

**TIHAMA FOR ADVERTISING, PUBLIC  
RELATIONS AND MARKETING COMPANY  
(A Saudi Joint Stock Company)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**Tihama for Advertising, Public Relations and Marketing Company**  
**(A Saudi Joint Stock Company)**  
**Consolidated Financial Statements**  
**For the Year Ended March 31, 2021**  
**Together with Independent Auditor's Report**

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## Independent Auditor's Report

To the Shareholders of Tihama for Advertising, Public relations and Marketing Company  
(A Saudi Joint Stock Company)

### Independent Auditor's Report

#### Qualified Opinion

We have audited the consolidated financial statements of Tihama for Advertising, Public relations and Marketing Company ("the Company") and its subsidiaries referred to together as the "Group", which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statements of profit or loss, comprehensive loss, changes in equity and cash flows for the year then ended, which include the notes to the financial statements, a summary of significant accounting policies and other explanatory information.

In our opinion, and with the exception of the potential impacts which could be necessary if we received the data referred to in the (Basis for Qualified Opinion) paragraph in our report below, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Auditors and Accountants.

#### Basis for qualified opinion

1. As at March 31, 2021, we were not provided with banks confirmation for Aventis Global Trading Company, a "subsidiary" wholly owned by the Company, as the balances under cash at banks amounted to approximately Saudi Riyals 1.77 million, and long-term loans were approximately Saudi Riyals 345 thousand, and we were unable to carry out alternative procedures to ensure the existence, accuracy, completeness and presentation of bank balances and contingent liabilities as at this date. We were unable to determine whether any adjustment to these balances was necessary and whether disclosure of contingent liabilities as at that date was appropriate.
2. As disclosed in note (7/1), investments in associates in the accompanying consolidated financial statements, which indicates that the group recorded investment in the United Advertising Company Limited and J. Walter Thompson MENA, which are associate companies acquired in prior years, and they are accounted for using the equity method, based on financial statements prepared by the two companies' management amounted to Saudi Riyals 3,705,280 and Saudi Riyals 27,950,656 respectively, in the group's consolidated statement of financial position as at March 31, 2021, the group's share of the comprehensive income of the above two companies, based on the financial statements prepared by the management of the companies, amounting to a profit of Saudi Riyals 386,612 and a loss of Saudi Riyals 6,424,497 respectively, were included in the group's consolidated statement of profit or loss for the year then ended, which amounted to zero and a loss of Saudi Riyals 3,042,032 in the group's consolidated statement of comprehensive loss for the year then ended. We were unable to obtain sufficient audit evidence directly or through alternative audit procedures regarding the investment balances of the group in the above tow companies as at March 31, 2021, as well as the group's share in the net comprehensive loss of the above companies for the same period, and accordingly we were not able to determine whether it was necessary to make any adjustments to these amounts.



**Independent Auditor's Report (continued)**

We conducted our audit in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty relating to going concern**

We draw attention to note (2/4) to the consolidated financial statements, which indicates that the group's accumulated losses amounted to approximately Saudi Riyals 115.96 million as at March 31, 2021, which exceeded half of the Company's share capital. Further, the Group's current liabilities exceeded its current assets by approximately Saudi Riyals 10.13 million as at the same date. These circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As disclosed in note (2/4), management has made an assessment of the Group's ability to continue as a going concern, and accordingly, these consolidated financial statements have been prepared on the going concern basis. Our opinion on this matter has not been modified.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key Audit Matters	Procedures taken towards the Key Audit Matters
<p><b>Inventory:</b>                      As at March 31, 2021, the Group's inventory balance amounted to approximately Saudi Riyals 45.79 million (March 31, 2020: Saudi Riyals 52.57 million), which exceeded 32% of the total current assets and 19% of the total assets of the Group, (31 March 2020: 55% of the total current assets and 26% of the total assets), and given the significance of the inventory balance, valuations and assumptions related to its obsolescence and decline in its value, this matter was considered a key audit matter.</p>	<p>We have carried out the following procedures in connection with testing the presence and valuation of inventory:</p> <ul style="list-style-type: none"> <li>• Attending physical inventory count carried out by the group's management.</li> <li>• Evaluating the design and effectiveness of the internal control procedures for the inventory accounting cycle.</li> <li>• Evaluating the appropriateness and adequacy of disclosures related to inventory in the consolidated financial statements.</li> <li>• Testing the valuation of inventory measurement at cost price or net realizable value, whichever is lower.</li> </ul>

**Independent Auditor's Report (continued)**

**Key Audit Matters (continued)**

Key Audit Matters	Procedures taken towards the Key Audit Matters
<p><b>Revenue recognition:</b> During the year ended 31 March 2021, Group's revenue approximately amounted to Saudi Riyals 73.25 million (2019: Saudi Riyals 96.81 million). The Group continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 as endorsed in the Kingdom of Saudi Arabia "Revenue from Contracts with Customers".</li> <li>• Evaluating the design, implementation and testing of the operational effectiveness of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy.</li> <li>• Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.</li> <li>• Testing revenue transactions, on a sample basis, and verifying supporting documents, which included receipts signed by customers, to ensure the accuracy and validity of revenue recognition.</li> </ul>
<p><b>Trade receivables:</b> As at 31 March 2021, the Group recognized an allowance of impairment on trade receivables of Saudi Riyals 11.6 million (31 March 2020: Saudi Riyals 7 million). The Group's allowance of impairment on trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions. All of which involve a significant degree of management judgement. We have identified allowance of impairment on trade receivables as a key audit matter because recognition of loss allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.</p>	<p>Our audit procedures to assess allowance of impairment on trade receivables included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses;</li> <li>• Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes;</li> <li>• Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates;</li> <li>• Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and</li> <li>• Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 March 2021 with bank statements and relevant remittance documentation.</li> </ul>



**Independent Auditor's Report (continued)****Other information included in the Group's annual report for the year ended 31 March 2021**

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2021, other than the consolidated financial statements and the auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover other information, and we do not and will not express any form of assurance conclusion thereon. In our audit of the consolidated financial statements, it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation for the consolidated financial statements in accordance with IFRSs and the applicable requirements of the regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report (continued)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**


- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or commercial activities within the group, to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and implementing the group review process. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Kharashi Co.

  
Sulieman A. Al-Kharashi  
License No. (91)

Riyadh:  
Dull Qaeda 20, 1442 H  
June 30, 2021 G





**Tihama For Advertising, Public Relations and Marketing Company**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**





	Note	31 March 2021	31 March 2020 (Restated)	01 April 2019 (Restated)
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property and equipment, net	5	20,869,522	22,398,558	19,583,696
Right-of-use assets, net	6/1	32,315,929	33,939,895	31,689,165
Investment in associates using equity method	7/1	32,655,936	44,286,161	37,120,820
Financial assets designated at fair value through other comprehensive income	7/2	428,363	1,189,607	1,189,607
Intangible assets, net	8	7,319,226	158,966	4,571,717
Investment properties at cost, net	9	2,966,710	3,124,605	-
<b>Total Non-Current Assets</b>		<b>95,555,686</b>	<b>105,097,792</b>	<b>94,155,005</b>
<b>Current Assets</b>				
Inventories, net	10	45,792,410	52,568,682	57,279,331
Trade receivables and other debit balances, net	11	35,648,469	28,708,791	53,594,542
Due from related parties	18/2	-	2,540,023	1,004,884
Cash and cash equivalents	12	60,843,354	11,864,281	5,109,501
<b>Total Current Assets</b>		<b>142,284,233</b>	<b>95,681,777</b>	<b>116,988,258</b>
<b>Total Assets</b>		<b>237,839,919</b>	<b>200,779,569</b>	<b>211,143,263</b>
<b>Owners' Equity and Liabilities</b>				
<b>Owners' Equity</b>				
Share capital	13	175,000,000	75,000,000	75,000,000
Accumulated losses		(115,964,493)	(39,180,857)	(13,595,115)
Employees defined benefit liabilities re-measurement reserve		(1,292,328)	(185,705)	(98,354)
Foreign Currency Translation reserve		(3,042,032)	-	-
Change in fair value reserve		(1,512,244)	-	-
<b>Total Owners' Equity attribute to Shareholder in Parent Company</b>		<b>53,188,903</b>	<b>35,633,438</b>	<b>61,306,531</b>
Non-controlling interest	14	312,893	(5,068,708)	(1,519,456)
<b>Total Owners' Equity</b>		<b>53,501,796</b>	<b>30,564,730</b>	<b>59,787,075</b>
<b>Non-Current Liabilities</b>				
Long-term lease liabilities	6/2	8,306,825	12,358,145	17,219,065
Long-term loans	15	17,142,639	4,464,625	4,725,034
Employees' defined benefits liabilities	16	6,478,079	5,652,434	4,115,441
<b>Total Non-Current Liabilities</b>		<b>31,927,543</b>	<b>22,475,204</b>	<b>26,059,540</b>
<b>Current Liabilities</b>				
Trade payables and other credit balances	17	91,354,049	85,588,143	78,863,562
Due to related parties	18/2	1,070,015	1,076,015	2,204,109
Current portion of long-term lease liabilities	6/2	26,524,231	25,750,617	18,996,628
Current portion of long-term loans	15	3,202,584	13,610,986	4,850,625
Zakat payable	23	30,259,701	21,713,874	20,381,724
<b>Total Current Liabilities</b>		<b>152,410,580</b>	<b>147,739,635</b>	<b>125,296,648</b>
<b>Total Liabilities</b>		<b>184,338,123</b>	<b>170,214,839</b>	<b>151,356,188</b>
<b>Total Owners' Equity and Liabilities</b>		<b>237,839,919</b>	<b>200,779,569</b>	<b>211,143,263</b>

The accompanying notes from (1) to (32) for an integral part of these consolidated financial statements.



**Tihama for Advertising, Public Relations and Marketing Company**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Profit or Loss**  
**For the Year Ended 31 March 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	Note	31 March 2021	31 March 2020 ( Restated)
<b>Revenue</b>			
Sales of goods		38,924,633	53,724,947
Revenues from film production and promotional materials		27,144,989	27,356,902
Revenues from advertisement		7,180,081	15,728,492
<b>Total Revenue</b>		<u>73,249,703</u>	<u>96,810,341</u>
Cost of revenue		<u>(62,616,381)</u>	<u>(66,615,471)</u>
<b>GROSS PROFIT</b>		<u>10,633,322</u>	<u>30,194,870</u>
<b>Operating Expenses</b>			
Selling and marketing expenses	20	(31,181,940)	(36,252,117)
General and administrative expenses	21	<u>(33,218,407)</u>	<u>(30,083,392)</u>
<b>Loss from Operations</b>		<u>(53,767,025)</u>	<u>(36,140,639)</u>
<b>Non-Operating Revenues / (expenses)</b>			
Financial charges		(4,048,351)	(4,553,987)
Share of results from associates	7	(6,508,746)	7,040,755
Impairment loss of intangible assets	8	-	(2,461,044)
Impairment loss of property and equipment's	5	(4,160,443)	-
Provision for legal cases and claims	30	(5,319,931)	-
Placement expenses for capital increase		(2,808,493)	(596,853)
Loss on disposal of associate	7/1/1	(722,693)	-
Effect of increase in control percentage in subsidiaries	3/1/5	(3,598,712)	-
Other income, net	22	<u>6,072,897</u>	<u>9,723,689</u>
<b>Loss for the year before zakat</b>		<u>(74,861,497)</u>	<u>(26,988,079)</u>
zakat	23	<u>(10,078,924)</u>	<u>(2,131,670)</u>
<b>Net loss for the year</b>		<u>(84,940,421)</u>	<u>(29,119,749)</u>
<b>Net loss for the year attribute to:</b>			
Shareholders in parent company		(76,783,636)	(25,585,742)
Non-Controlling interest		<u>(8,156,785)</u>	<u>(3,534,007)</u>
<b>Basic and diluted loss per share</b>	27	<u>(5.27)</u>	<u>(2.1)</u>

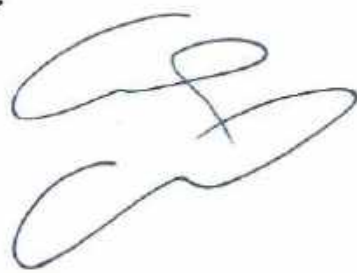
*A. Al-Sayid*  
  
  
  


The accompanying notes from (1) to (32) for an integral part of these consolidated financial statements.

**Tihama for Advertising, Public Relations and Marketing Company**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Comprehensive Loss**  
**For the Year Ended 31 March 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	Note	31 March 2021	31 March 2020 (Restated)
Net Loss for the year		(84,940,421)	(29,119,749)
<b>Items that not be subsequently reclassified to Profit or Loss</b>			
Re-measurement for employees' defined benefits	16	(1,127,118)	(38,461)
<b>Items that may be subsequently reclassified to Profit or Loss</b>			
Share from foreign currency translation reserve in an associate	7	(3,042,032)	-
Loss of Change in fair value of financial assets designated at fair value through other comprehensive income	7	(1,512,244)	-
Total other comprehensive loss of the year		<u>(5,681,394)</u>	<u>(38,461)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(90,621,815)</b></u>	<u><b>(29,158,210)</b></u>
<b>Total comprehensive loss for the year attribute to:</b>			
Shareholder in parent company		(82,444,535)	(25,673,093)
Non-controlling interest		<u>(8,177,280)</u>	<u>(3,485,117)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(90,621,815)</b></u>	<u><b>(29,158,210)</b></u>

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The accompanying notes from (1) to (32) for an integral part of these consolidated financial statements.



**Tihama for Advertising, Public Relations and Marketing Company**

(A Saudi Joint Stock Company)

**Consolidated Statement of Owner's Equity**

**For the Year Ended 31 March 2021**

(All amounts are in Saudi Riyal unless otherwise stated)

	Notes	Share Capital	Accumulated losses	Employees defined benefit liabilities re-measurement reserve	Foreign Currency translation reserve	Change in fair value reserve	Total Owners' Equity Attribute to Shareholder in parent Company	Non-Controlling interest	Total owners' equity
<b>Balance at 1 April 2019 (as previously stated)</b>		75,000,000	(11,524,699)	-	-	-	63,475,301	(1,497,540)	61,977,761
Restatements	29	-	(2,070,416)	(98,354)	-	-	(2,168,770)	(21,916)	(2,190,686)
<b>Balance at 01 April 2019 (Restated)</b>		75,000,000	(13,595,115)	(98,354)	-	-	61,306,531	(1,519,456)	59,787,075
Net loss for the year		-	(25,585,742)	-	-	-	(25,585,742)	(3,534,007)	(29,119,749)
Employees' defined benefits liabilities reserve		-	-	(87,351)	-	-	(87,351)	48,890	(38,461)
Total comprehensive loss for the year	14	-	(25,585,742)	(87,351)	-	-	(25,673,093)	(3,485,117)	(29,158,210)
Net change in non-controlling interest		-	-	-	-	-	-	(64,135)	(64,135)
<b>Balance at 31 March 2020 (Restated)</b>		75,000,000	(39,180,857)	(185,705)	-	-	35,633,438	(5,068,708)	30,564,730
Balance at 1 April 2020 (as previously stated)		75,000,000	(37,590,169)	-	-	-	37,409,831	(5,068,708)	32,341,123
Restatements	29	-	(1,590,688)	(185,705)	-	-	(1,776,393)	-	(1,776,393)
<b>Balance at 01 April 2020 (Restated)</b>		75,000,000	(39,180,857)	(185,705)	-	-	35,633,438	(5,068,708)	30,564,730
Net loss for the year		-	(76,783,636)	-	-	-	(76,783,636)	(8,156,785)	(84,940,421)
Share of foreign currency translation reserve		-	-	-	(3,042,032)	-	(3,042,032)	-	(3,042,032)
Employees' defined benefits liability reserve		-	-	(1,106,623)	-	-	(1,106,623)	(20,495)	(1,127,118)
Change in fair value of financial assets		-	-	-	-	(1,512,244)	(1,512,244)	-	(1,512,244)
Total comprehensive loss for the year	14	-	(76,783,636)	(1,106,623)	(3,042,032)	(1,512,244)	(82,444,535)	(8,177,280)	(90,621,815)
Net change in non-controlling interest		-	-	-	-	-	-	13,558,881	13,558,881
Capital increase by rights issue	13	100,000,000	-	-	-	-	100,000,000	-	100,000,000
<b>Balance at 31 March 2021</b>		175,000,000	(115,964,493)	(1,292,328)	(3,042,032)	(1,512,244)	51,188,903	312,893	53,501,796

The accompanying notes from (1) to (32) for an integral part of these consolidated financial statements.

