

**Fawaz Abdulaziz Al Hokair & Company**  
(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements  
(unaudited)

For the three-month period ended 30 June 2022  
together with the

**Independent Auditor's Review Report**

**Fawaz Abdulaziz Al Hokair & Company**  
(a Saudi Joint Stock company)  
**Condensed consolidated interim financial statements**  
For the three-month period ended 30 June 2022

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

To the Shareholders of  
Fawaz Abdulaziz Al Hokair & Company  
(A Saudi Joint Stock Company)

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Fawaz Abdulaziz Al Hokair & Company (the "Company") and its subsidiaries (collectively referred as the "Group"), a Saudi Joint Stock Company as of 30 June 2022 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated 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 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 consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**Other matter**

The condensed consolidated interim financial statements as at and for the three-month period ended 30 June 2021 were reviewed, and the consolidated financial statements as at and for the year ended 31 March 2022 were audited by another auditor, whose review and audit reports dated 19 August 2021 and 6 July 2022 respectively, expressed an unmodified review conclusion and unmodified audit opinion thereon.

**Report on Other Legal and Regulatory Requirements**

As at 30 June 2022, the Group has an outstanding receivable balance of SR 276.5 million from a shareholder, which is a non-compliance of Companies Law (Article 73 or 153, as applicable) in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh, on: 23 Muharram 1444 (H)  
Corresponding to: 21 August 2022 (G)

**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Condensed consolidated statement of financial position**

As at 30 June 2022

(All Amounts in Saudi Riyals unless otherwise Stated)

	Notes	30 June 2022 (Unaudited)	31 March 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	1,420,179,949	1,358,326,395
Right-of-use assets		3,306,257,860	3,275,783,678
Goodwill and intangible assets		1,094,096,103	1,083,033,024
Investment property		1,509,600	1,509,600
Investment in equity accounted investments	8	63,030,731	62,024,793
Other investments	9	297,136,187	299,690,686
Derivative asset		29,616,914	29,616,914
<b>Non-current assets</b>		<b>6,211,827,344</b>	<b>6,109,985,090</b>
<b>Current assets</b>			
Inventories		1,410,888,815	1,700,475,574
Advances, deposits and other receivables		548,273,020	474,615,226
Prepayments		59,394,521	63,637,597
Cash and cash equivalents		197,411,874	197,887,745
<b>Current assets</b>		<b>2,215,968,230</b>	<b>2,436,616,142</b>
<b>Total assets</b>		<b>8,427,795,574</b>	<b>8,546,601,232</b>
<b>Equity</b>			
Share capital		1,147,664,480	2,100,000,000
Statutory reserve		-	-
Foreign currency translation reserve		(511,836,252)	(519,515,816)
Fair value reserve		12,949,544	12,949,544
Retained earnings / (accumulated losses)		27,612,815	(982,305,851)
<b>Equity attributable to the shareholders of the Company</b>		<b>676,390,587</b>	<b>611,127,877</b>
<b>Non-controlling interest</b>		<b>(106,937,795)</b>	<b>(107,079,020)</b>
<b>Total equity</b>		<b>569,452,792</b>	<b>504,048,857</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		2,876,487,792	2,845,746,744
Employee benefits		107,107,623	102,988,787
<b>Non-Current liabilities</b>		<b>2,983,595,415</b>	<b>2,948,735,531</b>
<b>Current liabilities</b>			
Loans and borrowings	10	2,872,866,821	2,877,891,969
Lease liabilities – current portion		640,873,664	632,273,878
Bank overdraft		49,908,900	50,119,035
Trade and other payables		1,261,335,148	1,496,457,932
Zakat and tax liabilities		49,762,834	37,074,030
<b>Current liabilities</b>		<b>4,874,747,367</b>	<b>5,093,816,844</b>
<b>Total liabilities</b>		<b>7,858,342,782</b>	<b>8,042,552,375</b>
<b>Total equity and liabilities</b>		<b>8,427,795,574</b>	<b>8,546,601,232</b>

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:



**Ahmed Albelbesy**  
Chief Financial Officer



**Mohamad Rafic Mourad**  
Chief Executive Officer



**Fawaz Abdulaziz Al Hokair**  
Chairman

# Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

## Condensed consolidated statement of profit or loss

For the three-month period ended 30 June 2022

(All Amounts in Saudi Riyals unless otherwise Stated)

