



ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTHS PERIODS ENDED SEPTEMBER 30, 2021
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF CONDENSED INTERIM FINANCIAL STATEMENTS

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND NINE-MONTHS PERIODS ENDED SEPTEMBER 30, 2021

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

**To the Shareholders of
Arab Sea Information Systems Company
(A Saudi Joint Stock Company)**

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **Arab Sea Information Systems Company** ("the company") as of September 30, 2021, and the related condensed interim statements of profit or loss and other comprehensive income for the three month and nine months periods ended September 30, 2021 and condensed interim statement of changes in equity and cash flows for the nine months period then ended, and other explanatory notes. Management is responsible for preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" 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" endorsed in the Kingdom of Saudi Arabia. A review of 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 as endorsed in the Kingdom of Saudi Arabia and consequently doesn't 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.

Other matter:

The condensed interim financial statements of the company for the three months and nine months periods ended September 30, 2020, were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on Rabi' al-Awal 22, 1442 H, (corresponding on November 8, 2020). Further, the company financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on Shaaban 16, 1442H (corresponding March 29, 2021).

Allied Accountants Professional Services Company


Mohammed Bin Farhan Bin Nader
(License No. 435)
Riyadh, Kingdom of Saudi Arabia
22 Rabi' al-Awal 1443 H (Corresponding to (28 October 2021))



ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2021
(SAUDI RIYAL)

	Notes	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	491,521	390,138
Intangible assets	6	120,477,290	129,298,818
Advance payment for investment	7	1,250,000	1,250,000
Total non-current assets		122,218,811	130,938,956
Current assets			
Inventory		16,477,272	12,194,944
Prepaid expenses and other current assets		270,748	152,682
Trade receivables	8	15,026,786	7,895,004
Cash and cash equivalents		5,713,506	3,085,104
Total current assets		37,488,312	23,327,734
Total assets		159,707,123	154,266,690
EQUITY AND LIABILITIES			
Equity			
Share capital	9	100,000,000	100,000,000
Statutory reserve	10	15,385,505	15,385,505
Retained earnings		31,145,528	20,941,453
Total equity		146,531,033	136,326,958
Liabilities			
Non-current liabilities			
Employees' defined benefits obligations		4,126,794	3,667,671
Total non-current liabilities		4,126,794	3,667,671
Current liabilities			
Deferred revenues		1,047,236	3,075,913
Trade payables		2,102,915	1,966,328
Due to related parties	11	398,804	448,561
Accrued expenses and other current liabilities		4,525,428	4,837,241
Zakat provision	12	974,913	3,944,018
Total current liabilities		9,049,296	14,272,061
Total liabilities		13,176,090	17,939,732
Total equity and liabilities		159,707,123	154,266,690

Finance Manager

Chief executive officer

Board of directors' member

The accompanying notes are an integral part of these condensed interim financial statements

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE-MONTHS PERIODS ENDED SEPTEMBER 30, 2021
(SAUDI RIYAL)

	Notes	For the three-months period ended		For the nine-months period ended	
		September 30, 2021 (unaudited)	September 30, 2020 (unaudited)	September 30, 2021 (unaudited)	September 30, 2020 (unaudited)
Revenues	13	11,719,972	5,658,322	33,954,115	17,413,657
Cost of revenues		(6,039,607)	(5,115,148)	(11,489,395)	(14,483,157)
Gross Profit		5,680,365	543,174	22,464,720	2,930,500
Selling and marketing expenses		(2,430,822)	(1,785,162)	(6,401,608)	(4,677,050)
General and administrative expenses		(1,872,949)	(2,017,524)	(5,589,844)	(5,015,830)
Other revenue		4,194	3,689	37,713	10,217
Operating profit / (loss)		1,380,788	(3,255,823)	10,510,981	(6,752,163)
Zakat	12	(200,813)	(1,181,330)	(306,906)	(1,266,985)
Profit / (loss) for the period		1,179,975	(4,437,153)	10,204,075	(8,019,148)
Other comprehensive income:					
Other comprehensive income items		-	-	-	-
Comprehensive income / (loss) for the period		1,179,975	(4,437,153)	10,204,075	(8,019,148)
Basic and diluted earnings / (loss) per share from profit / (loss) for the period	14	0.12	(0.44)	1.02	(0.80)