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**Tihama for Advertising, Public Relations and Marketing Company**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended 31 March 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	31 March 2021	31 March 2020 (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
loss for the year before zakat	(74,861,497)	(26,988,079)
<b>Adjustment for non-cash item:</b>		
Depreciation of property and equipment	5,452,415	5,111,763
Gain on sale of property and equipment	(382,265)	-
Depreciation of right of use assets	14,082,329	15,666,125
Amortization of intangible assets	105,879	1,951,707
Impairment loss on intangible assets	-	2,461,044
Loss on disposal of associates	722,693	-
Depreciation of investment properties	157,895	27,201
Share of results from associates	6,508,746	(7,040,755)
Impairment loss in property and equipment's	4,160,443	-
Write-off for bad debts	-	1,742,251
Provision for expected credit losses	4,634,097	3,023,445
Provision of slow moving and obsolete inventory	5,864,182	4,403,633
Provision for employees' defined benefits liabilities	1,212,232	1,925,164
Finance cost	4,048,351	4,553,987
	<b>(28,294,500)</b>	<b>6,837,486</b>
<b>Changes in working capital:</b>		
Inventories	912,090	307,016
Trade receivables and other debit balances	(8,948,774)	20,120,055
Due from related parties	1,523,744	(1,659,725)
Trade payables and other credit balances	5,765,906	6,724,581
Due to related parties	(6,000)	(1,128,094)
Zakat paid	(1,533,097)	(799,520)
Employees' defined benefits liabilities paid	(1,513,705)	(426,632)
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(32,094,336)</b>	<b>29,975,167</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(8,863,698)	(7,926,625)
Net proceeds from sale of property and equipment	1,162,141	-
Additions to investment properties	-	(3,151,806)
Additions to investments in equity instruments	(751,000)	-
Additions to intangible assets	(7,266,139)	-
Net change in non-controlling interest	13,558,881	(64,135)
Dividends received from associates	748,032	-
<b>Net cash flows used in investing activities</b>	<b>(1,411,783)</b>	<b>(11,142,566)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term loans, net	2,269,612	8,499,952
Repayment of lease liabilities	(17,600,285)	(18,827,136)
Proceeds from capital increase	100,000,000	-
Finance cost	(2,184,135)	(1,750,637)
<b>Net cash generated from / (used in) financing activities</b>	<b>82,485,192</b>	<b>(12,077,821)</b>
Net change in cash and cash equivalents	48,979,073	6,754,780
Cash and cash equivalents, beginning of the year	11,864,281	5,109,501
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 12)</b>	<b>60,843,354</b>	<b>11,864,281</b>

The accompanying notes from (1) to (32) for an integral part of these consolidated financial statements.



## **1. ORGANISATION AND ACTIVITIES**

Tihama for Advertising, Public Relations and Marketing Company was established as the "company or" parent company "in accordance with the Saudi Companies Law as a Saudi joint stock company under Ministerial Resolution No. 1397 dated 29/6/1403H (corresponding to 3/6/1992) and it is registered in the Commercial Register under No. 1010016722 on 8/7/1398H (corresponding to 14/06/1978).

- The main activity of the company is to carry out commercial advertising, public relations, marketing, publishing and distribution, according to the license No. 23232 issued by the Ministry of Culture and Advertisement dated 2/12/1412H (corresponding to 3/6/1992) and according to the company's incorporation system. The parent company also invests in companies It carries out similar businesses in accordance with Company By-Law.
- The Company's head office is in Riyadh, the company has a branch in Jeddah registered under the Commercial Registration No. 4030008889 on 3/4/1395H (corresponding to 15/4/1975).
- The accompanying consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively referred to as the group) as of March 31, 2021. Refer to note 3/1/5 for a statement of the subsidiaries and the group's contribution in its capital.

## **2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENT**

### **2/1- Statement of compliance:**

- These consolidated financial statements have been prepared in accordance with International Financial Reporting Standard "IFRS" issued by the International Accounting Standards Board ("IASB"), that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA")
- The Capital Market Authority issued the decision of the Board of Commissioners on 15 Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years beginning from the date of adoption of the International Financial Reporting Standards, as of December 31, 2019. The fiscal periods for the year beginning on January 1, 2022, were extended, and continue to comply with the requirements for disclosure of IFRS adopted in the Kingdom of Saudi Arabia, which require disclosure of fair value.

### **2/2- Basis of measurement:**

The financial statements have been prepared on the historical cost basis except for (financial instruments which is measured at fair value) and using the accrual accounting principle and the going concern concept.

### **2/3- Functional and presentation currency:**

The consolidated financial statements are presented in Saudi Riyal, which is the Group's functional currency.

### **2/4- Going concern:**

- The accumulated losses of the group amounted to approximately 115.96 million SAR, as at March 31, 2021, exceeded more than 50% of the (company's share capital, and according to Article 150 of the Companies Law, if a joint stock company incurs losses amounting to half of the paid-in capital at any time during the fiscal year, any of the company executives or the auditor shall promptly, upon knowledge thereof, inform the chairman of the board, who shall promptly inform board members. The board of directors shall, within 15 days from the date of notification, call for an extraordinary general assembly meeting within 45 days from the date of its knowledge of the losses, to decide whether to increase or decrease the company's capital, in accordance with the provisions of the Law, to the extent where losses are decreased below half of the paid-in capital, or to dissolve the company prior to the date set forth in its By-laws of the company.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

### 2/4- Going concern (continued):

The Company shall be deemed terminated by the operation of law if the extraordinary general assembly fails to meet during the period set forth in paragraph 1 of this Article; if the assembly convenes but fails to issue a decision on the matter; or if it decides to increase the capital in accordance with this Article but the shares issued are not fully subscribed to within 180 days from the assembly's decision to increase the capital.

According to Royal Order No 15016 on 16/03/1442 H, regarding the holding of perusing some clauses of the Companies' Law issued by Royal Decree No. (M/3) on 28/01/1437 H, the paragraph No2 of article No 150 of Companies' Law dictates that in case on non-conveying the extraordinary assemble within 180 days from the date of it came to the knowledge of board of directors regarding the accumulated losses ( which will expire 21/09/2021), or in case the general assemble not resolved the subject matter, the company will be lapsed by the force of the law.

- Further the group's current liabilities exceeded its current assets by approximately 10.13 million SR as at March 31, 2021, these circumstances indicate the existence of a fundamental uncertainty that may cast serious doubts about the group's ability to continue as a going concern.

- The spread of the new Corona virus (Covid 19) has significantly affected the group's business, as the regulatory authorities took precautionary measures by closing the group's retail showrooms and by the banning of travel, in addition to that, the underlying economic conditions led to a significant slowdown in the group's advertising sector business. The company has also reviewed the existence of any adjustments and changes in judgments, estimates and risk management to be taken, and assessed the main future estimates and other factors that may involve material risks, and accordingly, provisions for impairment in the value of financial and non-financial assets have been recorded in the consolidated financial statements. The group incurred successive losses in previous years in the bookstores and advertising sectors, after the volume of business and sales decreased significantly due to the closing of a number of branches, the increase in rents and the loss of some of the tenders for the advertising sector.

- Despite the above, the group's management is working on restructuring some of its subsidiaries and expanding the Production and Retail sector operations to grow revenues to cover its expenses and achieve operational profits during the following years.

Also, the management has reasonable expectations that it has sufficient resources to face the risk of liquidity shortage in the foreseeable future.

### 2/5- Use of estimates and judgments

The preparing the consolidated financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenditures recorded. Such estimates and judgments are evaluated on an ongoing basis based on past experience and some other factors, including expectations of future events that are believed to be reasonable according to the circumstances and data, and as a result, they form the basis for making judgments about the carrying amounts of assets and liabilities that are not visible from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are examined on the basis of the going concern concept. A review of accounting estimates is included in the period in which the estimates are examined, if the examination affects only that period or in the review period and future periods if the examination affects both current and future periods.

However, as described in note 28, the Group reviewed important sources of uncertainty against the backdrop of the Covid 19 epidemic. Impairment in the value of financial and non-financial assets has been recorded based on that study. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.



## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

### 2/5- Use of estimates and judgments (continued):

When applying the group's accounting policies, management has made the following judgments and estimates that are relevant to the consolidated financial statements:

#### A- Impairment of accounts receivable and other debit balances

Accounts receivable and other receivables are stated at amortized cost which is reduced by provisions related to the estimated non-recoverable amounts. The estimated non-recoverable amounts are based on the ages of the receivables and historical experience adjusted appropriately for future projections. Individual trade receivables are written off when management believes that they cannot be collected.

#### B- Provision of slow-moving inventory

The group management determines the estimation of the slow-moving inventory amount for academic (school) books, and this estimate is based on the books not sold in inventory. This allocation is subject to change based on the number of unsold books remaining with the group after any supplier returns are settled.

#### C- Useful life for property and equipment

The Group's management determines the estimated useful lives of property and equipment for the purpose of calculating depreciation. These estimates are determined after considering the expected usage of the assets or the depreciation to which these assets are exposed. The management reviews the residual value and the useful lives annually, and the annual depreciation expenses are adjusted when the management believes that the useful lives differ from previous estimates.

#### D- Measurement of defined benefit liabilities

The group's net obligation in respect of defined benefit programs is calculated by estimating the number of future benefits that employees received in exchange for their service in the current and prior periods. These obligations are discounted to determine their present value and the fair value of any assets is discounted.

The present value of the obligation is determined based on the actuarial valuation at the consolidated statement of financial position date by an independent expert using the unit projected credit method which recognizes each service period as leading to an additional unit of employee benefits and measures. The liability is measured at the present value of the estimated future cash flows. The discount rates used to determine the present value of the obligation under the defined benefit plan are determined by reference to the yield on US bonds (since the riyal is pegged to the US dollar), adjusted for any additional risks.

#### E- Determination of whether the group or a part thereof is acting as a principal or agent

The principles of IFRS 15 revenue from customer contracts are applied by identifying each specific good or service pledged to the customer in the contract and assessing whether the company retains control over the specified good or service before transferring it to the customer. This evaluation requires significant judgment based on specific facts and circumstances.

#### F- Impairment of tangible and intangible assets

The Group's management makes an assessment to ascertain whether there are indications of an impairment in tangible and intangible assets, in accordance with the accounting policies stated in Note 3/11.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and other issues issued by the Saudi Organization of Chartered Accountants

#### **New standards and amendments to standards and interpretations**

No new standards have been issued, however, a number of amendments to the standards are in effect as of January 1, 2020 and are explained in the Group's annual consolidated financial statements but have no substantial impact on the Group's consolidated financial statements.

The Group has implemented the amendments to IFRS 16 "Leases" in response to the effects of Covid-19 on tenants, which were adopted on June 1, 2020.

#### **Amendment of the International Financial Reporting Standard 16 "Leases" in response to the effects of Covid-19 on tenants.**

As of June 1, 2020, the (International Financial Reporting Standard) IFRS 16 has been amended to provide a practical means for tenants who calculate rental concessions that arise as a direct result of the Covid-19 epidemic and only if all the following conditions are met:

- A. The change in lease payments results in a modified lease consideration substantially the same as, or less than, the lease consideration immediately prior to the change;
- B. Any reduction in rental payments will affect only payments due, starting on or before June 30, 2021, and
- C. There should be no fundamental change in the terms and conditions of the lease

Rental concessions that meet these measures may be calculated in accordance with practical conditions, which means that the tenant does not need to assess whether the lease concession meets the definition of rent adjustment. Tenants apply other requirements in IFRS 16 in the concession calculate.

The company chose to take advantage of the amendment of the IFRS 16 "Leases"

In response to the effects of Covid-19 on tenants, for all rental privileges that meet the requirements. The modifications were applied retroactively, this means that they were applied to all rental concessions that meet the requirements, which in the company's case were from March 2020 to March 2021.

Accounting for lease concessions as rental adjustments would have resulted in the Group re-measuring the lease liability to reflect the revised offset using a revised discount rate, with the effect of the change in the registered lease liability against the right use of assets. By applying the adjustments, the Group does not have to determine the revised discount rate and the effect of the change in the lease liability is reflected in the profit or loss in the period in which the event or situation leading to the rental concession occurs.

#### **3-1 CONSOLIDATION BASIS**

The consolidated financial statements include the financial statements of the parent company, Tihama for Advertising, Public Relations and Marketing Holding Company and its subsidiaries (collectively referred to as the Group) as of March 31, 2021. Control over the invested business is achieved when it has the right to obtain different returns as a result of its participation in the investee company, and it has the ability to influence these returns by exercising its influence over the investee company. In particular, the group controls the investee if, and only if, the group has:

Leverage over the investee company

For example: it has the right that gives it the current power to control the activities of the investee company.

- Exposure to risks and the right to obtain variable returns as a result of its participation in the investee company.
- The ability to use its influence over the investee company to affect its returns.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3-1 CONSOLIDATION BASIS (continued)

In general, there is an assumption that the majority of voting rights will lead to control. To support this assumption and when the group has a lower level than the majority of voting rights or similar rights in the investee company, the group takes into account all relevant facts and circumstances when assessing whether the group has control over the investee company, and these facts and circumstances include the following:

- Contractual agreements with voting rights holders of the investee company.
- Rights resulting from other contractual agreements.
- The group's right to vote and potential voting rights.
- Any additional facts or circumstances that indicate that the group has or does not have the current ability to control activities related to decision-making, including voting on cases in previous shareholder meetings.

The Group performs a reassessment to ascertain whether or not it exercises control over the investee company, when facts and circumstances indicate that there is a change in one or more elements of control. Consolidation of a subsidiary begins when the group has control of the subsidiary and ceases when the group relinquishes exercising such control.

The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date control is transferred to the group and until the group relinquishes exercising such control.

Income and each component of comprehensive income relate to the equity holders of the parent company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When it is necessary, the financial statements of subsidiaries are amended so that their accounting policies are prepared in line with the group's accounting policies.

All intercompany balances in the group such as assets, liabilities, equity, income, expenses and cash flows resulting from operations between the group companies are completely eliminated upon consolidation of the financial statements.

Any change in ownership interests in the subsidiary, without loss of control, is treated as an equity transaction. In the event that the group loses control over the subsidiary, it will cease to recognize the related assets and liabilities, non-controlling equity and other elements of equity, and the resulting gains or losses are recognized in the consolidated statement of profit or loss. The investment retained is recognized at fair value.

In the event that the group loses control over the subsidiaries:

- The assets (including goodwill) and liabilities associated with the subsidiary are excluded.
- Exclusion of the present value of any rights not controlled.
- Exclusion of cumulative inventory differences recorded in equity.
- Recognition of the fair value of the assets received.
- Recognition of the fair value of any remaining investments.
- Recognition of any surplus or deficit in profits or losses.

Reclassification of the parent company's share in subsidiaries previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as it becomes a requirement if the group directly disposes of assets and liabilities.

#### 3/1/1- ASSOCIATES

Associates are companies over which the group exercises significant influence and not joint control or control. In general, this occurs when the group owns a share of 20% to 50% of the voting rights. The investment in associates is accounted for according to the equity method after initial recognition of cost of investment.

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

#### **3-1 CONSOLIDATION BASIS (continued)**

##### **3/1/2- EQUITY METHOD**

Based on the equity method, investments are recognized primarily at cost and subsequently adjusted to reflect the group's share of profits or losses after the acquisition as profits and losses resulting from the investment in the investee company. The group's contribution to comprehensive income after the acquisition is also recognized in the statement of comprehensive income. If after reducing the contribution to the investee company to zero, liabilities are recognized only if there is an obligation to support the investee's operating operations or any payments made on behalf of the investee company. Distributions received or receivables from associates and joint ventures are booked to reduce the net value of the investments.

The goodwill related to an associate or joint venture is included in the carrying amount of the investment and is not independently tested for impairment.

The consolidated statement of profit or loss reflects the group's share of the results of operations of the associate or joint venture. Any change in the comprehensive income of the investee companies is shown as part of the group's comprehensive income. In addition, in the event that any change is recognized directly within the equity of the associate or the joint venture, the group shall recognize its share in any changes, when applicable, in the consolidated statement of changes in owners' equity unrealized profits and losses resulting from the transactions between the group and the associate and joint venture to the extent of the Group's interest in the associate or joint venture. The financial statements of subsidiaries and joint ventures are prepared for the same financial year as the group.