	Notes	For the three-month period ended 30 June 2022 (Unaudited)	For the three-month period ended 30 June 2021 (Unaudited)
Revenue	13	1,705,644,061	1,700,704,771
Cost of revenue	14	(1,427,522,529)	(1,368,103,050)
<b>Gross profit</b>		<b>278,121,532</b>	<b>332,601,721</b>
Other operating income	15	44,101,319	18,396,582
Selling and distribution expenses		(44,094,554)	(44,271,492)
General and administrative expenses		(85,362,737)	(98,510,447)
Depreciation and amortization	7	(40,976,837)	(65,267,053)
Other operating expense	15	(8,051,381)	(14,787,001)
<b>Operating profit</b>		<b>143,737,342</b>	<b>128,162,310</b>
Finance costs over loans and borrowings		(29,567,811)	(30,012,557)
Finance costs over lease liabilities		(38,469,795)	(42,118,559)
<b>Net finance costs</b>		<b>(68,037,606)</b>	<b>(72,131,116)</b>
<b>Profit before zakat and income tax</b>		<b>75,699,736</b>	<b>56,031,194</b>
Zakat and Income tax expense		(18,033,602)	(10,297,705)
<b>Profit for the period</b>		<b>57,666,134</b>	<b>45,733,489</b>
<b>Profit for the period is attributable to:</b>			
Shareholders of the Company		57,583,146	46,881,257
Non-controlling interests		82,988	(1,147,768)
		<b>57,666,134</b>	<b>45,733,489</b>
<b>Earnings per share</b>			<i>Restated</i>
Basic and diluted earnings per share	11	0.50	0.41

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

		
Ahmed Albelbesy Chief Financial Officer	Mohamad Rafic Mourad Chief Executive Officer	Fawaz Abdulaziz Al Hokair Chairman

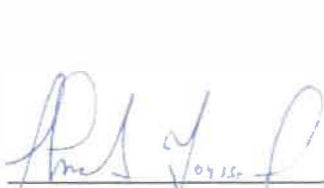
**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Condensed consolidated statement of comprehensive income**

For the three-month period ended 30 June 2022


(All Amounts in Saudi Riyals unless otherwise Stated)

	For the three-month period ended 30 June 2022 (Unaudited)	For the three-month period ended 30 June 2021 (Unaudited)
<b>Profit for the period</b>	<b>57,666,134</b>	<b>45,733,489</b>
<b>Items that will not be reclassified to profit or loss:</b>		
Re-measurements of defined benefit liability	-	-
Equity investments at FVOCI – net change in fair value	-	-
	-	-
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Foreign operations – foreign currency translation differences	7,737,801	11,157,678
<b>Other comprehensive income for the period</b>	<b>7,737,801</b>	<b>11,157,678</b>
<b>Total comprehensive income for the period</b>	<b>65,403,935</b>	<b>56,891,167</b>
<b>Total comprehensive income for the period attributable to:</b>		
- Shareholders of the Company	65,262,710	57,901,738
- Non-controlling interests	141,225	(1,010,571)
	<b>65,403,935</b>	<b>56,891,167</b>

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

  
**Ahmed Albelbesy**  
 Chief Financial Officer

  
**Mohamad Rafic Mourad**  
 Chief Executive Officer

  
**Fawaz Abdulaziz Al Hokair**  
 Chairman

## Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

### Condensed consolidated statement of changes in equity

For the three-month period ended 30 June 2022

(All Amounts in Saudi Riyals unless otherwise Stated)

	Attributable to shareholders of the Company							Total equity
	Share capital	Statutory reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings/ (accumulated losses)	Total shareholders' equity	Non-Controlling interest	
<b>Balance at 1 April 2021 (Audited)</b>	2,100,000,000	--	(510,642,899)	--	(1,037,812,790)	551,544,311	(99,970,100)	451,574,211
Profit / (loss) for the period	--	--	--	--	46,881,257	46,881,257	(1,147,768)	45,733,489
Other comprehensive income	--	--	11,020,481	--	--	11,020,481	137,197	11,157,678
<b>Total comprehensive income for the period</b>	--	--	11,020,481	--	46,881,257	57,901,738	(1,010,571)	56,891,167
<b>Balance at 30 June 2021 (Unaudited)</b>	2,100,000,000	--	(499,622,418)	--	(990,931,533)	609,446,049	(100,980,671)	508,465,378
<b>Balance at 1 April 2022 (Audited)</b>	2,100,000,000	--	(519,515,816)	12,949,544	(982,305,851)	611,127,877	(107,079,020)	504,048,857
Profit for the period	--	--	--	--	57,583,146	57,583,146	82,988	57,666,134
Other comprehensive income	--	--	7,679,564	--	--	7,679,564	58,237	7,737,801
<b>Total comprehensive income for the period</b>	--	--	7,679,564	--	57,583,146	65,262,710	141,225	65,403,935
Changes in ownership interests								
Capital Reduction	(952,335,520)	--	--	--	952,335,520	--	--	--
<b>Balance at 30 June 2022 (Unaudited)</b>	1,147,664,480	--	(511,836,252)	12,949,544	27,612,815	676,390,587	(106,937,795)	569,452,792

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.



