



**THOB AL-ASEEL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2021**

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements for the Three-Month Period
Ended 31 March 2021 (Unaudited)

Index	Page
Report on review of condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of income	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of changes in shareholders' equity	5
Condensed consolidated interim statement of cash flow	6
Notes to condensed consolidated interim financial statements	7- 13

Independent auditor's report to the shareholders of Thob Al-Aseel Company

Report on review of condensed consolidated interim financial statements

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Thob Al-Aseel Company and its subsidiaries (the "Group") as of 31 March 2021 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers



Mufaddal Abbas Ali
License No. 447

23 Ramadan 1442H
(5 May 2021)



Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at 31 March 2021 (Unaudited)	As at 31 December 2020 (Audited)
Assets			
Non-current assets			
Property and equipment		15,820,871	15,721,185
Right of use assets		17,154,293	18,486,525
Intangible assets		867,900	918,620
Total non-current assets		33,843,064	35,126,330
Current assets			
Inventory		310,504,702	340,877,734
Trade receivables	12	258,483,679	197,959,507
Prepayments and other receivables		10,538,551	9,907,014
Cash and cash equivalents		44,604,718	65,743,784
Total current assets		624,131,650	614,488,039
Total assets		657,974,714	649,614,369
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8	300,000,000	300,000,000
Other reserves		42,912,185	42,912,185
Statutory reserve		58,309,559	58,309,559
Retained earnings		155,292,329	141,585,540
Total shareholders' equity		556,514,073	542,807,284
Liabilities			
Non-current liabilities			
Lease liabilities		3,207,588	4,516,184
Employees' end of service benefits		13,191,835	12,701,232
Total non-current liabilities		16,399,423	17,217,416
Current liabilities			
Trade payables		25,710,223	30,536,792
Credit facilities		9,110,316	9,110,316
Lease liabilities		13,920,689	13,727,906
Accrued expenses and other liabilities		15,925,678	20,829,938
Provision for zakat		20,394,312	15,384,717
Total current liabilities		85,061,218	89,589,669
Total liabilities		101,460,641	106,807,085
Total shareholders' equity and liabilities		657,974,714	649,614,369

Notes on pages 7 to 13 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of income (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31	
		March	
		2021	2020
Sales	9	138,836,294	117,455,513
Cost of sales		(91,280,767)	(74,473,007)
Gross profit		47,555,527	42,982,506
General and administrative expenses		(8,988,473)	(7,084,081)
Selling and distribution expenses		(11,113,957)	(10,630,687)
Impairment losses on trade receivables		(8,295,146)	(3,519,432)
Other income		73,459	96,777
Operating profit		19,231,410	21,845,083
Finance cost		(248,183)	(329,082)
Profit for the period before zakat		18,983,227	21,516,001
Zakat expense		(5,009,595)	(4,003,324)
Profit for the Period		13,973,632	17,512,677
Basic and diluted earnings per share attributable to the shareholders of the Company (in Saudi Riyals)	10	0.47	0.58

Notes on pages 7 to 13 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31	
		March	
		2021	2020
Profit for the Period		13,973,632	17,512,677
Other comprehensive income			
Items that may not be reclassified subsequently in the statement of income:			
Re-measurement of employees' end of service benefits		(266,843)	47,349
Total comprehensive income for the Period		13,706,789	17,560,026

Notes on pages 7 to 13 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

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Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in shareholders' equity
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Share capital	Other reserves	Statutory reserve	Retained earnings	Total shareholders' equity
Balance as at 1 January 2020 (Audited)		300.000.000	42,912,185	50,070,768	135,551,628	528,534,581
Profit for the period		-	-	-	17,512,677	17,512,677
Other comprehensive income		-	-	-	47.349	47.349
Total comprehensive income for the period		-	-	-	17,560,026	17,560,026
Interim dividends	7	-	-	-	(37,500,000)	(37,500,000)
Balance as at 31 March 2020 (Unaudited)		300,000,000	42,912,185	50,070,768	115,611,654	508,594,607
Balance as at 1 January 2021 (Audited)		300,000,000	42,912,185	58.309.559	141.585.540	542.807.284
Profit for the period		-	-	-	13,973,632	13,973,632
Other comprehensive losses		-	-	-	(266,843)	(266,843)
Total comprehensive income for the period		-	-	-	13,706,789	13,706,789
Balance as at 31 March 2021 (Unaudited)		300,000,000	42,912,185	58.309.559	155,292,329	556,514,073