When necessary, the accounting policies of subsidiaries and joint ventures are presented to be consistent with the group's policies. After applying the equity method, the group checks whether it is necessary to prove any impairment loss in the value of its investment in its associate or joint venture. On the date of preparing each financial statement, the group ensures that there is objective evidence of a decrease in the value of the investment in any associate or joint venture. When such evidence exists, the group calculates the amount of the decrease as the difference between the recoverable amount of the associate or joint venture and its carrying value, and the loss is recognized as "share in the loss of an associate and a joint venture" in the statement of consolidated profit or loss.

Upon loss of significant influence over the associate or joint control of a joint venture, the group measures and recognizes the investment to be held at fair value. The difference between the carrying value of the associate or joint venture upon loss of significant influence or joint control and the fair value of the investment retained (and any proceeds of disposal) will be recognized in the statement of consolidated profit or loss.

##### **3/1/3- Non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and separately from shareholders' equity. Losses applicable to the minority in excess of the minority interest are allocated against the interest of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. A change in the Group's interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

##### **3/1/4- Business combinations and goodwill**

Accounting for business combinations is done using the acquisition method. The cost of an acquisition is measured by the total consideration value transferred, which is measured at the fair value at the acquisition date and the amount of non-controlling interest in the acquiree. For each business combination, the group measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the identifiable net assets of the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3-1 CONSOLIDATION BASIS (continued)

##### 3/1/4- Business combinations and goodwill (continued)

In the event that the combination is achieved in stages, the retained part of the acquired company is calculated at fair value, the difference is calculated in the profit and loss account.

When the group acquires a business, the financial assets and liabilities that have been undertaken are estimated for the appropriate classification and allocation according to the contractual terms, economic conditions and conditions prevailing at the date of the acquisition. This includes the separation of derivatives included in other financial instruments in the main contracts by the acquiring company.

Any future contingent liability by the buyer will be added to the fair value at the date of acquisition. All contingent liabilities (except for those classified as equity) are measured at fair value and changes in fair value are accounted for in profit and loss. Contingent liabilities classified as equity are not reassessed or settled, and any subsequent payments are accounted for on an equity basis.

Originally, goodwill is measured at cost (being the difference between the total consideration transferred and the amount of non-controlling interests recognized and any interests held, less the net identifiable assets acquired and liabilities assumed). In the event that the fair value of the net assets acquired exceeds the total consideration transferred, the Group reassesses to ensure that it has correctly identified all the assets acquired and all liabilities that have been undertaken, and reviews the procedures used to measure the amounts to be recognized on the date of acquisition. If this reassessment still results in an increase in the fair value of net assets acquired over the total consideration transferred, then the profits are recognized in the statement of consolidated profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of testing for impairment, goodwill acquired in the merger from the date of the acquisition is allocated on the basis of the group's cash-generating unit that is expected to benefit from the business combination regardless of other assets or liabilities. Which has been considered by the acquiring company of these units, the "cash generating unit" is the smallest group of assets that generate cash inflows from continuous use and are largely independent of the cash flows from other assets or groups. The cash-generating unit is consistently identified from period to period for the same assets or types of assets, unless the change is justified.

##### 3/1/5- Subsidiaries and the Group's contribution in its capital

Name of subsidiary company	Country	Activity	Capital	Company share% Direct and indirect	
				31 March 2021	31 March 2020
Tihama Holding for commercial investment Company (B)	KSA	Holding company	500,000	100%	100%
Tihama distribution Company (A)	KSA	Publishing and distribution	3,500,000	100%	100%
Tihama Modern Bookstores Company (B)	KSA	Stationery and books	81,671,977	100%	100%
Esidama International Real estate Company (B)	KSA	Investment in properties	500,000	100%	100%
Tihama International For Advertisement Company (B)	KSA	Advertisement	500,000	100%	100%
Tihama Education company (C)	KSA	Retail	200,000	100%	49%
Fast Advertisement company (D)	KSA	Advertisement	25,000	100%	100%
Integrated Production for Audio-visual Media Production Company (E)	KSA	Production	10,000	70%	35%
Aventus Global Trading Company (F)	UAE	Trading	616,409	100%	49%
Nassaj AlKhayal for Audio-visual Media Production company (H)	KSA	Production	100,000	50%	50%
Tihama New Media Company (I)	KSA	Media and Research	100,000	100%	-

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3-1 CONSOLIDATION BASIS (continued)

##### 3/1/5- Subsidiaries and the Group's contribution to its capital

- A) During the year ending on March 31, 2020, the group increased its share in the Tihama Distribution Company to become the group's ownership in the subsidiary company of 100% through the acquisition of 1% for the amount of 300,000 SR. The group's share in the net book value of the acquired assets is 120,637 SR. The excess of the purchase cost over the book value of the acquired share of 179,363 SR was recognized directly in the consolidated statement of profit or loss for the year ended 31 March 2020.
- B) During the year ended March 31, 2003, the parent company established the Tihama Holding for Commercial Investment (Ltd), and its commercial records were issued, but it has not commenced any business activities since its establishment. During the year ending March 31, 2011, the parent company established Estidama International Real Estate Company and Tihama International Advertising Company (LTD). Commercial records for these two companies have been issued, but they have not commenced any business activities since their establishment. During the same year, the company established the Tihama Modern Bookstore Company and transferred the assets and liabilities of its Bookstores department to that company as on November 3, 2010.
- C) During the year ended March 31, 2021, the parent company acquired additional shares from Tihama Education Company (a subsidiary company), representing 51% of the company's capital, accordingly the parent company's ownership percentage became 100% of the subsidiary's capital as on March 31, 2021. The net effect of the acquisition of the subsidiary on the non-controlling interests amounting to 3,459,628 SR was recorded in the consolidated statement of profit or loss for the financial year ending on March 31, 2021.
- D) During the year ended March 31, 2019, the parent company established the Fast-Advertising Company - a limited liability company 100% owned and with a capital of 25,000 SR, noting that the company did not commence activities until the date of preparing the consolidated financial statements.
- E) During the year ended March 31, 2019, the parent company participated in establishing the Integrated Production Company for Audio-visual Media Production - a limited liability company with a capital of 10,000 SR, initially owned 35%. During the financial year ending on March 31, 2021, the parent company acquired additional shares representing a further 35% of the capital of the Integrated Production Company, with a value of 7,250,000 SR, and the group's share in the net book value of the acquired assets amounted to 18,861 Saudi riyals. The consideration paid and the amount of non-controlling interest recognised, and any interests held, in excess to the identifiable net assets acquired and acquired liabilities of SAR 7,231,139 is included as goodwill within intangible assets. Based on the results of the valuation prepared by an external valuation no impairment was necessary in the goodwill as on March 31, 2021.
- F) During the year ended March 31, 2020, the Group (through Tihama Education Company "a subsidiary company") acquired Aventus Global Trading Company (Ltd), registered in the United Arab Emirates, with a capital of 616,409 Saudi riyals. The group's ownership percentage amounted to 49% as at March 31, 2020. The Group in the subsidiary company became 100% as on March 31, 2021, after acquiring the entire ownership stakes of the parent company of Aventus (Tihama Education Company "a subsidiary").
- G) The partners in the International Company for Advertising Services Ltd. - Intermarkets decided on November 16, 2011 to suspend the company's activity for a period of six months, subject to renewal, and not to do any new business during the period in order to avoid additional losses, and the following decisions were taken:



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3-1 CONSOLIDATION BASIS (continued)

##### 3/1/5- Subsidiaries and the Group's contribution to its capital

- Suspending the company's activity for a period of six months starting from the end of the fiscal year on December 31, 2011, renewable for another period or periods.
- The partners to meet at the end of each period to decide on the continuation or termination of the suspension and whether the return of the company to its operations.

Tihama's inability to use its legal right to manage this company as a result of the company's cessation of activity since November 16, 2011 combined with the company's inability to obtain any financial data and information that would enable it to consolidate the company and together the expiration of the commercial registry and the necessary licenses for the company to perform its work, which led has the parent company's loss of control over the investee company.

Accordingly, the parent company decided to stop Consolidating the financial statements of the International Advertising Services Company - Intermarkets within the group's consolidated financial statements.

Subsequent to the date of the financial position, the partners in the International Company for Advertising Services Limited – Intermarkets have decided to liquidate the International Company for Advertising Services and the partners have issued resolutions to liquidate the company and are in the process of issuing a decision appointing a liquidator to undertake the legal procedures in this regard.

H) During the year ended March 31, 2020, the parent company contributed to the establishment of Nassaj Al Khayial Company for Audio-visual Media Production - a limited liability company with a capital of 100,000 SR, owned by 50%. Due to the parent company's control over the company's operating and bank accounts, the company's financial statements were consolidated into the group's consolidated financial statements.

I) During the year ended March 31, 2021, the parent company acquired all of the partner's shares in Tihama New Media Company (an associate), accordingly, the ownership of the parent Company became the holder of 100% of the company's capital and it became a subsidiary Company as of March 31, 2021, the net effect of acquiring the additional stake in the subsidiary Company amounting to 139,084 SR was recognized directly in the consolidated statement of profit or loss for the financial year ended March 31, 2021.

##### 3/1/6 Consolidated financial statements report date.

The consolidated financial statements include the financial statements of the parent company, Tihama Advertising, Public Relations and Marketing and its subsidiaries (together referred to as the "Group"), the financial year of the subsidiary companies starts on the first of January of each calendar year and ends on the 31<sup>st</sup> of December of the same year, with the exception of Aventus Global Trading Company, where the fiscal year for it begins on the first April of each calendar year and ends on March 31 of the following year. The financial statements of Estidama International Real estate Company, Tihama Holding for Commercial Investment Company, Tihama International For Advertisement Company and Fast Advertising Company were consolidated for the years ending on December 31, due to the absence of significant events and transactions between January 1 to March 31. Tihama Modern Bookstores Company, Tihama Education Company, Aventus Global Trading Company, Integrated Production Company for Audio-visual Media Production and Nassaj AlKhayial Company for Audio-visual Media Production, were consolidated on the basis of the financial statements for the period ending March 31 as a result of the existence of material events and transactions between January 1 to March 31. During the year, the financial statements of Tihama Distribution Company were consolidated on the basis of the financial statements for the period ending on March 31, which were consolidated in previous financial periods on the basis of the financial statements for the year ending on December 31, within the consolidated financial statements for the financial year ending on March 31, and accordingly, The impact of this change has been recognized as an adjustment to the opening balance of accumulated losses as on April 1, 2019 with the adjustment of comparative information.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/2- LEASE CONTRACTS

##### Lease contracts

Upon initiation of a contract, the company assesses whether the contract contains lease arrangements. With regard to such lease arrangements, the company recognizes the right to use assets and lease liabilities, with the exception of short-term leases and low-value asset contracts as follows:

##### A) Right of use assets:

The Group recognizes the right to use the assets on the date of commencement of the lease contract (the date the underlying asset becomes available for use). Right-to-use assets are measured at cost, less any accumulated impairment losses and aggregate depreciation, and adjusted for any re-evaluation of the lease liability. Right-to-use cost of assets includes the amount of the lease liability recognized, initial direct costs incurred, and lease payments made on or before the commencement date minus any lease incentives received. Unless the group is reasonably certain that ownership of the leased asset will be acquired at the end of the lease term. The right to use the assets recognized on a straight-line basis is amortized over the estimated useful life or the lease term, whichever is shorter. The right to use assets is subject to impairment reviews.

##### B) Lease liabilities:

On the date of the commencement of the lease, the Group recognizes the lease liability measured at the present value of the lease payments to be made over the term of the lease. Rent payments comprise fixed payments (including embedded fixed payments) minus rental incentives receivable, variable rental payments that are index or rate based, and amounts expected to be paid under residual value guarantees. The lease payments may also include the purchase option exercise price that is reasonably certain to be exercised by the group and the termination penalty payment, if the lease agreement reflects that the group exercises the termination option. Variable lease payments that do not depend on an index or rates are recognized as an expense in the period in which the event or condition that fulfils the payment requirement occurs.

In computing the present value of lease payments, the group uses the borrowing rate at the lease commencement date if the rate of return implicit in the lease is not easily determined. After the lease commencement date, the amount of the lease liability is increased to reflect the accumulation of financial expenses and the reduction of the lease payments made. The book value of the lease liability is re-measured if there is an amendment or change in the lease term, a change in the fixed rental payments included, or a change in the valuation of the contracted asset purchase.

The main assumptions used for the purposes of computing the present value of lease payments are as follows:

Discount rate for cash flows	4-8%
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##### C) Short-term leases:

The Group applies the exemption granted on short-term leases to such leases (that is, those leases whose lease term is 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

##### D) Significant judgements in determining the lease term for contracts that include renewal options:

The Group defines the lease term as the irrevocable term of the lease, together with any periods covered by the option to extend the lease if that right can reasonably be exercised, or any periods covered by the option to terminate the lease, if it is reasonably certain that Do not exercise this right.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/3- INVESTMENT PROPERTIES

Basically, investment properties are measured at cost. The fair value is determined based on an annual evaluation by an accredited and independent external value, by applying the valuation method recommended by the Standards Committee of the International Valuation Standards Board.

Construction work in progress is stated at cost less impairment losses, if any. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects, if the recognition criteria are met. If significant parts of property and equipment are to be replaced in stages, the Company depreciates those parts independently over its useful lives. Conversely, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss when incurred. The present value of the expected cost of removing an asset after its use is included in the cost of the relevant asset if the recognition criteria are met.

Investments in real estate are held for lease incomes, or an increase in their value, or both, as opposed to either being sold in the ordinary course of business or for use in production or for administrative purpose, this real estate is not used to generate sales revenue through normal business operations. Investments in real estate are initially recognized at cost and the cost model is used for measurement after recognition (post-measurement).

Real estate investments are derecognised in case of sale or disposal or transferred to development real estate. Any gain or loss resulting from de-recognition of the property is immediately recognized in the statement of consolidated profit or loss.

Profits or losses from the sale or transfer of investment properties that represent the difference between the net sale proceeds and the book value are included in the statement of profit or loss in the period in which the sale / disposal takes place, except for those related to sale and lease back arrangements.

The Capital Market Authority issued the decision of the Board of Commissioners on 15 Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years begin from the date of adoption of the International Financial Reporting Standards and continue to comply with the requirements for disclosure of IFRS adopted in the Kingdom of Saudi Arabia, which require disclosure of fair value.

#### 3/4- PROPERTY AND EQUIPMENT

##### 3/4/1- Recognition and measurement

- Property and equipment is measured at cost after deducting the accumulated depreciation and accumulated depreciation loss, if any, with the exception of land and construction work in progress.
- Cost includes expenditures that are directly attributable to the acquisition of the assets and the cost of self-built assets includes the cost of materials and direct labor and any other costs directly attributable to getting the assets to the condition in which they are operated, the costs of dismantling and removing the materials and returning the site in which they are located, and the capitalized borrowing costs.
- The profit or loss from the sale of an item of property and equipment is determined by comparing the proceeds from the sale with the carrying value of property and equipment and is stated net in the statement of consolidated profit or loss.

##### 3/4/2- Derecognition

An item of property and equipment is derecognised when it is sold or when future economic benefits are not expected to flow from its use or sale. Gains or losses arising from derecognition of an item of property and equipment are included in the statement of consolidated profit or loss.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/4- PROPERTY AND EQUIPMENT (continued)

##### 3/4/3- Post-acquisition costs

The cost of replacing a component of an item of property and equipment is recognized at the carrying amount of the item when it is probable that future economic benefits will flow to the group and that their cost can be measured reliably and the carrying value of the replaced component is derecognised. The cost of providing day-to-day service for property and equipment is taken to the statement of consolidated profit or loss as incurred.

##### 3/4/4- Depreciation

Depreciation is based on the cost of assets minus their residual value. The significant components of individual assets are estimated, and if there is a component that has a useful life that differs from the rest of that asset, then that component is depreciated independently.

- Depreciation is recorded in the consolidated statement of profit or loss using a straight-line method over the estimated useful life of each component of an item of property and equipment. Depreciation methods, useful lives and residual value are examined at the date of each consolidated financial position and adjusted whenever appropriate. Depreciation of the asset begins when it is available for use, and its depreciation stops on the date on which the asset is classified as held for sale or its cease to be utilised whichever is earlier.
- Improvements to buildings to leased land and buildings established on leased land are depreciated over their useful economic lives or the unexpired lease period, whichever is shorter.