Ahmed Albelbesy  
Chief Financial Officer



Mohammad Rafic Mourad  
Chief Executive Officer



Fawaz Abdulaziz Al Hokair  
Chairman



**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Condensed consolidated statement of cash flows**

For the three-month period ended 30 June 2022

(All Amounts in Saudi Riyals unless otherwise Stated)

	For the three-month period ended 30 June 2022 (Unaudited)	For the three-month period ended 30 June 2021 (Unaudited)
<b>Cash flows from operating activities:</b>		
Profit for the period	57,666,134	45,733,490
<i>Adjustments for:</i>		
- Depreciation on property and equipment	38,006,464	65,267,053
- Depreciation on right-of-use assets	140,240,471	140,733,425
- Amortization on intangible asset	2,970,373	
- Provision for employees benefits	15,153,008	4,398,576
- Provision for inventory shrinkage and slow-moving inventory	30,574,525	104,592,421
- Gain on lease termination and modification	(698,967)	(1,279,962)
- Zakat expense & Income Tax	18,033,602	10,297,705
- Finance cost over loans and borrowings	29,567,811	30,012,557
- Finance cost over lease liabilities	38,469,795	44,616,275
- Share of gain from Investment in equity accounted investments	(1,005,938)	--
- Loss on write-off of property and equipment	98,754	115,935
- Store closure losses	7,952,627	5,670,078
- Rental concession for leases	(7,398,525)	(8,581,050)
	369,630,134	441,576,503
<i>Changes in:</i>		
- Inventories	259,012,234	27,088,798
- Advances, deposits and other receivables	(73,657,794)	(79,442,952)
- Prepayments, rentals and insurance	4,243,076	7,804,578
- Trade and other payables	(235,122,784)	(153,477,543)
<b>Cash from operating activities</b>	324,104,866	243,549,384
Zakat and income tax paid	(5,344,798)	(1,415,221)
Employee benefits paid	(11,034,172)	(2,508,467)
<b>Net cash from operating activities</b>	307,725,896	239,625,696
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(107,911,399)	(42,868,290)
Purchase of intangible assets	(19,754,210)	(11,189,329)
Disposal of intangible assets	5,720,758	5,551
<b>Net cash used in investing activities</b>	(121,944,851)	(54,052,068)

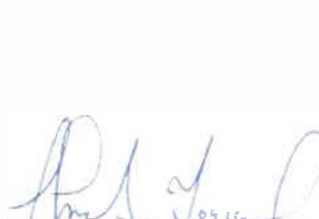

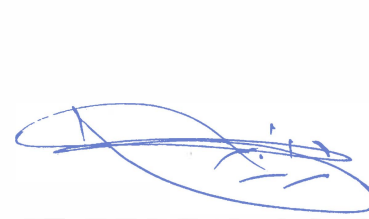


**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Condensed consolidated statement of cash flows (continued)**

For the three-month period ended 30 June 2022

	For the three-month period ended 30 June 2022 (Unaudited)	For the three-month period ended 30 June 2021 (Unaudited)
<b>Cash flows from financing activities:</b>		
Repayments of loans and borrowings	(5,025,148)	(125,343,671)
Payments of finance costs over loans and borrowings	(29,567,811)	(15,809,134)
Repayments of lease liabilities	(124,207,595)	(103,482,374)
Payments of finance costs over lease liabilities	(38,469,795)	(44,616,273)
<b>Net cash used in financing activities</b>	<b>(197,270,349)</b>	<b>(289,251,452)</b>
Net decrease in cash and cash equivalents	(11,489,304)	(103,677,824)
Foreign currency exchange translation differences	11,223,568	10,333,104
Cash and cash equivalents at the beginning of period	147,768,710	467,591,552
<b>Cash and cash equivalents at end of period</b>	<b>147,502,974</b>	<b>374,246,832</b>

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

		
Ahmed Albelbesy Chief Financial Officer	Mohamad Rafic Mourad Chief Executive Officer	Fawaz Abdulaziz Al Hokair Chairman

**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
For the three-month period ended 30 June 2022

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**1. REPORTING ENTITY**

Fawaz Abdulaziz Al Hokair & Co. (the “Company”) is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20 Sha’ban 1410H (corresponding to 18 March 1990).