Notes on pages 7 to 13 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31	
		March	
		2021	2020
Cash flows from operating activities			
Profit before zakat		18,983,227	21,516,001
Adjustments for:			
Depreciation of property and equipment		371,217	484,808
Amortisation of intangible assets		50,720	49,954
Depreciation of the right of use assets		2,545,604	2,967,992
Provision for slow-moving inventories		1,752,480	1,900,000
Gains on disposal of property and equipment		(21,000)	(43,998)
Impairment losses on trade receivables		8,295,146	3,519,432
Provision for employees' end of service benefits		400,308	415,686
Finance cost		248,183	329,082
Change in working capital			
Inventory		28,620,552	5,899,146
Trade receivables		(68,819,318)	(42,784,391)
Prepayments and other receivables		(631,537)	(13,190,072)
Trade payables		(4,826,569)	871,597
Accrued expenses and other liabilities		(4,904,260)	(6,634,986)
Employees' end of service benefits paid		(176,548)	(185,088)
Net cash used in operating activity		(18,111,795)	(24,884,837)
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(470,903)	(12,038,441)
Proceeds from disposal of property and equipment		21,000	43,999
Net cash used in investing activities		(449,903)	(11,994,442)
Cash flows from financing activities			
Lease payments		(2,577,368)	(2,262,585)
Dividends paid	7	-	(37,500,000)
Net cash used in financing activities		(2,577,368)	(39,762,585)
Net change in cash and cash equivalents			
		(21,139,066)	(76,641,864)
Cash and cash equivalents at the beginning of the period		65,743,784	116,867,592
Cash and cash equivalents at the end of the period		44,604,718	40,225,728
Significant non-cash transactions:			
Right of use assets		1,213,372	3,709,339
Change in re-measurement of employees' end of service benefits		(266,843)	47,349

Notes on pages 7 to 13 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

1. General information

Thob Al Aseel Company (the “Company”) is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010071301 on 1 Dhu Al-hijah 1437H (corresponding to 5 September 2016).

The Company’s registered address is Kingdom of Saudi Arabia, Riyadh, King Fahad Road, opposite to the Insurance Complex, Postal code: 11426, PO box: 23236.

The Company’s main activity is to import, export, wholesale retail in fabrics and readymade clothes. The Company practices its activities through 21 branches (2020: 20 branches), each having a separate commercial registration.

As at 4 November 2019, The Capital Market Authority (CMA) approved Thob Al Aseel Company's request dated 16 October 2019 to be listed from the parallel market to the main market. The Company's shares were listed and traded in the main market as of 10 November 2019.

The consolidated financial statements include the accounts of the Company and its subsidiary (collectively referred to as the “Group”) as follows:

Subsidiary	Country of incorporation	Ownership percentage as of	
		31 March 2021	31 December 2020
Aljedaie Fabrics Company	Kingdom of Saudi Arabia	100%	100%

Subsidiary

Aljedaie Fabrics Company (the “Subsidiary”) was incorporated as a limited liability Company in Riyadh in the Kingdom of Saudi Arabia under commercial registration number 1010048637 dated 22 Jumada Al-Awal 1438H (corresponding to 19 February 2017). The Subsidiary is mainly engaged in sales of textiles, clothing and wholesale of women's and men's fabrics, sewing supplements, men's clothing, women's clothing, children's clothing and retail for fabrics and men's clothing. Other reserves represent the amount resulted from the merge of Aljedaie Fabrics Company during 2017 before it was re-incorporated during the same year. Such reserves are not available for distribution without shareholders’ approval.

The subsidiary practices its activities through 33 branches (2020: 33 branches), each having a separate commercial registration.

The significant accounting policies set out below have been applied in preparing these consolidated financial statements, and these policies are applied consistently over all the presented periods, unless otherwise stated.

2. Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in compliance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and professional Accountants (SOCPA).

These condensed consolidated interim financial statements do not include all required information and disclosures in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. However, the accounting policies and explanatory notes of important events and transactions have been included to understand the changes in the Group’s financial position and performance since the last annual financial statements which were prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards, interpretations and pronouncements issued by SOCPA.

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

2. Basis of preparation (continued)

2.2 Preparation of the financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention except for the following important items included in the condensed consolidated interim statement of financial position:

- Employees' termination benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.
- Lease obligations are measured at net present value of future lease payments.

2.3 Use of estimates, assumptions and judgments

The preparation of the Group's condensed consolidated interim financial statements requires the management to use certain critical estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures of contingent liabilities at the reporting date. However, the uncertainty about these assumptions and estimates may result in conclusions causing a material adjustment to the carrying amounts of the asset or liability affected in the future periods. The significant estimates made by the management when applying the Group's accounting policies and important sources for uncertainty cases regarding the estimates were similar to those included in the last consolidated annual financial statements.

3. Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiary As at 31 March 2021.

Subsidiary

Subsidiary is an entity (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Control over the investee (i.e., existing rights that give the Group current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement with the other votes holders of the investee; and
- Rights result from other contractual arrangements; the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains and losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

4. Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Riyals, which is the Company's functional and Group's presentation currency.