The following are the estimated useful lives of the current and comparative periods:

Buildings 5-33 year	Computers 4-8 year
Equipment 5-20 year	Vehicles 4-5 year
Advertising boards and equipment 3 - 10 years	Building on rental land based on lease term
Furniture 4-10 year	

- Regular maintenance and repair expenses that do not materially prolong the estimated useful life of an asset are included in the consolidated statement of profit or loss when incurred. Major renovations and improvements, if any, are capitalized, and the assets that have been replaced are excluded from the books.

#### 3/5- BORROWING COST

Borrowing costs that are directly attributable to the acquisition, creation or production of qualifying assets and which necessarily take a substantial period of time to prepare for their intended use or sale, are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to the consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 3/6- INTANGIBLE ASSETS

- Intangible assets with finite lives are amortized over their economic useful lives and are reviewed whenever there is an indication that a decrease in their value may occur. The period and method of amortization of intangible assets that have a specific useful life are reviewed at least once at the end of each financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embedded in the asset, are accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense of intangible assets with finite lives is included in the consolidated statement of income in an expense category consistent with the use of the intangible assets.
- Intangible assets that do not have specific useful lives are not amortized, but they are tested annually to ensure that there is no impairment in their value, either individually or at the level of the cash-generating unit. The indefinite useful life is reviewed annually to ensure that the estimate made for it is still correct, and if it is otherwise, the change in the useful life from indefinite to finite is made on a probability of occurrence.
- Profits and losses arising from de-recognition of an intangible asset are measured by the difference between the net sale proceeds and the book value of the asset and are included in the consolidated statement of profits and losses when the asset is derecognised.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/7- FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

#### 3/8- NON-DERIVATIVE FINANCIAL ASSETS

- Accounts and other receivables and deposits are initially recognized on the date in which they are originated. All other financial assets are initially recognized on the trade date on which the Group becomes a party to the contractual provisions of the financial instrument.
- Non-derivative financial assets include investments in quoted securities, other accounts and receivables, and cash at banks.

#### 3/9 - FINANCIAL ASSETS

##### 3/9/1- Initial recognition and measurement

- The Group determines the classification of its financial assets upon initial recognition. The classification depends on the nature of the Group's business to manage the financial assets and the contractual terms of the cash flows.

##### Classification

Financial assets are classified into the following measurement categories:

- A- Those that are subsequently measured at fair value (either through consolidated comprehensive income, or through consolidated profit or loss).
- B- Those measured at amortization cost.

For assets measured at fair value, gains and losses are recorded in the consolidated statement of profit or loss or consolidated statement of comprehensive income. In relation to equity investments, this depends on whether the Group has chosen the method for the initial recognition of the equity investments at fair value through consolidated total comprehensive income.

##### 3/9/2- Measurement

On initial recognition, the Group measures the financial assets at fair value, including if the financial asset is not at fair value through profit or loss, costs incurred directly attributable to the acquisition. The costs of purchasing financial assets are recorded in the consolidated statement of profit or loss at fair value and are recognized as an expense if incurred.

##### Debt instrument

The subsequent measurement of debt instruments depends on the nature of the group's use of the assets and the cash flows resulting from the use of that asset. The Group classifies debt instruments at amortized value based on the following:

- A- The asset is kept within the business activity in order to obtain contractual cash flows,
- B - The contractual terms clarify specific dates for cash flows, which are principal and interest payments calculated on the amount outstanding.

Amortized cost is calculated after taking into account any discount or premium on purchase and fees or costs that are an integral part of the effective interest rate. Employee and shareholder loans to joint venture companies are stated at amortized cost.

##### Equity instrument

If the Group chooses to present the fair value method for gains and losses from equity investments in the consolidated statement of comprehensive income, then the fair value of the profit or loss will not be reclassified subsequently in the consolidated statement of profit or loss. Dividends from these investments are recognized in the consolidated statement of profit or loss as other income when the group's right to receive payment is established. There is no requirement to account for impairment of equity investments measured at FVOCI. Changes in the fair value of financial assets are recognized as profit or loss in the statement of consolidated profit or loss.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/9 - FINANCIAL ASSETS

##### 3/9/3- DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset when the contractual rights to cash flows expire or upon transfer of the financial asset and the risks and benefits associated with its ownership to another party. If the group does not transfer or retain all of the risks and rewards of owning the asset and continues to control the transferred asset, the group recognizes its retained interest in the related assets and liabilities for the amounts that it may have to pay. If the group retains all risks and rewards of the excluded asset, then the group continues to recognize the financial asset and also recognizes the guaranteed borrowing of the returns received.

##### 3/9/4- Impermeant in financial assets

- The Group applies the expected credit loss model (ECL) to measure and prove the loss of impairment in the value of financial assets and exposure to credit risk for debt instruments and it is measured at amortized cost such as loans, deposits and receivables.
- Expected credit losses are a weighted estimate of the probability of credit losses (that is, the present value of all cash deficits) divided by the expected life of the financial asset. Cash shortages are the difference between the cash flows due according to the contract and the cash flows that the group expects to receive. Expected credit losses take into account the amount and timing of payments and consequently credit losses arise even if the group expects to receive the payment in full but later than the due date specified in the contract. The ECL method requires an assessment of the credit risk, default and timing of collection since the initial recognition. This requires that an expected credit loss allowance is recognized in the consolidated statement of profit or loss as well as for newly created or acquired receivables.
- The decline in the value of financial assets is measured by either 12-month expected credit losses or expected credit losses over the life of the asset, depending on whether there has been a significant increase in credit risk since the creation of the asset. 12-month ECL represents expected credit losses arising from default events that may be possible within 12 months after the end of the financial year. Life expectancy of credit losses represent any expected credit losses that would arise from all possible events of delinquency over the expected life of the financial asset.
- Accounts receivables are short-term and usually due in less than 12 months. Therefore, the credit loss allowance is calculated in a manner that does not differ from the 12-month period, which is the expected life of the receivables. The Group uses the practical method in IFRS 9 ("Financial Instruments") to measure expected credit losses for receivables using a provision matrix based on the ages of receivables.
- The group uses past and historical experiences and loss rates based on the basis of the past 36 months, where historical loss rates are adjusted to reflect information on current conditions and future expectations of future economic conditions. The loss rates differ based on the age of the receivables and are usually higher the older the receivables.

##### 3/9/5- Income recognition

###### Interest income

For all financial instruments that are measured at amortized cost and interest-bearing financial assets, interest income is recognized using the effective interest rate, which is the rate that discounts estimated future cash receipts over the expected life of the financial instrument or a shorter period, to the net book value of the financial asset.

When the value of loans and receivables decreases, the group reduces the carrying amount to the recoverable value, which is the estimated future cash flows discounted at the original interest rate of the instrument and books the discount as interest income. Interest income is recognized on financial assets that are impaired in value using the original interest rate.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/9 - FINANCIAL ASSETS (CONTUNED)

##### 3/9/5- Income recognition (continued)

##### Dividends distributed

Dividends received from financial instruments are recognized in the consolidated statement of profit or loss only when the right to receive the payments is established, and also when it is probable that future economic benefits associated with the dividend will flow, and can be measured accurately.

#### 3/10- FINANCIAL LIABILITIES

##### 3/10/1- Non-derivative financial liabilities

- All financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amount is included in the consolidated balance sheet when and only when there is a legal right for the group to set off the amounts realized and when the group has the intention to settle the assets with liabilities on a net basis or sell the assets and pay the liabilities simultaneously.
- Non-derivative financial liabilities include term loans, payables and other payables. These financial liabilities are initially recognized at fair value plus any transaction costs directly attributable to them. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the prevailing (effective) interest rate method. The Group derecognises a financial liability when the obligation specified in the contract is performed, cancelled or expires.

##### 3/10/2- Derecognition of financial liabilities

The derecognition of a financial liability when the obligation specified in the contract is fulfilled, cancelled or expired, and when an existing financial liability is replaced by another liability from the same lender under substantially different terms, or the terms of the existing financial liability have been modified substantially. This replacement or amendment is treated as a cancellation of the original liability and recognition of the new liability. The differences in the relevant book value are included in the statement of consolidated profit or loss.

##### 3/10/3- Offsetting the financial assets and liabilities

Financial assets and liabilities are offset and the net amount is included in the consolidated balance sheet when and only when there is a legal right for the group to set off the amounts realized and when the group has the intention to settle the assets with liabilities on a net basis or sell the assets and pay the liabilities simultaneously.

#### 3/11- DECREASE IN THE VALUE OF NON-FINANCIAL ASSETS

- The group evaluates the carrying value of the non-financial assets, excluding inventories, at each consolidated financial position date, to assess if there is any indication of impairment in their value. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with no specified useful lives are tested annually to see if there is impairment in their value. An impairment loss is recognized if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.
- A non-current asset is considered to be impaired if its book value is higher than its recoverable value. In determining an impairment loss, the Group compares the carrying amount of the non-current asset with the estimated undiscounted cash flow of the asset in use. In the event that the carrying value exceeds the undiscounted estimated cash flow of the asset in use, the group estimates the present value of the estimated future cash flows of the asset. An excess of the carrying amount over the present value of the estimated future cash flows is considered an impairment loss.
- An impairment loss is recognized immediately in the consolidated statement of profit or loss. If the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable value, so that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized in the asset's value in previous years. The reversal of an impairment loss is recognized immediately in the consolidated income statement.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3/12- INVESTMENTS

##### 3/12/1- Investments in associates

- Associates are entities over which the group exercises significant influence and are not subject to the control of the company. They are generally accompanied by an ownership interest of between 20% and 50% of the voting rights. The Group's investments in associates are accounted for using the equity method and are initially recognized at cost. The book value is increased or decreased to account for the share in the profit or loss of the investee company since the date of acquisition. The group's investment in associates includes goodwill, which is identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is still retained, then only the proportional share of the amount previously recognized in the consolidated comprehensive income is reclassified to the income statement as appropriate.

- The group's share in the post-purchase profit or loss is included in the consolidated statement of profit or loss, and its share in the post-purchase movement is included in the comprehensive income with a corresponding adjustment to the book value of the investment.
- If the group's share of losses in an associate is equal or greater than in that associate, including any unsecured receivables, the group will stop recognizing the additional losses unless it incurs a statutory or proven obligation for payments to be made on behalf of the associate.
- The group determines, at the date of each consolidated financial position, whether there is any objective evidence of a decline in the value of the investment in the associate. In the event of such a decline, the Group calculates the amount of the decrease as a difference between the recoverable amount of the associate and its carrying value and recognizes the amount on the consolidated statement of profit or loss. Gains and losses arising from upstreaming and down streaming transactions between the group and its associates are included in the group's consolidated financial statements only to the extent of the investor's non owed interest in the associate. The accounting policies of the associates have been changed, as necessary, to ensure consistency with the policies applied by the group.

##### 3/12/2 INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OCI

Upon initial recognition, the company can make an irrevocable decision (on an instrument-by-instrument basis) whereby the decision classifies investments in equity instruments at fair value through other comprehensive income. It is not permitted to classify these investments at fair value through other comprehensive income if they are held for trading.

A financial asset or a financial liability for trading is maintained in the following cases:

- is acquired or incurred primarily for the purpose of selling or repurchasing it in the near term;
- On initial recognition, this is part of a portfolio of specific financial instruments managed together and for which there is evidence of a true pattern of profit taking in the short term. or
- A derivative excluding a derivative of a financial guarantee or specific contract and an effective hedging instrument.

Investments in equity instruments are initially measured at FVOCI plus transaction costs.

Subsequently, it is measured at fair value with gains or losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gains or losses on equity instruments are never reclassified to the consolidated statement of profit or loss and no impairment is recognized in the consolidated statement of profit or loss. Investments in unlisted equities that were previously recorded at cost are now measured in accordance with IAS 39 at fair value. The accumulated profit or loss will not be reclassified to the statement of profit or loss on sale of investments.

Dividends on these investments are recognized in the consolidated statement of profit or loss when the company's right to receive the dividend is established in accordance with IAS 18 endorsed in the kingdom of Saudi Arabia , unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the net cumulative change in the fair value of equity investments measured at FVOCI. When these financial instruments are eliminated, the amount accumulated in the fair value reserve is transferred to retained earnings.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3/13 - PROJECT IN PROGRESS

The cost of project in progress consists of the contract value, the costs directly attributable to the development and equipping of the project assets to the site and the condition enabling them to be operated for the purpose for which they were acquired. The costs of capital work in progress are transferred to categories of tangible assets and non-current intangible assets when they reach operating condition and are available for use. The carrying value of capital work in progress is reviewed to see if there is a decline in its value when events or changes in circumstances indicate that the carrying value may not be recoverable. In the event that such indication exists and when the book value exceeds the estimated recoverable value, the asset value is reduced to the recoverable value.

#### 3/14 – INVENTORY

- Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined on a weighted average basis. Net realizable value is the price at which it can be sold in the normal business cycle after cost is allowed to be realized and, as appropriate, the cost of transferring from its current state to its terminal state. A provision is made for aging, slow moving, and defective inventory, when necessary.
- Goods in transit are recorded based on the cost of the goods received.

#### 3/14/1 - Provision for slow moving and obsolete inventories

Inventories are valued at cost or net realizable value whichever is lower. Adjustments are made to reduce the cost of goods to their realizable value based on an estimate made at each financial period, if necessary, at the product level in relation to the estimated surplus, obsolescence and low-value balances. Factors that influence these adjustments include changes in demand, physical deterioration, and quality problems. Accordingly, the necessary provisions are made and reviewed periodically and on an ongoing basis by the management in each financial period.

#### 3/15- TRADE RECEIVABLES AND OTHER DEBIT BALANCES

Accounts receivable are initially recorded at the market value and are subsequently measured at amortized cost using the effective interest method minus the provision for impairment in the value of financial assets for decline in financial instruments. Refer to note 3/9.

#### 3/16- SHORT-TERM DEPOSITS

Short-term deposits include deposits with banks and short-term investments that are more liquid, but not more than one year from the date of purchase.

#### 3/17- CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated balance sheet comprise cash with local and foreign banks and cash at bank.

#### 3/18- EMPLOYEES DEFINED BENEFITS LIABILITIES

Provision for employee benefit liabilities is provided for the period of their service as at the date of the consolidated statement of financial position. The provision for employee benefit liabilities is monitored according to the expected unit method in accordance with International Accounting Standard No. (19) Employee benefits, taking into account the Saudi Labor Law. The provision is recognized based on the present value of the defined benefit obligation.

The present value of defined benefit obligations is calculated using assumptions of average annual rate of salary increase, average years of employment of employees and an appropriate discount rate. The probabilities used are calculated on a consistent basis for each year and reflect management's best estimates. The discount rate is based on the best available estimates of market returns currently available at the reporting date.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3/18- EMPLOYEE DEFINED BENEFIT OBLIGATION (CONTINUED)

##### Changes in accounting policies due to the revision of IAS 19

The amendments require the recognition of changes in the liabilities for defined benefits and fair value and the recognition of all accounting profits and losses directly through the consolidated statement of comprehensive income in order to reflect the net asset or liability of the company as recognized in the statement of consolidated financial position.

The actuarial valuation was performed by Al Khwarizmi for Actuarial Services and performed using the projected credit unit.

The main assumptions used for the purposes of the actuarial valuation were as follows:

Employee turnover	High
Salaries increase	2.15%
Discount rate for cash flow	2.15%

#### 3/19- INTEREST ON LOANS

All term borrowings are initially recognized at the fair value of the consideration received plus transaction costs directly attributable to them. Commission-bearing term loans are subsequently measured at amortized cost using the prevailing commission rate method. Loan facility arrangement expense is recognized as the transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down.

#### 3/20- TRADE PAYABLES AND OTHER CREDIT BALANCES

Liabilities are recognized for amounts to be paid in the future for supplies or services received, whether or not billed to the group.

#### 3/21- PROVISIONS

Provisions are recognized when the group has a legal obligation or it is inferred from the identified circumstances as a result of a past event, and it is possible that an outflow of resources from the entity may be required to settle that obligation, and a reliable estimate of the amount of the obligation can be made. When the Group expects to recover some or all of a provision, for example under an insurance contract, the recovered amount is included as a separate asset but only when this is actually certain. The expenses related to a provision are shown in the consolidated statement of profit or loss, net of any recoverable amounts.