The objective of the Company and its subsidiaries (collectively referred as the “Group”) is to engage in the following activities:

- Wholesale and retail trading in ready-made cloth for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sportswear and shoes and related items.
- Management and operation of optics centers and wholesale and retail trading in eyeglasses, sunglasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for running the Group’s activities and business.
- Manufacture, wholesale and retail in Abayas, robes, scarfs and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.
- Retail trading in consumer food products.
- Own and operate restaurants, coffee shops, import food products and acquire related equipment.
- Own and operate entertainment centers and acquire related equipment.

The shareholders of the parent company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million through cancellation of 95,233,552 shares of SAR 10 each to absorb the accumulated losses. Subsequent to the period end, the Group amended its Articles of Association, however, Group’s revised share capital was not updated in Commercial Registration.

All Amounts in Saudi Riyals unless otherwise Stated.

**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**

For the three-month period ended 30 June 2022

**2. GROUP STRUCTURE**

These condensed consolidated interim financial statements include the assets, liabilities and result of operations of the Company and the following subsidiaries:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				30 June 2022	31 March 2022
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Retail	100	100
8	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	100	100
9	Azal Restaurants Company	Kingdom of Saudi Arabia	Food and Beverage	100	100
10	First Pizza Company	Kingdom of Saudi Arabia	Food and Beverage	70	70
11	Logistics Fashion Trading DWC-LLC	Kingdom of Saudi Arabia	Food and Beverage	65	65
12	Fashion Retail Kazakhstan LLP	United Arab Emirates	Food and Beverage	51	51
13	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
14	Retail Group Georgia LLC	Republic of Kazakhstan	Retail	100	100
15	Master Retail Georgia LLC	Georgia	Retail	100	100
16	Spanish Retail Georgia LLC	Georgia	Retail	100	100
17	Pro Retail Georgia LLC	Georgia	Retail	100	100
18	Best Retail Georgia LLC	Georgia	Retail	100	100
19	Mega Store Georgia LLC	Georgia	Retail	100	100
20	Fashion Retail Georgia LLC	Georgia	Retail	100	100
21	Global Apparel Georgia LLC	Georgia	Retail	100	100
22	Retail Group Holding LLC	Georgia	Retail	100	100
23	Pro Retail Georgia LLC	Georgia	Retail	100	100
24	International Retail of Morocco	Georgia	Retail	100	100
25	Multi Trends Co.	Morocco	Retail	100	100
26	Retail Group of America LLC	Morocco	Retail	100	100
27	Billy Beez USA	United States of America	Retail	100	100
28	Retail Group Balkans doo Beograd	United States of America	Entertainment	100	100
29	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Entertainment	100	100
30	Retail Group Balkans doo Podgorica	Republic of Serbia	Retail	100	100
31	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	100	100
32	RIGE Co.	Balkan Peninsula	Retail	100	100
33	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	99	99
34	Retail Group Armenia CJSC	Arab Republic of Egypt	Retail	98	98
35	Spanish Retail CJSC	Armenia	Retail	96	96
		Armenia	Retail	100	100

All Amounts in Saudi Riyals unless otherwise Stated.

**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
For the three-month period ended 30 June 2022

**2. GROUP STRUCTURE (CONTINUED)**

No	Subsidiaries	Country of Incorporation	Business Activity	Ownership interest held by the Group as at:	
				30 June 2022	31 March 2022
36	ZR Fashion Retail CJSC	Armenia	Retail	100	100
37	Global Apparel CJSC	Armenia	Retail	100	100
38	BR Fashion Retail CJSC	Armenia	Retail	100	100
39	Master Retail CJSC	Armenia	Retail	100	100
40	Best Retail CJSC	Armenia	Retail	100	100
41	Retail Group CJSC	Armenia	Retail	100	100
42	Pro Retail CJSC	Armenia	Retail	100	100
43	Factory Prices CJSC	Armenia	Retail	100	100
44	Retail Group Jordan Co. LTD	Armenia	Retail	100	100
45	Nesak Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
46	Models Own Holding Limited	Hashemite Kingdom of Jordan	Retail	100	100
47	Models Own Limited	United Kingdom	Retail	51	51
48	Models Own International Ltd.	United Kingdom	Retail	51	51
49	Retail Group Azerbaijan LLC	United Kingdom	Retail	51	51
50	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
51	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
52	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
53	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
54	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
55	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
56	Retail Group Holding LLC	Azerbaijan	Retail	85	85
57	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85

All Amounts in Saudi Riyals unless otherwise Stated.