Finance Manager



Chief executive officer



Board of directors' member



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ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
(SAUDI RIYAL)

	Share capital	Statutory reserve	Retained earnings	Total
For the Nine-months period ended September 30, 2021				
Balance as at January 1, 2021 (Audited)	100,000,000	15,385,505	20,941,453	136,326,958
Comprehensive income for the period	-	-	10,204,075	10,204,075
Balance as at September 30, 2021 (Unaudited)	100,000,000	15,385,505	31,145,528	146,531,033
For the Nine-months period ended September 30, 2020				
Balance as at January 1, 2020 (Audited)	100,000,000	15,385,505	36,691,733	152,077,238
Comprehensive loss for the period	-	-	(8,019,148)	(8,019,148)
Balance as at September 30, 2020 (Unaudited)	100,000,000	15,385,505	28,672,585	144,058,090

Finance Manager

Chief executive officer

Board of directors' member

The accompanying notes are an integral part of these condensed interim financial statements

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
(SAUDI RIYAL)

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
<u>OPERATING ACTIVITIES:</u>		
Profit / (loss) for the period before zakat	10,510,981	(6,752,163)
Adjustments for non-cash items:		
Amortization of intangible assets	8,821,528	8,562,683
Depreciation of property and equipment	46,113	117,084
Gain from disposal of property and equipment	(23,075)	-
Employees' defined benefits obligations charged	469,500	442,501
	<u>19,825,047</u>	<u>2,370,105</u>
Changes in working capital:		
Inventory	(4,282,328)	1,337,741
Trade receivables	(7,131,782)	714,665
Prepaid expenses and other current assets	(118,066)	(176,724)
Deferred revenues	(2,028,677)	(973,062)
Trade payables	136,587	(5,249,406)
Accrued expenses and other current liabilities	(311,813)	4,220,540
Due to related parties	(49,757)	(1,565,497)
Cash generated from operations	<u>6,039,211</u>	<u>678,362</u>
Employees' defined benefits obligations paid	(10,377)	(71,094)
Zakat paid	(3,276,011)	(290,129)
Net cash flows from operating activities	<u>2,752,823</u>	<u>317,139</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(147,496)	(116,429)
Proceeds from disposal of property and equipment	23,075	-
Net cash flows used in investing activities	<u>(124,421)</u>	<u>(116,429)</u>
Net change in cash and cash equivalents	<u>2,628,402</u>	<u>200,710</u>
Cash and cash equivalents at the beginning of the period	<u>3,085,104</u>	<u>1,556,438</u>
Cash and cash equivalents at the end of the period	<u>5,713,506</u>	<u>1,757,148</u>

 Finance Manager
  Chief executive officer
  Board of directors' member

The accompanying notes are an integral part of these condensed interim financial statements

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

1 CORPORATE INFORMATION

Arab Sea Information Systems Company - is a Saudi Joint Stock Company ("the Company"), registered in accordance with companies' law and regulations in the Kingdom of Saudi Arabia under Ministerial Resolution number. (128/M) dated 14/04/1429 H corresponding to 21/04/2009 by announcing the transformation of the Arab Sea Information Systems Company from a Limited Liability Company to a Saudi Closed Joint Stock Company, moreover the Company was registered under commercial register number 1010169116 issued in Riyadh City on Jumada Al-Akhira 27 1422 H (corresponding to September 15, 2001).

On March 17, 2020, the Company has submitted a request to move to the main market through the automated system set by the Capital Market Authority, and the company moved to the main market on April 12, 2020 after the authority approved the transfer request, and the company's shares were listed on the main market on April 12, 2020.

The head office of the company is located in Riyadh - Kingdom of Saudi Arabia, PO Box: 40268, Postal Code: 11499.

The company's activity is as follows:

- Installation and extension of computer and communication networks.
- Operating systems.
- Retail sale of computers and it's accessories, including (printers and their inks).