#### 3/22- CONTINGENT LIABILITIES

Contingent liabilities are not included in the consolidated financial statements. They are disclosed unless there is a possibility of an outflow of resources that implies future economic benefits. A contingent asset is not included in the consolidated financial statements but disclosed when there is a possibility of an inflow of economic benefits to the entity.

#### 3/23- ZAKAT

The group is subject to Zakat in accordance with the regulations issued by the General Authority for Zakat and Income. The zakat provision is calculated for the group and the amount of the provision is charged to the consolidated statement of profit or loss. Adjustments that occur upon final assessment of zakat and income tax - if any - are recorded in the period in which they are assessed.

#### 3/24- SEGMENT REPORTING

##### (A) The business segments

A business segment is a group of assets, operations, or entities that:

- (1) It engages in revenue generating activities.
- (2) The management analyzes the results of its operations in order to make decisions regarding resource allocation and performance assessment.
- (3) Financial information is independently available on it.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3/24- SEGMENT REPORTING (CONTINUED)

##### (B) The geographical sector

A geographic segment is a group of assets, operations, or establishments that carry out revenue-generating activities in a specific economic environment that are subject to risks and returns that are different from those operating in other economic environments.

#### 3/25- CONVERTING TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies during the year are converted into Saudi riyals according to the exchange rates prevailing at the time of the transactions. At the date of each consolidated financial position, the balances of assets and liabilities of a monetary nature recorded in foreign currencies are converted into Saudi riyals according to the exchange rates prevailing on that date. Gains and losses arising from transfers and settlements are included in the consolidated statement of profit or loss. On the date of preparing the consolidated balance sheet, the assets and liabilities of the foreign subsidiaries are translated into Saudi riyals, according to the exchange rates prevailing on that date. The equity components are translated into the transfer prices prevailing at the date of origin of each component. The income and expenses of foreign companies are translated into Saudi Riyals on the basis of the weighted average transfer prices during the year. As for the accumulated translation adjustments of foreign currencies resulting from that, if any, they are included as a separate item in equity in the consolidated statement of financial position. When a portion of an investment in these associates is disposed of, these cumulative adjustments are included in the consolidated statement of profit or loss as part of the profit or loss on disposal.

#### 3/26- REVENUE RECOGNITION

The group's revenues consist mainly of renting road billboards, media advertising, stationary artboards, distribution of educational materials, stationery and books, sale of convenience products to travelers, food and beverage, film and series production, commercial and awareness advertisements. Revenue is recognized to the extent that the performance obligations related to customer contracts are fulfilled by the Group. Revenue is measured on the basis of the conditions specified in the contract with the customer and excludes amounts collected on behalf of a third party. The group recognizes revenue when transferring control over goods, products or services to a customer, in addition to the special conditions for revenue recognition that must be met before the revenue recognition process. The following are specific recognition criteria that must also be met before revenue is recognized:

##### **Sales of goods**

Revenue is recognized in the event that control of the products is transferred to the customer, or when the products are delivered to the customer, or the customer has complete freedom of action in the subsequent price of selling the products, and that there is no obligation that may affect the customer's receipt of the products. Delivery takes place based on contractual terms when the risk of commodity defects and loss is transferred to the customer or the customer has accepted the products in accordance with the sales contract, the right to deliver the goods has become enforceable, or the group has objective evidence that all the criteria for receipt have been met. Revenue recognized at the selling price is measured as agreed in the sales contract. The selling price is adjusted according to any possible variable such as price concessions, discounts, refunds, credit facilities, etc. The Group estimates the expected value of any variable consideration to adjust the potential selling price. The Group includes in the transaction price some or all of the variable considerations only to the extent that it is probable that no material reversal will occur in the value of the cumulative revenue recognized and when there is an uncertainty associated with the variable consideration and the related future solution. It is probable that economic benefits will flow to the entity and that the amount of revenue can be measured reliably.

##### **The rendering of services**

Revenue is recognized from providing services in the accounting period in which the services are provided or in which they are performed and recognized When rendered and there is a possibility that economic benefits will flow to the enterprise and that the amount of revenue can be measured reliably.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3/26- REVENUE RECOGNITION (CONTINUED)

##### **Production of movies**

Revenue from movie screening in movie theatres is recorded based on net value of ticket revenues, after deducting marketing expenses and the share of the operator. With respect to sponsorship revenues, they are recognized as soon as the film is shown in cinemas or movie theatres thereby fulfilling performance obligations related to sponsorship contracts. For subscription on demand platforms or TV's, it is recognized upon fulfilment of performance obligations related to client contracts.

##### **Road advertisements**

Rents for road billboards and services rendered are recorded as revenue on a straight-line basis over the period in which the service is provided. In general, road advertising contracts cover a period of one month to a minimum of more than one year. Generally, invoices are issued based on the terms of the contract. The road advertising revenue recognition starts on the completion and installation of road billboards that are given for rent to clients on the basis of executed contracts.

##### **Other income**

Other income is stated on the accrual basis of accounting. Gains and losses on sale of property, plant and equipment are included in the statement of consolidated profit or loss.

#### 3/27- RECOGNITION OF EXPENSES

All expenses incurred in running the business and maintaining property and equipment in a state of operational efficiency have been charged to the consolidated statement of profit or loss. The allocation between cost of revenue, general and administrative expenses, selling and marketing expenses, is made on a consistent basis. Expenses incurred for the purpose of acquiring, extending or improving assets of a permanent nature through which to continue in business or for the purpose of increasing the ability to earn business are treated as capital expenditures.

#### 3/28- DIVIDENDS FROM INVESTMENTS

Dividends are recorded in the consolidated financial statements when announced and approved in the general assembly by the shareholders of the investee company.

#### 3/29- LEASE CONTRACTS

Rental income under operating leases is recognized in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

#### 3/30- RELATED PARTY TRANSACTIONS

The disclosure is made in relation to the commercial transactions between the parties who were identified as related parties according to the International Accounting Standard No. (24) - disclosure of the related party as approved by the Saudi Organization for Certified Public Accountants.

#### 3/31- SUBSEQUANT EVENT AFTER THE STATEMENT OF FINANCIAL REPORTING DATE

All significant events that occur after the date of the consolidated statement of financial position, and where appropriate, amendments or disclosures made in the relevant notes to the consolidated financial statements are considered.

### 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

- The group's activities are subject to various financial risks. These risks include: market risk (including currency risk, fair value risk, cash flow commission rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on unpredictable financial market fluctuations and looks for possibilities to minimize potential negative impacts on the group's consolidated financial performance.

Risk management is Managed by the senior management in accordance with the policies approved by the Board of Directors. The senior management identifies and assesses financial risks in close cooperation with the operating units of the company. The most important types of risk are credit risk, currency risk, fair value risk and cash flow commission rate risk.



#### 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

- Financial instruments included in the consolidated statement of financial position include cash with banks, short-term deposits, receivables, investments, short and long-term loans, liabilities for operating leases, payables, accrued expenses, and other current liabilities.

##### 4/1 Management of currency exchange rate risks

- Currency exchange rate risk is the risk that makes the value of a financial instrument subject to fluctuations due to changes in foreign exchange rates. The group's commercial transactions are mainly in Saudi Riyal, United Arab Emirates Dirham and US Dollars.

The group operates on a global scale and is exposed to foreign exchange rate fluctuations. The group also has investments in associate foreign companies, where its net assets are exposed to currency exchange risk. These risks are currently mainly related to the exchange rate movement between the Saudi riyal against the UAE dirham. The effect of these exposures is recorded in a separate component of shareholders' equity in the accompanying consolidated financial statements. The Group's management monitors the fluctuations in the foreign exchange rate and believes that these risks are not significant.

##### 4/2 Managing fair value and cash flow commission rate risks

Fair value and cash flow commission rate risks are different exposures related to the effect of fluctuations in commission rates prevailing in the market on the consolidated financial position and consolidated cash flows of the group. Commission rate risk to the Group arises mainly from short-term deposits and bank borrowings. The Group does not use hedging contracts, but management monitors changes in commission rates and believes that this risk is not significant.

##### 4/3 Price risk management

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its source, or factors affecting all instruments traded in the market. The group is exposed to price risk in relation to equity investments held by the group and classified as financial assets designated at fair value through comprehensive income in the consolidated statement of financial position. The Group diversifies its investment portfolio to manage the price risk arising from its equity investments.

##### 4/4 Credit Risk Management

Credit risk is the risk that one party to a financial instrument will not be able to fulfill its obligations and cause the other party to incur a financial loss. The Group does not have a significant concentration of credit risk. The cash is deposited with high credit rated banks. Accounts receivable are recorded after deducting the allowance for expected credit losses.

##### 4/5 Liquidity risk management

Liquidity risk is the risk that an enterprise will face in difficulty in securing the funds necessary to meet its obligations in financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group manages liquidity risk and monitors it on a regular basis to ensure that sufficient cash funds are available through the credit facilities to meet any future obligations.

##### 4/6 Fair value

The fair value is the amount for which an asset can be exchanged or a liability paid between two parties with their knowledge and revenues in a transaction that takes place under the same terms of dealings with other parties, as the group's financial instruments are grouped using the historical cost method, except for investments, differences may arise between the book value and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying value.

Tihama for Advertising, Public Relations and Marketing Company

(A Saudi Joint Stock Company)

Notes to The Consolidated Financial Statements

For the Year Ended 31 March 2021

(All amounts are in Saudi Riyal unless otherwise stated)

**5. PROPERTY AND EQUIPMENT, NET**

	Owned buildings	Buildings on rented land	Equipment	Signs & Unipoles	Furniture and fixtures	Computers	Vehicle	Work in progress & Unused assets	Total
<b>Cost:</b>									
Balance as at 1/4/2019	-	4,997,130	15,046,560	86,188,561	28,396,058	9,218,575	2,820,839	4,461,426	151,129,149
Additions for the year	606,135	-	446,094	-	2,233,784	187,198	-	1,424,074	4,897,285
Disposals for the year	-	-	(175,896)	-	(34,940)	-	(175,399)	-	(386,235)
Acquisition of a subsidiary	-	4,384,666	183,796	-	1,333,418	1,063,564	1,451,611	-	8,417,055
<b>Balance as at 31/3/2020</b>	<b>606,135</b>	<b>9,381,796</b>	<b>15,500,554</b>	<b>86,188,561</b>	<b>31,928,320</b>	<b>10,469,337</b>	<b>4,097,051</b>	<b>5,885,500</b>	<b>164,057,254</b>
Additions for the year	-	35,628	496,623	1,572,491	2,147,928	664,790	44,000	3,902,237	8,863,698
Disposals for the year	-	(86,598)	(2,955,381)	(4,547,508)	(4,123,492)	(317,708)	(497,905)	-	(12,528,594)
<b>Balance as at 31/3/2021</b>	<b>606,135</b>	<b>9,330,826</b>	<b>13,041,796</b>	<b>83,213,544</b>	<b>29,952,756</b>	<b>10,816,419</b>	<b>3,643,146</b>	<b>9,787,737</b>	<b>160,392,359</b>
<b>Accumulated depreciation:</b>									
Balance as at 1/4/2019	-	4,981,598	14,806,453	68,923,926	27,164,264	9,040,914	2,820,736	-	127,737,891
Depreciation for the year	5,231	390,602	187,611	3,213,642	995,323	115,772	203,582	-	5,111,763
Disposals for the year	-	-	(176,457)	-	(34,937)	-	(174,841)	-	(386,234)
Acquisition of a subsidiary	-	2,532,735	150,252	-	1,113,390	1,045,330	546,008	-	5,387,715
<b>Balance as at 31/3/2020</b>	<b>5,231</b>	<b>7,904,935</b>	<b>14,967,859</b>	<b>72,137,568</b>	<b>29,238,040</b>	<b>10,202,016</b>	<b>3,395,485</b>	<b>-</b>	<b>137,851,135</b>
Depreciation for the year	30,417	404,206	327,116	3,081,573	1,205,334	167,639	236,127	-	5,452,412
Disposals for the year	-	(86,292)	(2,892,867)	(4,547,508)	(3,489,769)	(293,434)	(438,844)	-	(11,748,714)
<b>Balance as at 31/3/2021</b>	<b>35,648</b>	<b>8,222,848</b>	<b>12,402,108</b>	<b>70,671,633</b>	<b>26,953,605</b>	<b>10,076,221</b>	<b>3,192,768</b>	<b>-</b>	<b>131,554,832</b>
<b>Impairment provision:</b>									
As at 31/3/2021	-	-	-	(3,506,578)	-	-	-	(4,461,427)	(7,968,005)
As at 31/3/2020	-	-	-	-	-	-	-	(3,807,562)	(3,807,562)
<b>Net book value</b>									
As at 31/3/2021	570,487	1,107,978	639,688	9,035,332	2,999,150	740,198	450,379	5,326,310	20,869,522
As at 31/3/2020 (restated)	600,904	1,476,861	532,695	14,050,993	2,690,280	267,321	701,567	2,077,938	22,398,558



## 5. PROPERTY AND EQUIPMENT, NET (CONTINUED)

### 5/1 work in progress

Capital business includes metal structures related to billboards that have not been installed. A provision for the permanent decrease in the value of these assets amounted to 4,461,427 SR as at 31 March 2021 (3,807,562 SR as at 31 March 2020) has been recorded.

5/2 During the financial year ended March 31, 2021, the Company recorded an impairment loss in the value of sign boards amounting to 3,506,578 SR in the consolidated statement of profit or loss, based on an impairment in value study carried out by the company's management, the net book value of the sign boards as at March 31, 2021, amounted to 7,500,000 SR. These billboards are held by a municipality pending the payment of a claim for lease and use of advertising sites amounting to approximately 12.1 million SR (which is fully provided for in the books). during the financial year ending on March 31, 2021, a preliminary court verdict was issued In favour of the municipality in the amount of 11.7 million SR. Subsequent to the financial position date, the parent company filed an appeal against the judgment before the Administrative Court of Appeal. The company also contracted with an external legal advisor to study the entire legal situation.

5/3 The owned buildings represent a real estate unit in Dubai city that a subsidiary purchased during the fiscal year ending on March 31, 2020 AD and it is mortgaged in favor of a bank in return for a non-cash facility granted to a subsidiary.

## 6. LEASES

### 6/1- RIGHT OF USE ASSETS, NET

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Balance as at beginning of the year	33,939,895	31,689,165
Additions / during the year	12,458,363	17,916,855
Deprecation during the year	(14,082,329)	(15,666,125)
<b>Balance as at end of the year</b>	<b><u>32,315,929</u></b>	<b><u>33,939,895</u></b>

### 6/2- LONG TERM LEASE LIABILITIES

Lease liability movement during the year represent as follows:

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Balance as at beginning of the year	38,108,762	36,215,693
Additions during the year	12,458,363	17,916,857
Finance cost during the year	1,864,216	2,803,348
Repayments of lease liability during the year	(17,600,285)	(18,827,136)
<b>Balance as at end of the year</b>	<b><u>34,831,056</u></b>	<b><u>38,108,762</u></b>

The below table shows the group's lease liabilities based on the contractual due date:

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Non-current portion of lease liabilities	8,306,825	12,358,145
Current portion of lease liabilities	26,524,231	25,750,617
<b>Total lease liabilities</b>	<b><u>34,831,056</u></b>	<b><u>38,108,762</u></b>

## 6. LEASES (CONTINUED)

### 6/3- RECOGNISED LEASE COST IN STATEMENT OF CONSOLIDATED PROFIT OR LOSS

The below table shows the recognised amounts in statement of consolidated profit or loss:

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Depreciation expense for right of use assets	14,082,329	15,666,125
Finance cost for lease liabilities	1,864,216	2,803,348
Short term rent expense	4,597,624	5,522,949
	<u>20,544,169</u>	<u>23,992,422</u>

### 6/4- SHORT TERM RENT

#### 6/4/1- Rent expense

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Short term rent record as expense during the year	4,597,624	5,522,949

- Short-term operating lease expenditures represent the rents payable by the Group for renting cars, advertising sites, warehouses, libraries and administrative offices. The period of the agreed lease or exploitation contracts is 12 months or less from the start date and does not contain a purchase option.