**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**

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For the three-month period ended 30 June 2022

### **3. BASIS OF ACCOUNTING**

#### **3.1 Statement of compliance**

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

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 18 Muharram 1444H (corresponding to 16 August 2022).

#### **3.2 Preparation of financial statements**

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

- Other investments at fair value;
- Derivative asset at fair value; and
- The defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

#### **3.3 Use of judgements and estimates**

In preparing these condensed consolidated interim financial statements, management has made judgements 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 March 2022.

All Amounts in Saudi Riyals unless otherwise Stated.



**Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**

For the three-month period ended 30 June 2022

## **5. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE**

### *New standards, interpretations and amendments adopted by the Group*

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2022, except for the following amendments which apply for the first time in 2022. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These amendments had no impact on the condensed consolidated interim financial statements of the Group as there are no such transactions under the above amendments during the current period.

### *Impact of accounting standards to be applied in future periods*

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 March 2023 (the date of the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

## **6. INTERIM RESULTS**

The operations and revenues of the Group are affected by seasonal changes during the year. Therefore, the results of operations for the three-month period ended 30 June 2022, may not provide an accurate indication of the actual results for the full year.

## **7. PROPERTY AND EQUIPMENT**

During the three-month period ended 30 June 2022, the Group added property and equipment with a cost of SR 107.911 million (three-month period ended 30 June 2021: SR 42.87 million). Also, during the three-month period ended 30 June 2022, the depreciation charge for three-month period ended 30 June 2022 amounted to SR 38.01 million (three-month period ended 30 June 2021: SR 65.27 million) and the Group write off property and equipment amounting to SR 0.09 million (three-month period ended 30 June 2021: SR 0.12 million).

During the year ended 31 March 2022, the Group conducted an operational efficiency review at all of its assets, which resulted in changes in the expected usage of all assets. The buildings, leasehold improvements, furniture fixtures and office equipment and motor vehicles was intended to be used for 33 years, 8-15 years and 4-10 years respectively. As a result of revision of useful lives, the buildings, leasehold improvements, furniture, fixtures and office equipment and motor vehicles are expected to remain in use for 40 years, 15 years, 15 years, 6 years respectively. Consequently, the expected life of the assets increased which resulted in the decrease in the depreciation charge on property and equipment.

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**8. INVESTMENT IN EQUITY ACCOUNTED INVESTMENTS**

	<i>FG 4 Limited</i>	<i>FAS LAB (i)</i>	<i>Total</i>
Balance as at 1 April 2021 (Audited)	2,699,577	--	2,699,577
Addition	--	75,112,787	75,112,787
Share of loss for the year	(743,169)	(15,044,402)	(15,787,571)
<b>Balance as at 31 March 2022 (Audited)</b>	<b>1,956,408</b>	<b>60,068,385</b>	<b>62,024,793</b>
Balance as at 1 April 2022 (Audited)	1,956,408	60,068,385	62,024,793
Share of profit for period	--	1,005,938	1,005,938
<b>Balance as at 30 June 2022 (Unaudited)</b>	<b>1,956,408</b>	<b>61,074,323</b>	<b>63,030,731</b>

- (i) This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

**9. OTHER INVESTMENTS**

	<i>Financial assets at FVTPL (i)</i>	<i>Financial assets at FVOCI (ii)</i>	<i>Total</i>
Balance at 1 April 2020 (Audited)	200,000,000	--	200,000,000
Additions	--	84,432,122	84,432,122
Change in fair value	15,860,000	--	15,860,000
<b>Balance at 31 March 2021 (Audited)</b>	<b>215,860,000</b>	<b>84,432,122</b>	<b>300,292,122</b>
Change in fair value	(2,429,344)	13,213,820	10,784,476
Foreign currency translation difference	--	(11,385,912)	(11,385,912)
<b>Balance at 31 March 2022 (Audited)</b>	<b>213,430,656</b>	<b>86,260,030</b>	<b>299,690,686</b>
Foreign currency translation difference	--	(2,554,499)	(2,554,499)
<b>Balance at 30 June 2022 (Unaudited)</b>	<b>213,430,656</b>	<b>83,705,531</b>	<b>297,136,187</b>

- i. This represents investment in 20,000,000 units of Al Mubarak Real Estate Income Fund –II (the “fund”) with a nominal value of SR 10 each which has been acquired by the Company in exchange of its share of ownership of an investment property. The fund is a private closed ended real estate investment fund and the Group acquired its units on 16 December 2019.
- ii. On 31 March 2021, the Group has acquired 8.9% shares in Egyptian Centers for Real Estate Development in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition.