The accompanying condensed interim financial statements includes the results of the business, assets, liabilities and activities of the company and its branches, and the details of these branches are as follows:

Branch name	City	Commercial Registration number
Network Solutions Branch of Arab Sea Information Systems Company	Riyadh	1010251079
Arab Sea Training Center	Riyadh	1010664109
Arab Sea Information Systems Company	Buraydah	1131291891
Arab Sea Information Systems Company	Khobar	2051221240
Arab Sea Information Systems Company	Tabuk	3550123009
Arab Sea Information Systems Company	Jeddah	4030287742
Arab Sea Information Systems Company	Khamis Mushait	5855339644

2 CONDENSED INTERIM FINANCIAL STATEMENTS BASIS OF PREPARATION

2-1 Statement of Compliance

The company's condensed interim financial statements have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting" that are endorsed in the Kingdom of Saudi Arabia, and other standards and announcement approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. The results for the period are not indicative of the annual results for the Company.

2-2 Basis of measurement

These condensed interim financial statements have been prepared under historical cost convention using going concern basis except for the defined benefits obligations that are measured at present value of future obligation using projected unit credit method, Moreover, these condensed interim financial statements are prepared using Accrual basis.

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

2 CONDENSED INTERIM FINANCIAL STATEMENTS BASIS OF PREPARATION
(CONTINUED)

2-3 Significant accounting estimates and assumptions

The preparation of 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 and approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") that requires to use of some significant estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of potential assets and liabilities as of the date of the condensed interim financial statements.

As well as the reported amounts of revenues and expenses during the condensed interim financial statements period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions regarding the future. The results of accounting estimates, by definition, rarely equal the related actual results. There are no significant estimates that have a significant risk of causing a material adjustment to the carrying amounts of the assets within the next twelve months.

2-4 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyal, unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Company.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ARE EFFECTIVE

Certain amendments to the current standards have become applicable in the current reporting period. The amendments had no effect on the Company's condensed interim financial statements and therefore the Company did not change its accounting policies or make any retroactive adjustments.

Certain new accounting standards and interpretations that are not mandatory for reporting periods were issued on September 30, 2021 and have not been early adopted by the Company. It is not expected that these standards will have a material impact on the Company in the current or future reporting periods and on its expected future transactions.

4 CONSISTENT OF ACCOUNTING POLICIES

The accounting policies followed and the methods of calculation applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended December 31, 2020.

5 PROPERTY AND EQUIPMENT

Property and equipment additions during the period amounted to SR 147,496 (September 30, 2020: SR 116,429) and the disposals during the period amounted to SR 95,555 (September 30, 2020: None). The depreciation expense during the period amounted to SR 46,113, compared to (September 30, 2020: SR 117,084).

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

6 INTANGIBLE ASSETS

Intangible assets represent the cost of developing and creating the SMACC program in addition to a number of accounting applications and programs, the following is a summary of the movement of intangible assets for the period and year ended in:

	(Saudi Riyal)	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cost:		
Balance at the beginning of the period / year	240,742,655	240,682,655
Additions during the period / year	-	60,000
Balance at the end of the period/ year	240,742,655	240,742,655
(Deduct) Accumulated Amortization:		
Balance at the beginning of the period / year	99,773,837	88,356,218
Amortization during the period / year	8,821,528	11,417,619
Balance at the end of the period / year	108,595,365	99,773,837
(Deduct) Accumulated Impairment losses:		
Balance at the beginning of the period / year	11,670,000	6,670,000
Impairment loss for the period / year	-	5,000,000
Balance at the end of the period / year	11,670,000	11,670,000
Net book value at the end of the period / year	120,477,290	129,298,818

The Company conducted a study to assess the impairment in the value of intangible assets as on December 31, 2020 and assigned Ahmed Muhammad Abdullah Al-Faraj office for business valuation (approved evaluator with license number 4112000053 in the Saudi Authority for accredited valuers). The evaluation was based on assumptions related to future sales volume, prices and rates. Annual growth, final growth rates, discount rates and other related factors. The results of these assumptions depended largely on the success of future operations according to management's estimates and the achievement of its future plans based on the result of the impairment assessment. This assessment resulted in an estimation of intangible assets amounted to SR 127.5 million at the date of the financial statements, depending on the present value method of future cash flows, with a decrease of SR 7.4 million in the value of intangible assets. The Company has decided to reduce the value of intangible assets by an amount of SR 5 million, considering it is closer to the certified valuer average estimate of the decrease, which was estimated its range within the study (from zero to SR 14.8 million).