## 7. INVESTMENT IN EQUITY INSTRUMENTS

The group investment in equity instruments represent as follows:

### 7/1- INVESTMENT IN ASSOCIATES USING EQUITY METHOD

The group have the following investment in associate company:

Name of the subsidiary	Country	Principal activities	Company ownership		Book value	
			2021	2020	31 March 2021	31 March 2020 (Restated)
United Advertising Company(A)	KSA	Advertising and promotion Supply of advertisement materials	50%	50%	3,705,280	3,318,668
Saudi Company for sign supplies (B)	KSA	Publishing and distribution	42.5%	42.5%	-	-
United Journalists. Company (C) J. Walter Thompson MENA Company (D)	UK	Advertising Technical and other services	50%	50%	-	-
Gulf Systems Development Company (E)	Bahrain	Technical and other services	30%	30%	27,950,656	40,790,217
Renewable Technology Company (E) Tihama Contemporary Media Company (F)	KSA	Technical and other services	30%	30%	-	-
Tihama New Media Company (G)	KSA	Media and research	-	29%	-	177,276
Tihama Global Company - Free Zone (H)	KSA	Media and research	-	48%	-	-
	UAE	Advertising & marketing services	40%	40%	-	-
					<u>31,655,936</u>	<u>44,286,161</u>



## **7. INVESTMENT IN EQUITY INSTRUMENTS (CONTINUED)**

### **7/1- INVESTMENT IN ASSOCIATE COMPANY (CONTINUED)**

The financial year for above associate companies begins on January 1 and ends on December 31 of each Gregorian year. The parent company's share of the change in the net assets of J. Walter Thomson MENA Company for the two years ending on March 31, 2021 and 2020 has been calculated based on the Management accounts prepared by the management of this company as the financial statements of that associate company are still under review. The parent company's share of the change in the net assets of the United Advertising Company Limited for the year ended March 31, 2021 has been calculated based on the Management accounts prepared by the management of this company, as the financial statements of that associate are still under review. The parent company's share of the change in net assets for the year ended March 31, 2020 was calculated based on the audited financial statements for the year ended 31 December 2019. The parent company's share of the change in the net assets of Tihama for Contemporary Media and Tihama for New Media for the two years ending on March 31, 2021 and 2020 was calculated based on the Audited financials for the years ended December 31, 2020 and 2019.

#### **7/1 (A) - United Advertising Company**

The legal share of the parent company in the United Advertising Company Ltd. is 100%, however, during the previous years the company sold 50% of its share in this associate, and thus its actual share became 50%. The legal procedures for this change are still in progress as at March 31, 2021. The group does not exercise complete control over the company, but it does have a significant influence on the decision-making of the company.

#### **7/1 (B) - Saudi for Selling Advertising Materials**

The partners in Saudi for the Sale of Advertising Materials Ltd. decided during the year ended March 31, 2012 to start liquidating it, due to its operational losses for successive years and its inability to continue its activities. The legal procedures for this decision are still in progress as at March 31, 2021. The company's share in the net equity of the partners in this associate as at March 31, 2021 is nil and March 31, 2020 is nil Saudi riyals.

#### **7/1 (C) - United Journalists Company Ltd**

The company's investment in United Journalists Company Ltd. was recorded at a value of zero as on March 31, 2021 and March 31, 2020, as the accumulated losses of this associate exceeded its capital, and the company does not intend to provide it with financial support that exceeds its share in its capital, as it is a limited liability company And accordingly it has not recorded The parent company's share of the associate's losses for the two years ended March 31, 2021 and 2020. The last balance sheet obtained by the company was December 31, 2009.

#### **7/1 (D) - J. Walter Thomson MENA**

The parent company's investment in J. Walter Thomson MENA was recorded based on the accounts prepared by the management of the associate, as the Group financial statements of that company as at December 31, 2020 and 2019 are still under audit.

#### **7/1 (E) - Gulf Systems Development Company and Renewable Technology Company**

The investments in these two associate companies include the value of the parent company's investment in them. As they have not exercised any commercial activities since their establishment and that financial information was available regarding the Renewable Technology Company until the date of preparing these consolidated financial statements. Based on the impairment loss study conducted, the Parent Company recorded a 100% impairment loss on these investments.

#### **7/1 (F)- Tihama Contemporary Media Company**

During the year ended March 31, 2018, the parent company contributed to the incorporation of the Tihama Contemporary Media Company with a capital of 100,000 Saudi riyals with an ownership of 29%. During the fiscal year ended March 31, 2021, the parent company sold all of its shares in Tihama Contemporary Media Company for an amount of 500,000 Saudi riyals, on March 31, 2021.

**7. INVESTMENT IN EQUITY INSTRUMENTS (CONTINUED)**

**7/1- INVESTMENT IN ASSOCIATES (CONTINUED)**

**7/1(G) Tihama New Media Company**

During the year ended March 31, 2018, the parent company contributed to the incorporation of the Tihama New Media Company with a capital of 100,000 Saudi riyals and an ownership (direct and Indirect) of 48% . During the financial year ended March 31, 2021, the parent company acquired all the shares of Tihama New Media Company, and accordingly, the ownership of the parent company in the company's capital became 100%, based on this the company was disposed of it as an associate company and consolidated as a subsidiary company within the consolidated financial statements for the fiscal year ended on March 31, 2021. The effect of acquiring the additional stake in the subsidiary amounting to SAR 139,084 has been recognized directly in the consolidated statement of profit or loss for the financial year ended March 31, 2021 (note 3/1/5).

**7/1(H) Tihama Global Company**

Subsequent to the financial position date, the parent company filed a compensation claim against the company's former manager and the partner in the associate company in the United Arab Emirates. No judgment was issued in the case at the date of approving the consolidated financial statements.

**7/1/I** The following is the summary of financial information for book value of the parent company's shares in these associates:

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Balance as at beginning of the year	44,286,161	37,120,820
Transfer from current account	1,016,278	124,586
Loss from disposal of associates	(722,693)	-
Dividend Receivable	(2,625,000)	-
Dividends received	(748,032)	-
Share of foreign currency translation	(3,042,032)	-
Share of associate results	(6,508,746)	7,040,755
<b>Balance as at end of the year</b>	<b>31,655,936</b>	<b>44,286,161</b>

**7/2- FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Includes investment represents the group's share in an investment through a subsidiary company (Tihama Distribution Company) of 9% in the Unified National Distribution Company (a Saudi limited liability company) and the group's investment through a subsidiary company (Tihama New Media Company, which was acquired during The fiscal year ended March 31, 2021) of 4% of the capital of an emerging advertising company in the United States of America. These investments were classified as specific financial assets at fair value through other comprehensive income. During the fiscal year ended March 31, 2021, the group recorded losses for the change in the fair value of the investment in the Unified National Distribution Company in the consolidated statement of profit or loss and comprehensive loss, amounting to 761,244 Saudi riyals, based on the valuation prepared by a valuation office licensed by the Saudi Authority for Independent Valuers.

During the fiscal year ended March 31, 2021, the Group recorded losses for the change in the fair value of the investment in the company registered in the United States of America through the consolidated statement of profit or loss and comprehensive loss in the amount of 751,000 Saudi riyals based on the assessment prepared by the management of the group.



7. INVESTMENT IN EQUITY INSTRUMENTS (CONTINUED)

7/2- FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Balance as at beginning of the year	1,189,607	1,189,607
Additions	751,000	-
Loss of change in fair value	<u>(1,512,244)</u>	-
<b>Balance as at end of the year</b>	<b><u>428,363</u></b>	<b><u>1,189,607</u></b>

8. INTANGIBLE ASSETS, NET

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
<b>Cost:</b>		
Balance as at beginning of the year	9,136,596	11,597,640
Additions during the year	7,266,139	-
Disposals during the year	<u>(8,818,956)</u>	-
Impairment loss	-	<u>(2,461,044)</u>
<b>Balance as at end of the year</b>	<b><u>7,583,779</u></b>	<b><u>9,136,596</u></b>
<b>Accumulated amortisation:</b>		
Balance as at beginning of the year	8,977,630	6,410,647
Additions during the year	105,879	2,566,983
Disposals during the year	<u>(8,818,956)</u>	-
<b>Balance as at end of the year</b>	<b><u>264,553</u></b>	<b><u>8,977,630</u></b>
<b>Net book value</b>	<b><u>7,319,226</u></b>	<b><u>158,966</u></b>

Intangible assets (excluding goodwill) as at March 31, 2021 comprises of the costs of developing automated software and a website. The Group amortizes these payments using the straight-line method over the period of use granted to the Company.

During the financial year ended March 31, 2020, the Group recorded impairment losses in the book value of the right to use e-learning programs and reformulation of curricula at a value of 2,461,044 SR, based on a study of the decline in the value prepared by the management.

During the financial year ended March 31, 2021, the parent company acquired additional shares representing 35% of the capital of the integrated production company, with a value of 7,250,000 SR, and the group's share in the net book value of the acquired assets amounted to 18,861 Saudi riyals. The consideration paid and the amount of non-controlling interest recognized, and any interests held, in excess to the identifiable net assets acquired and acquired liabilities of SAR 7,231,139 were included as goodwill within intangible assets. Based on the results of the valuation prepared by an approved external valuer no impairment was found in the goodwill as at March 31, 2021 (note 3/1/5)

**9. INVESTMENT PROPERTIES AT COST, NET**

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
<b>Cost:</b>		
Balance as at beginning of the year	3,151,806	-
Additions during the year	-	3,151,806
<b>Balance as at end of the year</b>	<u><b>3,151,806</b></u>	<u><b>3,151,806</b></u>
<b>Depreciation:</b>		
Balance as at beginning of the year	27,201	-
Additions during the year	157,895	27,201
<b>Balance as at end of the year</b>	<u><b>185,096</b></u>	<u><b>27,201</b></u>
<b>Net book value</b>	<u><b>2,966,710</b></u>	<u><b>3,124,605</b></u>

The investment property that is owned by a subsidiary is mortgaged in favour of a bank in for the non-cash facility granted to a subsidiary company. The terms of the facility also included the assignment of the right to deposit the rental income for real estate investments in favor of the bank, of no less than 0.6 million SR as a guarantee for the non-cash facility.

The company measured the fair value of the building by an independent real estate appraiser and the fair value was 4,222,400 SR as at March 31, 2021.

**10. INVENTORY, NET**

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Books, stationery, educational products, entertainment products, accessories and others	72,239,176	75,317,350
Provision for slow moving and old inventory *	(26,446,766)	(22,748,668)
<b>Inventory, Net</b>	<u><b>45,792,410</b></u>	<u><b>52,568,682</b></u>

\* The movement of provision for slow moving and old inventory as at 31 March:

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Balance as at beginning of the year	22,748,668	18,345,035
Charge for the year	5,864,182	4,403,633
Used from Provision	(2,166,084)	-
<b>Balance as at end of the year</b>	<u><b>26,446,766</b></u>	<u><b>22,748,668</b></u>

**10/1** The Inventory as at March 31, 2021 includes inventory for a subsidiary amounting to 1,374,907 SR pledged against a non-cash bank facility obtained by a subsidiary (2,247,495 as at March 31, 2020).



#### 11. TRADE RECEIVABLES AND OTHER DEBIT BLANCES, NET

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Trade receivables	23,677,249	19,741,033
Advance payment to suppliers	1,780,508	1,272,834
Prepaid rent	-	29,537
Letter of guarantee	9,735,796	2,349,336
Prepaid expenses and other debit balances	12,088,234	12,315,271
	<b>47,281,787</b>	<b>35,708,011</b>
Expected credit loss provision (Note 11/4)	(11,633,318)	(6,999,220)
	<b>35,648,469</b>	<b>28,708,791</b>

11/1- Trade receivables as March 31, 2020 included mortgaged trade receivables amounting to 14.6 million Saudi riyals in return for the financing obtained by the parent company during the fiscal year ended March 31, 2020 from White Door Holding Company Limited, where the parent company, during the year ended March 31, agreed on early settlement of the existing Islamic Murabaha with Al Bab Al Abyad Holding Company, whereby, according to the agreement, an amount of 17,294,000 Saudi riyals was paid out of the total indebtedness on the company amounting to 17,910,000 Saudi Riyals (note 15), and accordingly the mortgage on the trade receivables was cancelled.

11/2- Trade receivables do not carry interest and are generally aged from 90 days to 365 days.

11/3- As at March 31, 2021, the provision for expected credit losses amounted to 11,633,318 SR (March 31, 2020: 6,999,220 SR).

11/4 - Movement in expected credit losses provision:

	<b>Private provision (individually)</b>	<b>Public provision (collective)</b>	<b>Total</b>
Balance as at 31 March 2019	3,289,646	686,129	3,975,775
Additions during the year	1,214,706	1,808,739	3,023,445
Balance as at 31 March 2020	4,504,352	2,494,868	6,999,220
Additions during the year	-	4,634,097	4,634,097
Balance as at 31 March 202021	4,504,352	7,128,965	11,633,317

#### 12. CASH AND CASH EQUIVALANTES

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Cash at local and international banks	11,531,627	11,608,571
Cash at local Murabaha fund in SR	29,080,040	-
Deposits in local banks	20,000,000	-
Cash on hand	231,687	255,710
	<b>60,843,354</b>	<b>11,864,281</b>

- Deposits with local banks represent a deposit of 20 million SR mortgaged to a local bank against banking facilities worth 20 million SR (Note 15).

### 13. SHARE CAPITAL

- The authorized, issued and fully paid-up capital of the parent company as at March 31, 2021 is 175,000,000 SR divided into 17,500,000 shares, the value of the share is 10 Saudi riyals (March 31, 2020 is 75,000,000 SR divided into 7,500,000 shares, the share is 10 Saudi riyals).
- On March 25, 2019, the Board of Directors issued a recommendation to increase the company's capital by an amount of 100 million Saudi riyals through the issuance of rights shares. On January 16, 2020, the Saudi Capital Market Authority approved the company's request to increase its capital by 100 million Saudi riyals by issuing rights shares. On July 15, 2020, the extraordinary general assembly of shareholders approved an increase in the company's capital by 100 million Saudi riyals through the issuance of rights issue shares.
- The full capital increase of SAR 100 million was covered with 8,677,641 new shares offered out of a total of 10,000,000 shares valued at SAR 86,776,410 and a coverage percentage of the total shares offered. The new 86.78% and the unsubscribed share was covered by the shareholders by offering the remaining 1,322,359 shares to a number of institutional investors where it was fully subscribed and thus became the company's new capital after the increase of SAR 175 million a total of 17.5 million shares have been completed and the regular procedures related to the increase with the relevant authorities have been completed.
- Holders of ordinary shares are entitled to receive dividends when they are announced from time to time, and they are entitled to vote for each share in group meetings. The rank of all shares is equal to the group's remaining assets.

### 14. NON-COTROLLING INTREST

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Balance as at beginning of the year	(5,068,708)	(1,519,456)
Net change in non-controlling interest	13,558,881	(64,135)
Share in Comprehensive loss balance as at the end of the year	<u>(8,177,280)</u>	<u>(3,485,117)</u>
	<b><u>312,893</u></b>	<b><u>(5,068,708)</u></b>

### 15. LONG TERM LOANS

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Current portion of long-term loans	3,202,584	13,610,986
Non-current portion of long-term loans	17,142,639	4,464,625
<b>Total loans</b>	<b><u>20,345,223</u></b>	<b><u>18,075,611</u></b>

- During the year ended March 31, 2021, the parent company obtained credit facilities from a local bank worth SAR 20 million, a comprehensive limit that can be used for several sub-limits for the purpose of restructuring the company's financial obligations and providing non-cash facilities to the company (guarantees and credits).
- During the year ended March 31, 2021, part of the facility mentioned above was used to obtain a medium-term loan for two years' worth 17 million SR on November 22, 2020 and agreeing to pay an early settlement for the existing Islamic Murabaha with White Door Holding Company, where under the agreement a payment of 17,294,000 Saudi riyals of the company's total debt of SAR 17,910,000.
- During the year ended March 31, 2021, part of the facility noted above was used to obtain a short-term one-year loan of SAR 3 million as part of the restructuring of the company's financial obligations.



#### 15. LONG TERM LOANS (CONTINUED)

- This approach by the company's management to restructure the company's financial obligations as part of the company's strategy towards converting part of the short-term commitments into medium-term commitments, which contributes to improving the operations of cash flows in the company as well as reducing the company's financial costs during the coming financial periods due to the lower profit rate costs of the new financing versus existing borrowings.
- The financing costs are paid quarterly, while the financing principal is repaid on the financing maturity date, the above facilities carry financial expenses in accordance with the prevailing rates in Saudi Arabia plus the agreed margin and are guaranteed by the company's authorized bonds and a deposit with the bank of 20 million SR as at March 31, 2021 nil as on March 31, 2020) note (12)
- A subsidiary has financing from an international bank to purchase cars with a book value as of March 31, 2021, an amount of 345,223 SR (577,563 SR as at March 31, 2020). The financing is paid in monthly instalments for a period of 48 months.
- A subsidiary has a non-cash facility from an international bank to issue performance letters of guarantee amounting to 4,935,053 SR as at March 31, 2021 (4,935,053 SR as at March 31, 2020). The key terms of the facility include mortgage of a real estate investments to the bank and assignment of the right to rental income to investments. Real estate properties for the benefit of the bank with no less than 0.6 million riyals and a pledge of the subsidiary company's inventory as a guarantee for the non-cash facility and a promissory note for the value of the facility.

