit from main operating for the period by the weighted average number of shares during the period. And the earnings per share on net profit is calculated by dividing the net profit for the period by the weighted average number of shares during the period.

Diluted earnings per share for the period ended 31 March 2023 and 31 March 2022 was calculated by dividing the net profit from main operations and the net profit for the year by the weighted average number of shares outstanding during the year, adjusted for the effect of the potential dilution of ordinary shares. Since there is no convertible liability to equity instruments, the diluted earnings per share are not different from the basic earnings per share.

The weighted average number of shares for the two periods ending on 31 March 2023 and 31 March 2022 was reached in accordance with the requirements of International Accounting Standard No. 33 "Earnings per Share".

The following table reflects the profit and share data used in the basic and diluted earnings per share computations:

	<u>31 March 2023</u> (Unaudited)	<u>31 March 2022</u> (Unaudited)
Net income for the period	5,623,358	6,152,496
Weighted average number of shares	17,865,465	17,865,465
<b>Earnings per share - basic and diluted</b>	<b>0.31</b>	<b>0.34</b>
Net income from the main operation	4,289,653	7,123,942
<b>Earnings per share - Operation</b>	<b>0.24</b>	<b>0.40</b>



## WAFRAH COMPANY FOR INDUSTRY AND DEVELOPMENT

(A Saudi Joint Stock Company)

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(All amounts in Saudi Riyals unless otherwise stated)

#### 12. FINANCIAL INSTRUMENTS

##### Fair value measurement

Fair value represents the amount may be collected from the asset sale or a boost to convert commitment between knowledgeable parties on the same terms and dealing with others and depends on the fair value measurement of the following conditions:

1. In the principal market for the assets or liabilities, or
2. The most advantageous market for the asset or liability in the absence of a principal market the company should be able to handle through the most advantageous market.

When measuring the fair value of an asset or a liability, 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.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of a financial asset at fair value measures.

##### Fair value levels

Details of financial instruments carried at fair value are as below:

	<u>Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>31 March 2023 (Unaudited)</b>				
Investments at fair value through other comprehensive income	<u>444,472</u>	<u>444,472</u>	<u>-</u>	<u>-</u>
<b>31 December 2022 (Audited)</b>				
Investments at fair value through other comprehensive income	<u>438,672</u>	<u>438,672</u>	<u>-</u>	<u>-</u>

##### Transfers between Levels 1 & 2

There have been no transfers between Level 1 and Level 2 during the reporting periods.

##### Risk management

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk.
- Liquidity risk.
- Market risk.
- Currency risk.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

##### Risk management framework

The management has overall responsibility for the establishment and oversight of company's risk management framework.

The Company's risk management policies are designed to identify and analyse risks faced by the Company and to establish appropriate limits and limits on exposure to those risks and then monitor them to ensure that the limits are not exceeded.

Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The management of the company through the training, standards and procedures developed by the management aims to develop a constructive and organized regulatory environment so that each employee understands his role and the duties entrusted to him.



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#### **12. FINANCIAL INSTRUMENTS (continued)**

The Company's Audit Committee monitors the management's performance in monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks facing the Company.

Financial instruments included in the statement of condensed interim financial position include mainly cash and cash equivalents, receivables. Due from related party, other assets, investments, creditors, accrued liabilities, government loan and other non-current liabilities.

##### **Credit risk**

Credit risk represents the risk that the Company will incur a financial loss as a result of a failure of the customer or the counterparty to meet a financial instrument with its contractual obligations. These risks arise mainly from its bank balances, trade and other receivables.

The Company's exposure to credit risk is mainly affected by the specificity of each customer. The demographic nature of the Company's customers, including the default risk of the activity and the country in which the customer operates, has a lower impact on credit risk.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the condensed interim financial position date was as follows:

##### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its financial liabilities as they fall due to its financial liabilities that are settled through the provision of cash or other financial assets. The Company's liquidity management is to ensure, to the extent possible, that the Company always maintains sufficient liquidity to meet its obligations when it becomes payable under normal and stressful circumstances without incurring unacceptable losses or risks that may affect the Company's reputation.

The Company ensures that it has sufficient cash to cover expected operating expenses including coverage of financial liabilities but without any potential impact on difficult and unpredictable conditions such as natural disasters. In addition, the Company maintains a credit source from its banks to meet any sudden cash needs.

##### **Market risk**

Market risk is the risk that arises from changes in market prices such as foreign exchange rates and equity prices that affect the Company's profits or the value of the Company's financial instruments.

The objective of market risk management is to control the Company's exposure to market risk within acceptable limits and to maximize returns.

##### **Currency risk**

Most of the Company's financial assets and liabilities are denominated in Saudi Riyals and most of the Company's transactions are denominated in Saudi Riyals and US Dollars. Since the exchange rate of the dollar against the riyal is stable, the management of the company believes that it is not exposed to the risk of exchange rate fluctuations substantially.

##### **Capital Management**

The company's policy regarding capital management is to maintain a strong capital base to maintain shareholders, creditors and market confidence as well as the continued development of the company's activity in the future. The capital consists of ordinary shares, unpaid redeemable shares, retained earnings and the non-controlling interests of the company.