Management has done their assessment of the fair value of FVTPL and FVOCI investments at the period end and believes that these are not significantly different from their carrying values.

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**10. LOANS AND BORROWINGS**

	<i>Notes</i>	30 June 2022 (Unaudited)	31 March 2022 (Audited)
Islamic facility with banks (Murabaha)	(i)	2,866,394,370	2,865,986,750
Banking facilities of GCC subsidiaries	(ii)	6,472,451	11,905,219
		<b>2,872,866,821</b>	<b>2,877,891,969</b>
Short term borrowings		6,472,451	11,905,219
Current portion of long-term borrowings		2,866,394,370	2,865,986,750
<b>Loans and Borrowings - Current liabilities</b>		<b>2,872,866,821</b>	<b>2,877,891,969</b>
<b>Loans and Borrowings – Non-Current liabilities</b>		<b>-</b>	<b>-</b>
		<b>2,872,866,821</b>	<b>2,877,891,969</b>
i.			
Islamic facility with banks (Murabaha) – Gross		2,884,596,826	2,890,029,594
Less: Unamortized transaction cost		(11,730,005)	(12,137,625)
		<b>2,872,866,821</b>	<b>2,877,891,969</b>

The Group signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SAR 2,400 million and USD 166,000 on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half yearly installments commencing after 12 months from the date of signing the agreement. As at 30 June 2022, the Group has fully utilized this facility. The interest rate on this facility is SIBOR + 2.7% on loan tranche taken in SR and LIBOR + 3% on loan tranche taken in USD.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance. During the three-month period ended 30 June 2022, there has been non-compliance of certain covenants on the outstanding facility.

The Murabaha commercial terms agreement between the Company and the lending banks mandates that the existing breach of the financial covenants considered as an event of default which in turns allows the banks to declare the whole loan outstanding balance to be immediately due and accordingly as at 31 March 2021 the long-term loan balance of SR 2,253 million has been reclassified to be part of the current liabilities on the consolidated statement of financial position. The Company requested the lenders to waive the breach of loans covenants more than once during the year to which the lenders did not agree. However, the lenders have agreed that any waivers of the breach of loan covenants will only be considered in light of successful implementation of Capital Restructuring Transaction, the prepayment of revolving Murabaha Facilities and the corresponding partial cancellation of commitments under the Revolving Murabaha Facilities. The Board of Directors in their meeting dated 10 November 2021 had resolved that the Company will proceed with the rights issue of SR 1,000 million. On the board's recommendation, the shareholders through an extra-ordinary general meeting held on 29 June 2022 have approved the reduction of the share capital of the parent company to absorb the accumulated losses of SAR 952 million as at 31 December 2021. The rights issue is yet to be approved by the shareholders.

- ii. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms.

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## 11. EARNINGS PER SHARE

The calculation of basic and diluted loss per share has been based on the following profit /(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

		Three-month period ended 30 June 2022 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited) <i>Restated</i>
Weighted average number of ordinary shares	(a)	114,766,448	114,766,448
Profit attributable to ordinary shareholders		57,583,146	46,881,257
<b>Basic and diluted loss per share</b>		<b>0.50</b>	<b>0.41</b>

- a) The shareholders of the parent company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million through cancellation of 95,233,552 shares of SAR 10 each to absorb the accumulated losses. This resulted in 114,766,448 shares outstanding on 30 June 2022. The current year profit / (loss) per share is based on 114,766,448 shares and comparative figure has been accordingly restated.

## 12. OPERATING SEGMENTS

### A. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different marketing strategies.

The Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis.

#### Reportable segments

The following table describes the operations of each reportable segment:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwear's & accessories through retail outlets
Indoor entertainment	Kids Play Centers
Food & Beverages	Cafes and restaurants

#### Geographical information

The Group operates through their various retail outlets, indoor entertainment for kids in the Kingdom of Saudi Arabia (Domestic) and International geography which primarily includes Jordan, Egypt, Republic of Kazakhstan, United States of America, Republic of Azerbaijan, Georgia, Armenia and Morocco.