#### 16. EMPLOYEES' DEFINED BENEFITS LIABILITIES

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Balance as at 1 April	5,652,434	4,115,441
Current service cost	1,042,412	990,487
Finance cost	169,820	187,463
Paid	(1,513,705)	(426,632)
Aquisition of a subsidiary effect	-	747,214
Actuarial losses	1,127,118	38,461
	<b>6,478,079</b>	<b>5,652,434</b>

#### 17. TRADE PAYABLES AND OTHER CREDIT BALANCES

	<b>31 March 2021</b>	<b>31 March 2020 (Restated)</b>
Trade payables	48,835,034	43,193,810
Accrued dividends (note 17/1)	8,808,754	8,808,754
Accrued expense and other payables	33,710,261	33,585,579
	<b>91,354,049</b>	<b>85,588,143</b>

##### 17/1- Accrued dividends

The parent company recorded an amount of 8,808,754 SR as unclaimed dividends (8,808,754 SR as at March 31, 2020), and this represents old cash dividends (prior to 2009) announced by the parent company but not collected or claimed from The side of the old shareholders when there was no way at that time to transfer dividends to the accounts of these shareholders electronically

## 18. RELATED PARTY TRANSACTION

### 18/1-Related party transactions

During the year, some transactions were conducted with related parties in accordance with the terms and commercial principles followed with third parties. Pricing policies and terms of these transactions are approved by the Group's management.

The following are details of the main transactions with related parties during the two years ending March 31

	Nature of relation	Nature of transaction	Net amount of transactions	
			31 March 2021	31 March 2020 (Restated)
Tihama Contemporary Media	Associate	Current account	1,663,311	2,932,031
Tihama Contemporary Media	Associate	Service revenues	-	549,183
Tihama New Media	Associate	Current account	878,712	105,000
United Advertising – Memac	Associate	Current account	6,000	480,509

### 18/2 Related parties' balances

#### 18/2/1- Due from related parties

	31 March 2021	31 March 2020 (Audited)
Tihama for Contemporary Media	-	1,661,311
Tihama New Media	-	878,712
	-	<b>2,540,023</b>

#### 18/2/2- Due to a related party

	31 March 2021	31 March 2020 (Restated)
United Advertising - Memac	1,070,015	1,076,015
	<b>1,070,015</b>	<b>1,076,015</b>

## 19. SALARIES, COMPENSATION AND RELATED EXPENSES FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The following are details of salaries, compensation and related expenses for the Board of Directors and Senior executives during the year ended March 31, 2021 and 2020:

	31 March 2021	31 March 2020 (Restated)
Salaries	2,947,770	3,455,382
Bonus*	596,429	-
Allowances	366,737	530,344
Board of Directors meetings attendance allowance* compensation and other benefits	129,000	-
	1,377,498	926,875
	<b>5,417,434</b>	<b>4,912,601</b>

\* Represent provisions made during the financial year ended March 31, 2021 and not paid they provisions are in accordance with the policy of remuneration and compensation for members of the Board of Directors and senior executives, which will be presented to the General Assembly of shareholders for approval.



## 20. SELLING AND MARKETING EXPENSE

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Salaries and benefits	13,250,492	17,629,884
Advertisement, commissions for sale and collection	1,674,398	1,515,448
Rent	1,282,926	3,736,577
Depreciation of right of use assets	7,584,382	5,792,587
Expenses for conferences and workshops	1,228,096	1,212,083
Depreciation	1,292,847	1,804,134
Communication, transportation, water and electricity expenses	1,376,657	1,532,488
Travel expenses	224,237	723,029
Maintenance, repairs and insurance	812,254	547,300
Governmental expenses and subscriptions	820,050	840,623
Professional and advisory fees	761,184	358,738
Other expenses	874,418	559,226
	<u>31,181,940</u>	<u>36,252,117</u>

## 21. GENERAL AND ADMINISTRATIVE EXPENSE

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Salaries and benefits	14,021,407	13,841,370
Advertising and marketing	182,064	-
Legal and professional expenses	2,498,274	1,973,835
Travel expenses	532,918	1,548,237
Rent	1,000,137	1,071,579
Depreciation of right of use assets	374,719	-
Governmental expenses and subscriptions	978,756	1,011,677
Communication, transportation, water and electricity expenses	522,232	607,246
Maintenance, repairs and insurance	346,401	245,658
Provision for slow moving inventory (note 10)	5,864,182	4,403,633
Depreciation and amortisation	1,297,373	191,319
Write off of bad debts	-	1,742,251
Board of Directors meetings attendance allowance	129,000	-
Provision for expected credit loss (note 11/4)	4,634,097	3,023,445
Other expenses	836,847	423,144
	<u>33,218,407</u>	<u>30,083,392</u>

## 22. OTHER INCOME, NET:

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Rental discount**	3,060,329	-
Advertisement rental contracts settlement *	-	7,724,800
Consultancy and advertising services	-	549,183
Settlement of unclaimed credit balances	430,743	-
Manufacturing revenues	195,010	-
Rent, Net	221,817	(1,040,014)
Acquisition of shares in a subsidiary effect	-	1,366,107
Profit from investment in Murabaha fund and deposits	623,213	-
Profit from disposal of property and equipment	382,265	-
Settlement of provision no longer required	506,055	-
Other income, net	739,223	1,123,613
	<u>6,072,897</u>	<u>9,723,689</u>

**22. OTHER INCOME, NET (CONTINUED):**

\* Represents an increase in the cost of renting advertising sites during the previous financial years, as the group calculated the cost of renting its main advertising contracts based on the financial claims received from the leasing agency for the sites. The group subsequently obtained the settlements on the final claim on the rents due on the actual advertising sites received, rents that were provided for during the previous financial years, the group reflected this release in other income.

\*\* It represented a rent relief earned from lease contracts and the group used the exception in accordance with the amendment to the lease contracts standard by recording it in the consolidated statement of profit or loss.

**23. ZAKAT PAYABLE**

Zakat for the parent company and its subsidiaries was calculated in accordance with the regulations issued by the Zakat, Income and Customs Authority in the Kingdom of Saudi Arabia.

**Parent company**

- The parent company has ended its zakat position until the year ending on March 31, 2006.
- The parent company has submitted its annual zakat returns for the year ended March 31, 2010 until 2020 to the Zakat, Income and Customs Authority and paid the amounts due as per the return.
- During the financial year ended March 31, 2021, the parent company received the amended zakat assessments by the Zakat, Income and Customs Authority for the years ending on March 31, 2015, until March 31, 2019. The total amount of the differences based on the adjusted assessments for the provision recorded in the books amounted to 2,510,965 Saudi riyals. A provision for it was recorded in the consolidated statement of profit or loss for the financial year ended March 31, 2021. The parent company objected to these assessments before the General Secretariat of the Tax Committees after the company's objection was rejected by the Zakat, Income and Customs Authority.

**Subsidiaries**

- Tihama Modern Bookstores Company has not submitted its zakat returns since its establishment, knowing that the management of the subsidiary company calculated zakat provisions annually, during the period the company received zakat assessments from the Zakat, Income and Customs Authority for the years ending on December 31, 2011, until December 31, 2019. The total value of the differences based on the adjusted assessments for the provision recorded in the books amounted to 3,540,123 Saudi riyals, and a provision against it has been recorded in the consolidated statement of profit or loss for the fiscal year ended March 31, 2021, and the company has also objected to these assessments before the General Secretariat of the Tax Committees after the company's objection was rejected by the Zakat, Income and Customs Authority.
- Subsequent to the date of financial position statement, Tihama Distribution Company received the amended zakat assessment from the Zakat, Income and Customs Authority for the year ending on December 31, 2015. The total value of the differences based on the revised assessment is 357,242 Saudi riyals, and a provision against it has been recorded in the consolidated statement of profit or loss for the fiscal year ending on March 31, 2021, the company also objected to the assessment before the Zakat, Income and Customs Authority.



### 23. ZAKAT PAYABLE (continued)

24/1- The movement in zakat provision for the year is as follows:

	31 March 2021	31 March 2020 (Restated)
Balance as at the beginning of the year	21,713,874	20,381,724
<b>Provision:</b>		
Provision for current year	3,565,094	2,131,670
Provision for amended zakat assessments	6,513,830	-
Adjustment on zakat provision as referred to above	-	(16,421)
Paid during the year	(1,533,097)	(509,060)
<b>Balance as at the end of the year</b>	<b>30,259,701</b>	<b>21,713,874</b>

### 24. SEGMENT INFORMATION

The group operates in four main sectors, which include advertising and production, distribution, library and retail, public and Parent and investments. The entire group's business operations are concentrated in the Kingdom of Saudi Arabia and the United Arab Emirates. Operating decision makers evaluate the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following is the selected financial information for each sector as on March 31 and for the two years ending on that date, which summarizes the above business sectors:

#### Segment results

	Advertisem ent and production	Distributio n	Bookstores and retail	Head office and investments	Total
<b>31 March 2021</b>					
Revenues	34,325,070	27,690,704	11,233,929	-	73,249,703
Cost of revenues	(38,518,150)	(18,372,283)	(5,725,948)	-	(62,616,381)
<b>Gross (loss) profit</b>	(4,193,080)	9,318,421	5,507,981	-	10,633,322
Selling and marketing expenses	(5,585,462)	(4,181,098)	(21,415,380)	-	(31,181,940)
General and administration expenses	(10,959,060)	(3,578,151)	(7,503,183)	(11,178,013)	(33,218,407)
Impairment loss in property and Equipment	(4,160,443)	-	-	-	(4,160,443)
Provision for legal cases and claims	-	(5,319,931)	-	-	(5,319,931)
Financial charges	(1,922,476)	(158,670)	(986,400)	(980,805)	(4,048,351)
Share of investment in associates	-	-	-	(6,508,746)	(6,508,746)
Placement expenses for capital increase	-	-	-	(2,808,493)	(2,808,493)
Loss on disposal of an associate	-	-	-	(722,693)	(722,693)
Effect of increase in control in a subsidiary	-	-	-	(3,598,712)	(3,598,712)
Other income, net	1,127,384	626,124	3,407,931	911,458	6,072,897
Zakat	(67,509)	(857,242)	(4,240,123)	(4,914,050)	(10,078,924)
<b>Net loss before non-controlling interest</b>	(25,760,646)	(4,150,547)	(25,229,174)	(29,800,054)	(84,940,421)
Non-controlling interest share	1,356,939	-	6,790,846	-	8,156,785
<b>Net loss for the year attribute to shareholder in Parent company</b>	<b>(24,394,707)</b>	<b>(4,150,547)</b>	<b>(18,438,328)</b>	<b>(29,800,054)</b>	<b>(76,783,636)</b>

Tihama for Advertising, Public Relations and Marketing Company  
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(All amounts are in Saudi Riyal unless otherwise stated)

24. SEGMENT INFORMATION (continued)

	Advertisement and production	Distribution	Bookstores and retail	Head office and investments	Total
<b>Segment assets and liabilities</b>					
Assets	46,888,664	23,279,782	66,409,779	101,261,694	237,839,919
Liabilities	60,839,903	18,245,649	61,993,299	43,259,272	184,338,123
<b>Other segment information</b>					
Depreciation of property and equipment	3,306,871	7,955	2,057,515	80,071	5,542,412
Depreciation of right of use assets	6,367,553	-	7,584,382	130,394	14,082,329
Amortization of intangible assets	-	-	-	105,879	105,879

Segment results

	Advertisement and production	Distribution	Bookstores and retail	Parent and investments	Total
<b>31 March 2020 (Restated)</b>					
Revenues	43,085,394	28,335,873	25,389,075	-	96,810,341
Cost of revenues	(32,818,541)	(19,404,684)	(14,392,246)	-	(66,615,471)
<b>Gross profit</b>	10,266,852	8,931,189	10,996,829	-	30,194,870
Selling and marketing expenses	(11,349,021)	(4,846,017)	(20,057,079)	-	(36,252,117)
General and administration	(2,014,812)	(2,804,804)	(10,953,055)	(14,310,722)	(30,083,392)
Financial charges	(2,685,656)	(50,243)	(1,194,426)	(623,662)	(4,553,987)
Share of investment in associate	-	-	-	7,040,755	7,040,755
Placement expenses for capital increase	-	-	-	(596,853)	(596,853)
Impairment loss of intangible assets	-	(2,461,044)	-	-	(2,461,044)
Other income, net	7,905,072	422,881	2,048,175	(652,439)	9,723,689
Zakat	(115,951)	(488,638)	(1,157,629)	(369,452)	(2,131,670)
<b>Net loss before non-controlling interest</b>	2,006,484	(1,296,676)	(20,317,185)	(9,512,374)	(29,119,749)
Non-controlling interest share	(1,656,399)	-	5,190,406	-	3,534,007
<b>Net loss for the year attribute to shareholder in Parent company</b>	350,085	(1,296,676)	(15,126,779)	(9,512,374)	(25,585,742)

	Advertisement and production	Distribution	Bookstores and retail	Head office and investments	Total
<b>Segment assets and liabilities</b>					
Assets	60,757,598	21,565,628	61,011,696	57,444,647	200,779,569
Liability	61,505,041	14,222,117	57,635,184	36,852,496	170,214,838
<b>Other segment transaction</b>					
Depreciation of property and equipment	3,308,861	14,479	1,717,462	70,961	5,111,763
Depreciation of right of use assets	8,054,684	-	5,603,995	2,007,447	15,666,126
Amortization of intangible assets	-	1,845,828	-	105,879	1,951,707



## 25. FINANCIAL INSTRUMENTS

### 25/1- Statement of financial position

	Note	31 March 2021	31 March 2020 (Restated)
<b>Financial assets</b>			
Financial assets designated at fair value through other comprehensive income	7	428,363	1,189,607
<b>Loans and account receivable</b>			
Trade receivables and other debit balances	11	35,648,469	28,708,791
Due from related parties	18	-	2,540,023
		<b>36,076,832</b>	<b>32,438,421</b>
Cash and cash equivalents	12	60,843,354	11,864,281
<b>Total</b>		<b>96,920,186</b>	<b>44,302,702</b>
<b>Financial liability</b>			
Long term loans	15	20,345,223	18,075,611
Due to related parties	18	1,070,015	1,076,015
Trade payable and other credit balances	17	91,354,049	85,588,143
Zakat payable	23/1	30,259,701	21,713,874
<b>Total</b>		<b>142,028,988</b>	<b>126,453,643</b>

### 25/2- Credit risk

Exposure to credit risk - the carrying amount of financial assets represents the maximum exposure to credit risk.

	Note	31 March 2021	31 March 2020 (Restated)
Trade receivable and other debit balances	11	35,648,469	28,708,791
Due from related parties	18	-	2,540,023
Cash and cash equivalents	12	60,843,354	11,864,281
<b>Total</b>		<b>96,491,823</b>	<b>43,113,095</b>

- Based on historical default rates, the Group has made an appropriate provision for impairment in trade receivables and other receivables (note 11/3).