The management monitors the return on equity, which is determined by dividing net operating profit on shareholders' equity.

The Company aim to maintain the balance between the highest return possible in case of borrowing as high as possible and the preference and safety of a strong capital centre.

The Company did not have any change in capital management during the year and the Company is not subject to any external capital requirements.



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	<b>31 March 2023</b> <b>(Unaudited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Debt at the end of the period / year	76,399,417	78,373,919
Less: Cash and cash equivalents	(113,697,813)	(125,914,288)
<b>Net debts</b>	<b>(37,298,396)</b>	<b>(47,540,369)</b>
Adjusted capital	227,336,844	221,707,686
	<b>(%16.41)</b>	<b>(%21.44)</b>

**14. SEGMENT INFORMATION**

The main activity of the company consists of segments that include the segment of manufacturing and selling pastries of all kinds, as well as the segment of selling vegetables, as well as the segment of manufacturing breakfast cereals, in addition to the segment of manufacturing and selling meat products. The following is data with financial information as of 31 March 2023 and 31 March 2022 for each business segment.

**As at 31 March 2023:**

<b>Profit and loss items</b>	<b>Pasta sector</b>	<b>Vegetable sector</b>	<b>Breakfast beans sector</b>	<b>Meat products sector</b>	<b>Total</b>
Sales (Net)	12,557,520	23,103,343	1,122,489	1,990,831	38,774,183
Cost of Sales	(7,793,199)	(15,571,758)	(928,454)	(1,608,103)	(25,901,514)
<b>Gross Margin</b>	<b>4,764,321</b>	<b>7,531,585</b>	<b>194,035</b>	<b>382,728</b>	<b>12,872,669</b>
Administrative and General expenses	(1,349,954)	(2,483,646)	(120,669)	(214,018)	(4,168,287)
Selling and marketing expenses	(1,429,767)	(2,630,487)	(127,804)	(226,671)	(4,414,729)
<b>Profit from the main operation</b>	<b>1,984,600</b>	<b>2,417,452</b>	<b>(54,438)</b>	<b>(57,961)</b>	<b>4,289,653</b>
Finance charges	(58,295)	(107,252)	(5,211)	(9,242)	(180,000)
Finance cost	(45,630)	(83,951)	(4,079)	(7,234)	(140,894)
Other Income	665,408	1,224,219	59,479	105,493	2,054,599
<b>Profit for the period before Zakat</b>	<b>2,546,083</b>	<b>3,450,468</b>	<b>(4,249)</b>	<b>31,056</b>	<b>6,023,358</b>
Zakat	(129,545)	(238,337)	(11,580)	(20,538)	(400,000)
<b>Profit for the year</b>	<b>2,416,538</b>	<b>3,212,131</b>	<b>(15,829)</b>	<b>10,518</b>	<b>5,623,358</b>

**As at 31 March 2022 :**

<b>Profit and loss items</b>	<b>Pasta sector</b>	<b>Vegetable sector</b>	<b>Breakfast beans sector</b>	<b>Meat products sector</b>	<b>Total</b>
Sales (Net)	11,835,901	20,512,732	497,772	1,715,194	34,561,599
Cost of Sales	(5,783,523)	(13,494,887)	(642,614)	(1,499,432)	(21,420,456)
<b>Gross Margin</b>	<b>6,052,378</b>	<b>7,017,845</b>	<b>(144,842)</b>	<b>215,762</b>	<b>13,141,143</b>
Administrative and General expenses	(638,228)	(1,489,199)	(70,914)	(165,467)	(2,363,808)
Selling and marketing expenses	(986,416)	(2,301,638)	(109,601)	(255,738)	(3,653,393)
<b>Profit from the main operation</b>	<b>4,427,734</b>	<b>3,227,008</b>	<b>(325,357)</b>	<b>(205,443)</b>	<b>7,123,942</b>
Provision for expected credit losses	(103,769)	(242,129)	(11,530)	(26,903)	(384,331)
Finance charges	(55,620)	(129,780)	(6,180)	(14,420)	(206,000)
Finance cost	(10,674)	(24,907)	(1,187)	(2,767)	(39,535)
Other Income	(11,227)	(26,195)	(1,247)	(2,911)	(41,580)
<b>Profit for the period before Zakat</b>	<b>4,246,444</b>	<b>2,803,997</b>	<b>(345,501)</b>	<b>(252,444)</b>	<b>6,452,496</b>
Zakat	(81,000)	(189,000)	(9,000)	(21,000)	(300,000)
<b>Profit for the year</b>	<b>4,165,444</b>	<b>2,614,997</b>	<b>(354,501)</b>	<b>(273,444)</b>	<b>6,152,496</b>



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**15. INTERIM RESULTS**

The results of operations for the condensed interim periods may not be an accurate indication of the results of the full year operations.

**16. SUBSEQUENT EVENTS**

The management believes that there are no significant subsequent events since the end of the year that may affect the financial position of the Company.

**17. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by the Board of Directors on 26 Shawal 1444H (corresponding to 16 May 2023).