7 ADVANCE PAYMENT FOR INVESTMENT

On September 17, 2020, the Board of Directors approved to start establish a Company under name of Arab Sea Financial Company – A Sole Proprietorship Closed Joint Stock Company based in Riyadh, specialized in digital payments, which is fully owned by Arab Sea Information Systems Company. After getting the necessary approvals from concerned authorities and parties, as at December 9, 2020, an amount of SR 1,250,000 was deposited with a bank account in the name of Arab Sea Financial Company - A Sole Proprietorship Closed Joint Stock Company, which represent quarter of the capital specified for the Company with full capital amounted to 5,000,000 SR, moreover the legal and statutory procedures are still not complete and the licenses to start the Company's activity and operations are still under approvals process.

8 TRADE RECEIVABLES

	(Saudi Riyal)	
	September 30, 2021 (unaudited)	December 31, 2020 (audited)
Trade receivables	23,548,178	16,416,396
Less: expected credit loss for trade receivables	(8,521,392)	(8,521,392)
Net	15,026,786	7,895,004

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

9 SHARE CAPITAL

The share capital as of September 30, 2021 is SR 100 million (December 31, 2020: SR 100 million), divided into 10 million shares as of September 30, 2021 (December 31, 2020: 10 million shares) with a nominal value of SR 10 per share.

10 STATUTORY RESERVE

In accordance with Company's articles of association and Company's By-laws and regulations for companies, the Company is required to transfer 10% of its net profit each year to establish a statutory reserve until this reserve reaches 30% of its share capital.

11 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the principals, affiliates, members of the board of directors and senior management of the company and the companies in which they are major owners. The terms and conditions relating to these transactions are provided by the company's management.

The following are the balances with related parties shown in the statement of financial position:

		(Saudi Riyal)	
		September 30, 2021	December 31, 2020
		(Unaudited)	(Audited)
<u>Due to related parties</u>	<u>Transaction</u>		
Shareholders	Finance	398,804	448,561
Total		398,804	448,561

Transactions of Key and Senior Management personnel:

Compensation and bonuses for senior executive management employees' and committees includes the following:

		(Saudi Riyal)	
		September 30, 2021	September 30, 2020
		(Unaudited)	(Unaudited)
Salaries and other short-term benefits for employees		430,000	367,961
Total		430,000	367,961

12 ZAKAT PROVISION

		(Saudi Riyal)	
		September 30, 2021	December 31, 2020
		(Unaudited)	(Audited)
Balance at the beginning of the period / year		3,944,018	1,768,004
Zakat assessment differences during the period / year		-	1,844,451
Charged for the period / year		306,906	621,692
Paid during the period / year		(3,276,011)	(290,129)
Balance at the end of the period / year		974,913	3,944,018

Zakat Status:

The Company has obtained a zakat assessment from 2014 to 2018 with an amount of 1,472,504 Saudi riyals, on Rajab 17 1442 (corresponding to March 1, 2021) the Company has obtained the approval from Zakat, Tax and Customs Authority on an installment agreement for the remaining unpaid zakat dues amounting to 2,552,326 Saudi riyals over 6 monthly installments with an amount of 425,387 Saudi riyals. The first installment started on March 18, 2021, and the remaining amount to be paid after rescheduling the installments by the Authority as of September 30, 2021, and zakat dues for the Company amounted to 425,391 Saudi riyals. The Company has submitted its zakat returns until the year ended December 31, 2020, and received the certificate.