### 25/3- Liquidity risk

The table below analyzes the group's financial liabilities and the unpaid derivative financial liabilities in the related maturity groups on the basis of the remaining period at the balance sheet date to the contractual maturity date. The amounts shown in the table represent contracted undiscounted cash flows. Balances due within 12 months equal their carrying balances as the effect of discounting is not significant:

25. FINANCIAL INSTRUMENTS (CONTINUED)

25/3- Liquidity risk (continued)

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>1 Year</u>	<u>More than one year</u>
<b>2021</b>				
Long term loans	20,345,223	20,345,223	3,202,584	17,142,639
Employee defined benefits liabilities	6,478,079	6,478,079	-	6,478,079
Zakat payable	30,259,701	30,259,701	30,259,701	-
Account payable and other credit balances	91,354,049	91,354,049	91,354,049	-
Due to related parties	1,070,015	1,070,015	1,070,015	-
	<b>149,506,527</b>	<b>149,506,527</b>	<b>125,885,809</b>	<b>23,620,718</b>
	<u>Book value</u>	<u>Contractual cash flows</u>	<u>1 Year</u>	<u>More than one year</u>
<b>2020</b>				
Long term loans	18,075,611	18,075,611	13,610,986	4,464,625
Employee defined benefits liabilities	5,652,434	5,652,434	-	5,652,434
Zakat payable	21,713,874	21,713,874	21,713,874	-
Account payable and other credit balances	85,588,143	85,588,143	85,588,143	-
Due to related parties	1,076,015	1,076,015	1,076,015	-
	<b>132,106,077</b>	<b>132,106,077</b>	<b>121,989,018</b>	<b>10,117,059</b>

25/4- Currency price risk

As at the date of the financial position, the group's loans carried interest rates were as follows:

	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Loans – instruments with interest	20,345,223	18,075,611
	<b>20,345,223</b>	<b>18,075,611</b>

25/5- Fair value

Fair value for financial assets and liabilities together with book value that shown in consolidated statement of financial position as follows:

<b>For the year ended March 31,2021</b>	<u>Value</u>	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>
Financial assets designated at fair value through other comprehensive income	428,363	-	-	428,363
<b>For the year ended March 31,2020</b>	<u>Value</u>	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>
Financial assets designated at fair value through other comprehensive income	1,189,607	-	-	1,189,607



## 26. CONTINGENT LIABILITIES AND COMMITMENTS

The contingent liabilities and commitments outstanding for the group as at 31 March 2021, 2020 comprise the following:

	<u>31 March 2021</u>	<u>31 March 2020 (Adjusted)</u>
Letters of guarantee *	<u>15,193,505</u>	<u>8,105,470</u>

\* Letters of guarantee insurance, as at March 31, 2021, amounting to 9,735,796 SR (31 March 2020, of 2,349,336 SR).

## 27. LOSS PER SHARE

To comply with IAS 33 endorsed in the kingdom of Saudi Arabia - Earnings per share, the basic loss per share was calculated by dividing the net loss for the year attributable to ordinary shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the year, where the loss per share was calculated for the year ending on March 31, 2021 and the year Ended on March 31, 2020, by dividing the net loss for each year by the weighted average number of shares outstanding during the year. The share loss figure for the same year was adjusted retrospectively from the previous year, as the extraordinary general assembly of shareholders approved on July 15, 2020 to increase the group's share capital by 100 million Saudi riyals By issuing rights shares and accordingly the weighted average number of shares has changed, affecting the weighted average number of ordinary shares outstanding since then.

	<u>For the year ended</u>	
	<u>31 March 2021</u>	<u>31 March 2020 (Restated)</u>
Loss attributable to shareholders of the parent company	<u>(76,783,636)</u>	<u>(25,585,742)</u>
Weighted average number of ordinary shares outstanding during the year	<u>14,568,493</u>	<u>12,307,122</u>
Basic and diluted loss per share for the year	<u>(5.27)</u>	<u>(2.1)</u>

There were no potentially diluting shares outstanding at any time during the year, and accordingly diluted losses per share equal the basic loss per share.

## 28. SIGNIFICANT EVENT

### 28/1- Covid-19 effect on financial statements for the year ended March 31, 2021:

The spread of the new Coronavirus (Covid-19) has affected the group's business as regulators took precautionary measures by closing the group's retail stores, the suspension of travel in addition to which the economic conditions led to a significant slowdown in the group's advertising business, which had some significant impact on the company's business and led to material decline in revenues, from the retail and advertising sectors during the financial year ended March 31, 2021. The impact was less severe on the revenues of the Production sector.

Since the beginning of the crisis, the management of the group has been constantly following up on developments and taking the necessary measures and procedures to confront this crisis and reduce its effects on the company and its business, including the support provided by the state to companies to confront these effects. The company has also verified the existence of any settlements and changes in judgments, estimates and risk management that must be taken into account and disclosed. From the consolidated financial statements, the following are the main assumptions about the sources of future key estimates and others that may involve a material risk of significant impacts to the consolidated financial statements.

## 28. SIGNIFICANT EVENT (CONTINUED)

### 28/1- Covid-19 effect on financial statements for the year ended March 31, 2021 (continued):

#### - Impairment of non-financial assets

The Group verified that there were no indications of a decrease in the value of non-financial assets, any substantial uncertainties with respect to property, equipment, and its right of use of assets, particularly those resulting from any change in lease periods, and concluded that there was no material impact on the Covid-19 epidemic with respect to property and equipment. And with regard to the right of use, the Group has applied modifications to IFRS 16 "Fare Reductions related to the Covid-19 pandemic" to all rental concessions that meet the conditions referred to in note 3, and according to this application the total rental liabilities were reduced by SAR 3,060,329. The impact of this reduction was recorded in the consolidated profit or loss statement for the year ended March 31, 2021 (Refer to note 22)

#### - Expected credit losses and impairment of financial assets

The Group has conducted the study on the credit status of all customers and has made additional discretionary provisions to existing models of expected credit losses by applying probability-weighted scenarios to the macroeconomic factors related to the economic climate of the market in which it is engaged in its activities and as a result in an increase in the expected credit losses for trade receivable of 4,634,097 Saudi riyals was booked for the year ended March 31, 2021 (Refer to note 11/4)

#### - Inventory

The group has carried out a study of the value of inventory by cost or net value verifiable whichever net value is less verifiable is the price that can be sold in the normal business cycle after allowing the cost to be verified, this resulted in an increase in the provision for obsolete and slow-moving goods by an amount of 5,864,182 Saudi riyals for the year ended March 31, 2021 (Refer to note 10)

#### - Contingent liabilities and commitments

The Group assessed the impact of disruption of any operational activities, including any contractual challenges, business changes and business relationships between customers and suppliers, as well as reviewed the potential increase in liabilities and contingent liabilities, and no significant issues were noted.

#### - Going concern

The Group has conducted an assessment about its ability to continue as a going concern in light of the current economic conditions and all available information about future risks and uncertainties. Forecasts have been prepared that address the company's future performance, capital and liquidity, but at the present time, expectations indicate that the company has sufficient resources in order to continue carrying out its operations, and as a result, it was not significantly affected by its position on the going concern principle, these consolidated financial statements have been prepared in accordance with the going concern basis (Refer to note 2/4)

### 28/2- Capital increase

On July 15, 2020, the Extraordinary General Assembly of Shareholders approved an increase in the group's share capital of SAR 100 million by issuing priority rights shares.

The full capital increase of SAR 100 million was covered with 8,677,641 new shares offered out of a total of 10,000,000 shares amounted to SAR 86,776,410. With a coverage of the total new shares offered 86.78% and the unsubscribed share was covered by the shareholders by offering the remaining 1,322,359 shares to a number of institutional investors where they were fully subscribed.

The Company's new share capital after the increase became SAR 175 million with a total number of shares of 17.5 million shares and the regular procedures related to the increase with the relevant authorities have been completed.

## 29. COMPARATIVE FIGURES

The financial statements of Tihama Distribution Company were consolidated on the basis of the interim financial statements for the period ending on March 31, in previous financial periods consolidation was on the basis of the financial statements for the year ending on December 31, accordingly The impact of this change has been recorded as an adjustment to the opening balance of accumulated losses as on April 1, 2019 with the amendment of comparative information, and the group has reclassified certain comparative figures to conform to the presentation for the current year.



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29. COMPARATIVE FIGURES (CONTINUED)

30/1- Adjustments to the comparative financial position as of March 31, 2020 as a result of the adjustment and the reclassifications of the comparative figures to the financial statements of Tihama Distribution Company

		31 March 2020 (Before Note Restatement)	(Restatement)	31 March 2020 (Restated)
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property and equipment, net	5	22,393,899	4,659	22,398,558
Right-of-use assets, net	6/1	33,939,895	-	33,939,895
Investment in associates using equity method	7/1	44,286,161	-	44,286,161
Financial assets designated at fair value through other comprehensive income	7/2	1,189,607	-	1,189,607
Intangible assets, net	8	158,966	-	158,966
Investment properties, net	9	3,124,605	-	3,124,605
<b>Total Non-Current Assets</b>		<b>105,093,133</b>	<b>4,659</b>	<b>105,097,792</b>
<b>Current Assets</b>				
Inventories, net	10	52,746,426	(177,744)	52,568,682
Trade receivables and other debit balances, net	11	24,581,529	4,127,262	28,708,791
Due from related parties	18/2	8,539,359	(5,999,336)	2,540,023
Cash and cash equivalents	12	11,864,281	-	11,864,281
<b>Total Current Assets</b>		<b>97,731,595</b>	<b>(2,049,818)</b>	<b>95,681,777</b>
<b>Total Assets</b>		<b>202,824,728</b>	<b>(2,045,159)</b>	<b>200,779,569</b>
<b>Owners' Equity and Liabilities</b>				
<b>Owners' Equity</b>				
Share capital	13	75,000,000	-	75,000,000
Accumulated losses		(37,590,169)	(1,590,688)	(39,190,857)
Employees' defined benefit liabilities remeasurement reserve		-	(185,705)	(185,705)
Change in fair value reserve		-	-	-
<b>Total Owners' Equity attribute to Shareholder in Parent Company</b>		<b>37,409,831</b>	<b>(1,776,393)</b>	<b>35,633,438</b>
Non-controlling interest	14	(5,068,708)	-	(5,068,708)
<b>Total Owners' Equity</b>		<b>32,341,123</b>	<b>(1,776,393)</b>	<b>30,564,730</b>
<b>Non-Current Liabilities</b>				
Long term lease liabilities	6/2	12,358,145	-	12,358,145
Long term loans	15	4,461,982	2,643	4,464,625
Employees' defined benefits liabilities	16	5,619,696	32,738	5,652,434
<b>Total Non-Current Liabilities</b>		<b>22,439,823</b>	<b>35,381</b>	<b>22,475,204</b>
<b>Current Liabilities</b>				
Trade payables and other credit balances	17	75,665,799	9,922,344	85,588,143
Due to related parties	18/2	11,120,415	(10,044,400)	1,076,015
Current portion of long-term lease liabilities	6/2	25,750,617	-	25,750,617
Current portion of long-term loans	15	13,610,617	369	13,610,986
Zakat payable	23	21,896,334	(182,460)	21,713,874
<b>Total Current Liabilities</b>		<b>148,043,782</b>	<b>(340,147)</b>	<b>147,739,635</b>
<b>Total Liabilities</b>		<b>170,483,605</b>	<b>(268,766)</b>	<b>170,214,839</b>
<b>Total Owners' Equity and Liabilities</b>		<b>202,824,728</b>	<b>(2,045,159)</b>	<b>200,779,569</b>

29. COMPARATIVE FIGURES (CONTINUED)

30/2- Adjustments to the comparative profit and loss statement for the fiscal year ended March 31, 2020 as a result of adjusting and reclassifications of the comparative numbers in the financial statements of Tihama Distribution Company.

	Note	31 March 2020 (Before restatement)	(Restatement)	31 March 2020 (Restated)
<b>Revenue</b>				
Total Revenue		96,662,278	148,063	96,810,341
Cost of revenues		(67,109,678)	494,207	(66,615,471)
<b>GROSS PROFIT</b>		<b>29,552,600</b>	<b>642,270</b>	<b>30,194,870</b>
<b>Operating Expenses</b>				
Selling and marketing expenses	20	(36,369,269)	117,152	(36,252,117)
General and administrative expenses	21	(30,407,202)	323,810	(30,083,392)
<b>Loss from Operations</b>		<b>(37,223,871)</b>	<b>1,083,232</b>	<b>(36,140,639)</b>
<b>Non-Operating Revenues /(expenses)</b>				
Financial charges		(4,520,976)	(33,011)	(4,553,987)
Share of results from associates	7	7,040,755	-	7,040,755
Impairment loss of intangible assets	8	(2,461,044)	-	(2,461,044)
Placement expenses for capital increase		-	(596,853)	(596,853)
Other income, net	22	9,751,024	(27,335)	9,723,689
<b>Loss for the year before zakat</b>		<b>(27,414,112)</b>	<b>462,033</b>	<b>(26,988,079)</b>
Estimated zakat	23	(2,098,013)	(33,657)	(2,131,670)
<b>Net loss for the year</b>		<b>(29,512,125)</b>	<b>392,376</b>	<b>(29,119,749)</b>
<b>Net loss for the year attribute to:</b>				
Shareholders in parent company		(25,978,118)	392,376	(25,585,742)
Non-Controlling interest		(3,534,007)	-	(3,534,007)

30/3- Restatements to the comparative statement of changes in shareholders equity as at March 31, 2019 as a result of adjusting the employees' defined benefits reserve presentation the financial statements of Tihama Distribution Company

	31 March 2019 Before restatement	restatement	31 March 2019 Restated
Accumulated losses	(11,524,699)	(2,070,416)	(13,595,115)
Employees' defined benefits provision	-	(98,354)	(98,354)
Non-controlling interest	(1,497,540)	(21,916)	(1,519,456)



### **30. LAWSUITS**

On December 18, 2016, the General Assembly of Shareholders approved the recommendation of the Company's Board of Directors to file a complaint against some members of the company's former board of directors before the competent judicial authorities and authorize the Chairman of the Board to appoint a representative of the company in the filing of the lawsuit. After the lawsuit was filed with the Board of Grievances in Riyadh on 21 March 2017, a court decision was issued on 29-08-1439 H corresponding to 15-5-2018 G, including that the case was not accepted because there was no link between the different requests in the lawsuit. The company's appeal was rejected by the Court of Appeal, in which the court upheld the ruling of the Commercial Court on 9-4-1440 H corresponding to 16-12-2018 G, and after all means of litigation and appeals were tried in this case, the company was considering filing a new lawsuit and seeking adjudication the cases, requiring more legal advice and accounting advice. The company has received some differing opinions on the issue of the statutory dates, and the jurisdiction of the courts, and the subsequent procedures in this regard, which required a complex legal and accounting review.

Considering the above facts, the company has appointed a lawyer to express an opinion on the merits of this case and the possibility of re-assessing the violations committed by some members of the former Board of Directors of the company and considering moving forward with filing a new lawsuit before the competent judicial authorities to protect the interests of the company, and its shareholders if this is legally permissible and in the interests of the company and its shareholders.

During the fiscal year ended March 31, 2021, a preliminary judgment was issued in favour of a municipality, amounting to 11.7 million Saudi Riyals for the rental and exploitation of advertising sites (recorded in the accounting records at the full value of the claim), post the financial position, the parent company filed an appeal against the judgment before the Administrative Court of Appeal.

During the fiscal year ended March 31, 2021, a final judgment was issued against the company in a lawsuit by one of the customers with a subsidiary company (Thama Distribution Company). The judgment stipulates that the company pays an amount of 1,871,743 Saudi riyals in favor of the plaintiff, and a provision has been entered in the books in exchange for the judgment amount within the trade payables and other credit balances. After the date of the financial position, the company filed a petition against the judgment.

During the fiscal year ended March 31, 2021, a preliminary judgment was issued against the company in a lawsuit by one of the customers with a subsidiary company (Thama Distribution Company). The judgment stipulates that the company pays an amount of 3,448,186 Saudi riyals in favor of the plaintiff, and a provision has been entered in the books in exchange for the judgment amount within the creditors and other credit balances, the company has appealed the judgment to the Court of Appeal.

Subsequent to the date of the financial position, the company's appeal was rejected in a lawsuit demanding the company to pay an amount of approximately 13.4 million Saudi riyals in favor of one of the individuals, the amount represented in transferring a right to a debt on the company in favor of a company owned by the former chairman of the board of directors for a non-interest bearing loan previously granted to the company before 30 September 2015, trade payables and other credit balances includes an amount of around 13.8 million Saudi riyals against the debt, and the Company has submitted a petition against the judgment.

Subsequent to the date of the statement of financial position, the parent company filed a compensation claim against the former director of Tihama Global (an associate company) and a partner in the associate company in the United Arab Emirates, and no judgment was issued in the case at the date of approving the consolidated financial statements.

**31. SUBSEQUENT EVENTS**

Subsequent to the date of the statement of financial position, the group, through its subsidiary (the Integrated Production Company), contributed to the establishment of the Qatar Audio-Visual Media Production Company with a capital of 10,000 Saudi riyals, and the group's contribution to the company is 35%.

**32. APPROVAL ON CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended 31 March 2021 were approved by the Board of Directors on 19 zu Al Qada 1442 H (corresponding to 29 June 2021).