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### 13. REVENUE

The Group generates revenue primarily from the sale of goods. Revenue is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major revenue streams:

	Three-month period ended 30 June 2022 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	1,027,355,864	206,022,465	1,233,378,329
Footwear & accessories	73,156,309	21,573,276	94,729,585
Others	222,383,368	24,272,519	246,655,887
Fashion retail	1,322,895,541	251,868,260	1,574,763,801
Food & beverages	115,634,968	--	115,634,968
Indoor entertainment	--	15,245,292	15,245,292
<b>Total revenue</b>	<b>1,438,530,509</b>	<b>267,113,552</b>	<b>1,705,644,061</b>

	Three-month period ended 30 June 2021 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	1,103,217,182	162,030,876	1,265,248,058
Footwear & accessories	79,111,191	21,160,247	100,271,438
Others	192,274,007	25,867,224	218,141,231
Fashion retail	1,374,602,380	209,058,347	1,583,660,727
Food & beverages	107,102,306	--	107,102,306
Indoor entertainment	--	9,941,738	9,941,738
<b>Total revenue</b>	<b>1,481,704,686</b>	<b>219,000,085</b>	<b>1,700,704,771</b>

### 14. COST OF REVENUE

	Three-month period ended 30 June 2022 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)
Cost of goods sold	1,019,972,322	984,061,154
Employees' salaries and benefits	192,227,301	185,233,968
Depreciation on right-of-use assets	140,240,471	140,733,425
Utilities and maintenance	28,708,614	23,117,877
Rent expense	18,509,657	9,739,175
Travelling	1,706,111	1,604,979
Others	26,158,053	23,612,472
	<b>1,427,522,529</b>	<b>1,368,103,050</b>

### 15. OTHER OPERATING EXPENSES & INCOME

#### a) Other operating Expenses

	Three-month period ended 30 June 2022 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)
Store closure losses	<i>Note i</i> 7,952,627	5,670,078
Loss on write-off of property and equipment	98,754	115,935
Foreign exchange loss	-	9,000,988
	<b>8,051,381</b>	<b>14,787,001</b>

i. Represents write off related to assets for closed stores which were no more usable.

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**15. OTHER OPERATING EXPENSES & INCOME (Continued)**

*b) Other operating income*

	<i>Notes</i>	Three-month period ended 30 June 2022 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)
Rental concession for leases		6,795,932	8,581,050
Foreign exchange gain		26,203,960	--
Gain on lease termination and modification		698,967	1,279,962
Finance income on receivable from disposal of subsidiary	17	-	5,000,000
Others		10,402,460	3,535,570
		<b>44,101,319</b>	<b>18,396,582</b>

**16. RELATED PARTIES**

Related parties comprise shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

**16.1 Key management personnel compensation**

Key management personnel compensation is comprised as follows:

	Three-month period ended 30 June 2022 (Unaudited)	Three-month period ended 30 June 2021 (Unaudited)
Salaries and short-term benefits	1,994,186	3,392,303
Post-employment benefits	709,956	1,540,825
Board of Directors and board committees' remuneration	984,438	1,000,000
<b>Total key management compensation</b>	<b>3,688,580</b>	<b>5,933,128</b>

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**16. RELATED PARTIES (Continued)**

**16.2 Related party transactions (continued)**

Transactions with related parties carried out during the period, in the normal course of business, are summarized below:

Name of related party	Nature of relationship with related party	Transactions		Balances	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	31 March 2022 (Audited)
Saudi FAS Holding Company	Expenses paid on behalf of Company	(8,812,813)	(2,011,145)		
	Transfer of balance due from disposal of subsidiary (Note 17)	-	75,000,000	276,493,893	267,681,080
Al Farida Trading Agencies	Services and payments				
		(1,547,553)	(1,330,877)	9,788,692	10,468,017
Amwal Al Khaleeja Al Oula	Management services				
		-	-	2,271,205	2,271,205
<b>Due from related parties</b>				<b>288,553,790</b>	<b>280,420,302</b>
Arabian Centers Company	Lease payments	(110,448,046)	(125,000,000)	(143,409,758)	(235,624,872)
Food and Entertainment Co. Ltd.	Payments made on behalf of Group				
		-	-	(10,511,003)	(10,521,700)
Noura Bint Mohammed					
		-	-	(13,964,902)	(14,703,592)
Hajen Company Limited	Printing and advertisement	(692,735)	301,962	(350,028)	(350,028)
Wonderful Meals Company	Purchase of goods	-	1,259,832	(22,361,389)	(23,544,221)
				(190,597,080)	(284,744,413)

All outstanding balances with these related parties are to be settled in cash within agreed credit period from the date of transaction. There were no past due or impaired receivables from related party hence no expense has been recognized in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

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## **17. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES**

During the period ended 31 March 2017, pursuant to the decision of the Board of Directors in their meeting held on 29 June 2016, the Group has disposed of Global Levia and its subsidiaries ("the Disposed Entities") as per the terms of the sale purchase agreement dated 29 June 2016 for a total consideration of SR 375 million receivable in 5 annual equal installments starting from 29 June 2017 onwards. Management rights have been transferred by the Group and accordingly, the Group has lost its power to direct the relevant activities of the Disposed Entities.