5. New Standards, Amendment to Standards and Interpretations

There are no new standards issued. However, a number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

6. Transactions with related parties

a. Transactions with key management personnel:

The following table describes compensation of key management personnel during the period:

	Three-month period ended 31 March	
	2021	2020
Short term benefits	622,905	624,204
End of service benefits	51,840	25,625
	674,745	649,829

b. Due to related parties

During the ordinary course of its business, the Group had the following significant transactions with its shareholders:

	31 March 2021	31 December 2020
Shareholders – Lease liabilities	2,134,576	2,317,043

c. Transactions with shareholders

During the ordinary course of its business, the Group had the following significant transactions with its shareholders:

	Nature of Transaction	Three-month period ended 31 March	
		2021	2020
Shareholders	Rentals	337,838	346,739
	Purchase of warehouse	-	11,500.000

7. Dividends

Final dividends are recorded in the period in which they are approved by the shareholders during the General Assembly meeting. The Board of Directors decided in its meetings dated 17 February 2020 to distribute SAR 37.5 million (SAR 1.25 per share) as dividends for the second half of financial year 2019 in accordance with an authorization made by the Ordinary General Assembly on 22 May 2019 for the Board to distribute interim dividends for 2019. Dividends have been paid on 18 March 2020.

8. Share capital

The Company's share capital is SR 300 million as at 31 March 2021 (31 December 2020: SR 300 million) divided into 30 million shares at SR 10 per share.

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

9. Segment information

9-1 Description of segments and principal activities

The Group manages its operations by business segments. Management treats the operations of these segments separately for the purposes of monitoring, decision making and performance assessment. The Group mainly trades in fabrics and Thobes where all activities are carried out in the Kingdom of Saudi Arabia.

Segment	Principal Activity
Thobes	Main activities include readymade clothes sales.
Fabrics	Main activities include Fabrics sales.

9-2 Segments financial information's

	Three-month period ended 31 March 2021			Three-month period ended 31 March 2020		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
Segment sales	114,654,072	24,182,222	138,836,294	91,865,220	25,590,293	117,455,513
Inter-segment sales between Sectors	-	-	-	-	-	-
Gross sales to external customers	114,654,072	24,182,222	138,836,294	91,865,220	25,590,293	117,455,513

Timing of revenues recognition

	Three-month period ended 31 March 2021			Three-month period ended 31 March 2020		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
At certain point of time	114,654,072	24,182,222	138,836,294	91,865,220	25,590,293	117,455,513
Over a period of time	-	-	-	-	-	-
Gross revenue	114,654,072	24,182,222	138,836,294	91,865,220	25,590,293	117,455,513

Total segment assets

	Thobes	Fabrics	Eliminated transactions	Total
31 March 2021	610,092,993	105,105,658	(57,223,937)	657,974,714
31 December 2020	602,875,639	105,044,846	(58,306,116)	649,614,369

Total segment liabilities

	Thobes	Fabrics	Eliminated transactions	Total
31 March 2021	53,522,871	68,527,624	(20,589,854)	101,460,641
31 December 2020	60,012,306	71,575,449	(24,780,670)	106,807,085

9-3 Major customers

The Group's sales during the three-month period ended 31 March 2021 for one of the main customers amounted to 25% of the group's total sales (the three-month period ended 31 March 2020: Nil).

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

10. Earnings per share (EPS)

Earnings per share has been calculated by dividing net income for the periods ended 31 March 2021 and 2020 by 30 million shares.

11. Seasonality of activity

The Group's activity and revenues are influenced by seasonal factors during the year due to the different purchasing patterns, and these changes are reflected in the financial results and Group's activities during the period. The period results are not an accurate indicator about the Group's annual results.

12. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The table below shows the maximum exposure to credit risk for significant components of the statement of financial position:

	31 March 2021	31 December 2020
Bank balances	43,972,424	65,415,137
Trade receivables, prepayments and other receivables	258,755,170	198,294,924
	302,727,594	263,710,061

Credit risk on trade receivables and bank balances is limited to the following:

Bank balances

Cash balances are held with banks having a credit rating of BBB- and above.

Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, permits the use of the lifetime expected loss provision for all lifetime trade receivables. The loss provision as at 31 March 2021 and 31 December 2020 is determined as follows:

In monitoring customer credit risk, customers are grouped according to their credit characteristics (including the type of customer such as retail/ wholesale, etc), trading history with the Group and existence of previous financial difficulties. As at 31 March 2021, the exposure to credit risks for trade receivables by types of customers was as follows:

Trade receivables as at 31 March 2021 (unaudited)

1- Thobes segment:

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	0.09% - 0.83%	80,586,128	405,144
Past due > 30 days	1.01%	11,329,191	114,277
Past due > 60 days	1.28%	27,078,926	347,587
Past due > 90 days	1.73% - 31.08%	133,471,556	16,322,181
Default customers and others that are past due for more than two years	73.67% - 100%	21,775,421	21,008,131
		274,241,222	38,197,320

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

12. Credit Risk (continued)

Trade receivables as at 31 March 2021 (unaudited) (continued)

2- Fabrics segment:

Debt status	Expected loss rate	Total carrying amount	Expect credit losses
Current	1.41%	5,804,996	82,077
Past due > 30 days	1.65%	4,102,516	67,875
Past due > 60 days	1.81%	2,311,524	41,885
Past due > 90 days	2.09% - 25%	11,850,736	1,612,018
Default customers and others that are past due for more than two years	66.35% - 100%	3,664,436	3,490,576
		27,734,208	5,294,431
Total		301,975,430	43,491,751

Trade receivables as at 31 December 2020 (Audited)

1- Thobes segment:

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	0.07%-0.75%	43,132,250	239,392
Past due > 30 days	0.91%	16,829,350	152,859
Past due > 60 days	1.16%	19,780,164	229,036
Past due > 90 days	1.58% - 31.21%	115,831,053	13,665,349
Overdue for more than two years and defaulters	73.26% - 100%	16,402,656	15,739,848
		211,975,473	30,026,484

2- Fabrics segment:

Debt status	Expected loss rate	Gross carrying amount	Expect credit losses
Current	1.47%	1,638,413	24,020
Past due > 30 days	1.71%	2,010,516	34,414
Past due > 60 days	1.88%	1,725,438	32,415
Past due > 90 days	2.18% - 26.09%	11,841,144	1,334,863
Overdue for more than two years and defaulters	68.44% - 100%	3,965,128	3,744,409
		21,180,639	5,170,121
Total		233,156,112	35,196,605

Sensitivity analysis for future circumstances expectations as at 31 March 2021

	Value in SR
Basic value for impairment losses in financial assets	43,491,751
If the expectations of future circumstances increased by 10%	43,657,092
If the expectations of future circumstances decreased by 10%	43,341,439

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts are in Saudi Riyals unless otherwise stated)

12. Credit Risk (continued)

Impairment losses on trade receivables and provision for impairment of prepayments and other receivables are as follows:

	Trade receivable	Prepayments and other receivables	Total
At 1 January, 2021	35,196,605	2,174,736	37,371,341
Charge for the period	8,295,146	-	8,295,146
At 31 March 2021	43,491,751	2,174,736	45,666,487

13. Zakat

Zakat status

The Group is subject to zakat according to the regulations of the General Authority of Zakat and Tax (“GAZT”) in the Kingdom of Saudi Arabia. The Group files its zakat returns on consolidated basis, starting from the financial year ended 31 December 2018 and thereafter, Zakat declarations were submitted until 2020 to the General Authority of Zakat and Income and the payment of Zakat due thereunder. The Group also obtained a certificate of zakat valid until 29 Ramadan 1443 corresponding to 30 April 2022.

The Group received Zakat assessments on Zakat returns for the years from 2014 to 2018 claiming zakat differences amounted to Saudi Riyals 7.51 million compared to the zakat paid for those years. The Group appealed to these amendments and the amount was reduced to Saudi Riyals 3.50 million in January 2021. The appeal for the year 2014 has been escalated to the General Secretariat of tax committees. and in February 2021, appeals for the years 2015 to 2018 were escalated to the General Secretariat of tax committees. Management believes that it has good reasons to rebut these assessments and has concluded that there is no need to adjust the zakat provision.

14. Significant events during the period

In response to the spread of the new Coronavirus (Covid-19) in the Kingdom of Saudi Arabia, where the Group operates, and the consequent disruption of some aspects of economic and social activities in the Kingdom, The management has assessed the impact of the pandemic on its operations and took a series of preventive measures, to ensure the health and safety of its employees And its customers and the wider community as well as to ensure the continuity of supplying its products to the market. Despite these challenges, the Group’s operations improved by creating additional sales channels, which supported the Group’s operations during 2021. According to sales figures the three-month period ended 31 March 2021, the Covid-19 pandemic did not have a material negative impact on the financial results except for the increase in the balance of trade receivables as of 31 March 2021 and impact of this on the impairment losses on trade receivables (Note 12). The Group continues to monitor the situation closely to take any necessary actions when needed.

15. Subsequent events

In the opinion of the management, there have been no significant subsequent events since 31 March 2021 till the approval date of condensed consolidated interim financial statements.that may have significant impact on the Group financial position nor the disclosure of these condensed consolidated interim financial statements.

16 Board of directors’ approval

These condensed consolidated interim financial statements have been approved by the Board of Directors on 19 Ramadan 1442H (corresponding to 1 May 2021).