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

13 REVENUES

Below is a breakdown of the Company's revenues from contracts by type of goods (revenues for software and hardware licenses) or services (revenues for maintenance services and technical support), the timing of revenue recognition and the type of customers:

	(Saudi Riyal)			
	For the Three-months period ended		For the Nine-months period ended	
	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Revenue recognition timing				
<u>At the point of time</u>				
Revenue from software licenses and hardware	10,323,980	4,907,914	29,703,596	12,292,114
<u>Over the period of time</u>				
Revenue from maintenance and technical support services	1,395,992	750,408	4,250,519	5,121,543
Total	<u>11,719,972</u>	<u>5,658,322</u>	<u>33,954,115</u>	<u>17,413,657</u>

	(Saudi Riyal)			
	For the Three-months period ended		For the Nine-months period ended	
	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Type of customer				
Governmental and semi-government				
Governmental sector	11,563,051	-	33,589,078	-
Private sector	156,921	5,658,322	365,037	17,413,657
Total	<u>11,719,972</u>	<u>5,658,322</u>	<u>33,954,115</u>	<u>17,413,657</u>

14 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to the shareholders of the Company by the weighted average number of ordinary shares issued during the period. Since the company does not have any diluted potential shares, the diluted earnings / (loss) per share is the same as the basic earnings / (loss) per share.

15 SEGMENT INFORMATION

Operating Sector

The Company's products originate in the Kingdom of Saudi Arabia, and it has only two sectors, which are the applications and software sector, and the computer hardware sector. Neither of the two sectors has met the limits set forth in IFRS 8 "Operating segment" to disclose their information.

Geographical sector

The Company carries out its activities in the Kingdom of Saudi Arabia.

16 COMPARATIVE FIGURES

The comparative figures presented for the year ended December 31, 2020 have been reclassified to conform to the presentation and classification for the current period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

17 FINANCIAL INSTRUMENTS

Fair value is the amount that will be received against an asset or a liability to convert a liability under a systematic transaction between the market participants on the measurement date. Within the definition of fair value, it is assumed that the Company will continue to operate as there is no intention or requirement to substantially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is included in an active market if the quoted prices are readily and regularly available from a cash dealer, an industry group broker, a pricing service or a regulatory body, and these prices represent actual and regular market transactions on a commercial basis.

When measuring fair value, the Company uses observable market information whenever possible. Fair values are classified at different levels in the fair value hierarchy based on the inputs used in valuation methods as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets and liabilities can be obtained at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (eg. prices) or indirectly (derived from prices).
- Level 3: inputs for assets and liabilities not based on observable market information (unobservable inputs).

All financial assets and financial liabilities of the Company are not measured at fair value and are measured at amortized cost.

18 COVID-19 IMPACT ON COMPANY'S OPERATIONS OF CONDENSED INTERIM FINANCIAL STATEMENTS

The World Health Organization declared during March 2020 that the outbreak of the Coronavirus (Covid-19) constitutes a pandemic due to its rapid spread throughout the world. The outbreak of this virus has also affected the GCC region, including Saudi Arabia. Governments around the world have taken steps to contain the spread of the virus. Saudi Arabia in particular has implemented border closures, issued directives for social distancing and imposed a nationwide closure and curfew.

The extent of the impact of the Corona pandemic on the company's business, operations and financial results is something the management believes, but the amounts are not specific and depend on many factors and future developments. This required the company's management to reassess the main assumptions, estimates and sources applicable to the company's financial statements for the year ended December 31, 2020, and the condensed interim financial statements for the period ended September 30, 2021.

During the period, and with the discovery of vaccines for this pandemic and the decline of the effects resulting from that pandemic, the management evaluated all effects on the operations and activities of the company, and based on this evaluation, there was no need to make substantial adjustments in the condensed interim financial statements for the period ended September 30, 2021, however, In view of the current uncertainty, any future change in assumptions and estimates results may arise thereof, that require substantial adjustments to the carrying values of assets and / or liabilities in future periods. In view of the rapid development of the current situation with the existence of uncertainty about the future, management will continue to evaluate the impact based on future developments.

19 SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events after the date of the condensed interim financial position statement as on September 30, 2021 that may require disclosure or an amendment to the condensed interim condensed financial statements.

20 APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements approved by the board of directors on 22 Rabi' al-Awal 1443 H (corresponding to 28 October 2021).