The sale was made at the net book value of the Disposed Entities of SR 350 million and included a mark-up of SR 25 million for deferred payments, accordingly no gain or loss is recognised on the sale transaction. The sale consideration is secured by a personal guarantee from the Chairman of the Company who was the Chairman of the board of the company on the date of transaction and has 15% stake in the buying entity.

During the period ended 31 March 2022, final installment of SR 75 million (2021 SR 75 million) has been transferred as receivable from Saudi FAS Holding Company (Company jointly owned by the Chairman who had secured the consideration on his personal guarantee) based on mutual agreement. Please refer to Note 16.

## **18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

### **A. Accounting classification and fair values**

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI, FVTPL equity investments and derivatives which are carried at fair values, differences can arise between the book values and fair value estimates.

When measuring the fair value the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

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

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**18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

	Carrying amount	30 June 2022 (Unaudited)			
		Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
<b>FVTPL</b>					
Al Mubarak Real Estate					
Income Fund –II	213,430,656	–	–	213,430,656	213,430,656
Derivative assets	29,616,914	–	29,616,914	–	29,616,914
<b>FVOCI – equity instruments</b>					
Egyptian Centres for Real Estate					
Development	83,705,531	–	–	83,705,531	83,705,531
	Carrying amount	31 March 2022 (Audited)			
		Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
<b>FVTPL</b>					
Al Mubarak Real Estate					
Income Fund –II	213,430,656	–	–	213,430,656	213,430,656
Derivative assets	29,616,914	–	29,616,914	–	29,616,914
<b>FVOCI – equity instruments</b>					
Egyptian Centres for Real Estate					
Development	86,260,030	–	–	86,260,030	86,260,030

**Financial Liabilities**

All financial liabilities are measured at amortized cost using the effective interest rate method and as a result the carrying amounts are reasonable approximation of its fair values.

**B. Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques and significant unobservable inputs used in measuring the above investments

Type	Valuation technique and significant unobservable inputs
<b>Equity securities</b>	<p>The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee.</p> <p>Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- the expected cash flows were higher (lower); or</li> <li>- the risk-adjusted discount rate was lower (higher).</li> </ul>

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## **18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

### **B. Valuation techniques and significant unobservable inputs**

Type	Valuation technique and significant unobservable inputs
<b>Derivative asset</b>	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

As at 30 June 2022, the Group held Interest Rate Swaps ("IRS") of a notional value of SR 1.1 billion in order to reduce its exposure to commission rate risks against long term financing. The Group holds interest rate swaps to cover the variable interest rate exposures on its loans from financial institutions. The interest rate swap arrangement does not meet the qualifying hedging criteria as per IFRS 9 requirement and have therefore been carried at fair value through profit or loss.

### **C. Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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## **18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

### **C-1. Credit risk**

Credit risk is the risk that other party will fail to discharge an obligation and will cause the Group to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk is as follows:

	31 June 2022 (Unaudited)	31 March 2022 (Audited)
Cash at bank	145,352,044	172,616,287
Advances, deposits and other receivables	313,726,259	306,562,828
	459,078,303	479,179,115

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB+ to A+.
- Advances, deposits and other receivables are shown net of allowance for impairment on these balances. The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of other receivables.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

### **C-2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments.

### **C-3 Market risk**

Market risk is the risk that changes in the market prices – such as foreign exchange rates and commission rates– will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## **19. COMMITMENTS AND CONTINGENCIES**

As at the reporting date, the Group is committed to capital expenditures of SR 204.66 million (31 March 2022: SR 187 million) to purchase property and equipment.

As at the reporting date, the Group has outstanding contingencies:

Type	Nature	June 2022	March 2022
Letter of credits	Purchase of retail trading inventory	441,583,267	413,457,212
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	518,224,983	516,595,443

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**20. IMPACT OF COVID-19**

The COVID-19 pandemic, which commenced at the beginning of 2020, has caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic.

As the situation stabilizes, the Company believes that sales will move to normal levels and the profitability will improve in the future.

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