Prospectus of Abdullah Al Othaim Investment Company

A Saudi joint stock company established pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G), with Commercial Registration No. 1010213454 dated 19/09/1426H (corresponding to 10/22/2005G).

Offering of thirty million (30,000,000) ordinary shares, representing 30% of the capital of Abdullah Al Othaim Investment Company, at an Offer Price of [•] Saudi Riyals (SAR [•]) per share.

عبدالله العثيم للاستثمار
Abdullah Al Othaim Investment co.

Offering Period: Two (2) days starting from Wednesday, on 09/11/1443H (corresponding to 08/06/2022G) To Thursday, on 10/11/1443H (corresponding to 09/06/2022G), ending at 5 p.m. Kingdom of Saudi Arabia time.

Abdullah Al Othaim Investment Company (the "**Company**") is a Saudi closed joint stock company registered in Riyadh under Commercial Registration No. 1010213454 dated 19/09/1426H (corresponding to 10/22/2005G), with its registered address being at Al-Rawabi District, Eastern Ring Road, P.O. 28090, Riyadh, 11437, Kingdom of Saudi Arabia (the "**Kingdom**").

The Company was originally established as a limited liability Company on 19/09/1426H (corresponding to 10/22/2005G) under the name "Othaim Real Estate Investment and Development Company", with a fully paid-up capital of one million Saudi Riyals (SAR 1,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share. On 15/04/1427H (corresponding to 05/13/2006G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into six hundred twenty-two thousand, five hundred thirty-five (622,535) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share through capitalization of the Shareholders' current account. On 22/10/1429H (corresponding to 10/22/2008G), the Company was converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G) announcing the conversion of the Company. Following conversion, the Company's capital was six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into sixty-two million, two hundred fifty-three thousand, five hundred (62,253,500) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. On 25/08/1437H (corresponding to 06/01/2016G), the Company's Extraordinary General Assembly approved the increase of the Company's capital from six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) to one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through capitalization of ninety-one million, six hundred fifty-one thousand, one hundred seventy-one Saudi Riyals (SAR 91,651,171) from the Company's statutory reserve and two hundred eighty-five million, eight hundred thirteen thousand, eight hundred twenty-nine Saudi Riyals (SAR 285,813,829) from the Company's retained earnings account. On 09/07/1439H (corresponding to 03/26/2018G), the Extraordinary General Assembly approved change of the Company's name into "Abdullah Al Othaim Investment Company".

The Company's current capital is one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share (for further details on the Company's history, see Section 4.1.2 "**Corporate History and Capital Development**" of this Prospectus).

The initial public offering ("**IPO**") shall be for thirty million (30,000,000) ordinary shares (the "**Offer Shares**" and each an "**Offer Share**") with a fully paid-up nominal value of three hundred million Saudi Riyals (SAR 300,000,000) per share. The Offer Price shall be [•] Saudi Riyals (SAR [•]) per share.

The Offer Shares represent 30% of the Company's capital. Subscription to the Offer Shares shall be limited to two tranches of investors (the "**Investors**"):

Tranche A - Participating Entities: This tranche comprises the entities entitled to participate in the book-building process as set out under the Capital Market Authority (the "**CMA**") Instructions for Book Building Process and Allocation Method in Initial Public Offerings (the "**Book-Building Instructions**") (collectively, the "**Participating Entities**" and each a "**Participating Entity**") (for further details, see Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be initially allocated to Participating Parties actually involved in the book-building process is thirty million (30,000,000) shares, representing 100% of the Offer Shares. Final allocation will be made after the end of the subscription period for Retail Subscribers. The Lead Manager (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus) shall have the right, if there is sufficient demand from Retail Subscribers, to reduce the number of Offer Shares allocated to Participating Entities to twenty-seven million (27,000,000) shares, representing 90% of the Offer Shares.

Tranche B - Retail Subscribers: This tranche comprises Saudi natural persons, including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, and GCC natural persons (collectively "**Retail Subscribers**" and each an "**Retail Subscriber**").

The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of three million (3,000,000) shares, representing 10% of the Offer Shares, shall be allocated to Retail Subscribers, provided that Participating Entities subscribe for all Offer Shares allocated to them. In the event that Retail Subscribers do not subscribe in full to the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Retail Subscribers in proportion to the number of Offer Shares subscribed for by them.

The Company's current shareholders (collectively, the "**Current Shareholders**") hold all of the Company's Shares prior to the Offering. The Offer Shares will be sold by both Abdullah Al Othaim Markets Company and Abdullah Saleh Ali Al Othaim (collectively the "**Selling Shareholders**") in accordance with Table 4.1 "**Ownership Structure of the Company as of the Date of this Prospectus**" of this Prospectus. Upon completion of the Offering, Al Othaim Holding Company and Abdullah Saleh Ali Al Othaim will collectively hold 70% of the Company's shares and will consequently retain a controlling interest in the Company. The Offering proceeds, less the Offering expenses, (the "**Net Proceeds**") will be distributed to the Selling Shareholders prorated to the percentage of Offer Shares owned by each Shareholder. The Company will not receive any part of the Net Proceeds (for further details, see Section 8 "**Use of Proceeds**" of this Prospectus). The Offering is fully underwritten by the Underwriters (for further details, please see Section 13 "**Underwriting**" of this Prospectus). The Substantial Shareholders may not dispose of its shares for a period of six (6) months (the "**Lock-up Period**") from the date trading starts on Saudi Exchange ("**Tadawul**" or the "**Exchange**"), as set out on page (iv) of this Prospectus. The Substantial Shareholders, who hold five percent (5%) or more of the Company's Shares, are: Al Othaim Holding Company, Abdullah Al Othaim Markets Company and Abdullah Saleh Ali Al Othaim. Table 1.2 "**Substantial Shareholders, Number of Shares and Shareholding Pre- and Post-Offering**" of this Prospectus sets out their shareholding in the Company's capital.

The Offering will commence on Wednesday, 09/11/1443H (corresponding to 08/06/2022G) and will remain open for a period of two (2) days ending at 5 p.m. Kingdom time on Thursday, 10/11/1443H (corresponding to 09/06/2022G) (the "**Offering Period**"). Subscription to the Offer Shares by Retail Subscribers can be made through some branches of the Receiving Entities (the "**Receiving Entities**") listed on pages (vii) and m of this Prospectus during the Offering Period or through the internet, telephone banking or ATMs of the Receiving Entities providing all or some of these services to their clients (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus). Participating Entities can bid for the Offer Shares through the Lead Manager during the book-building process, which takes place prior to the Offering to Retail Subscribers, and may subscribe to the Offer Shares during the Offering Period for Retail Subscribers.

Each of the Retail Subscribers who subscribe to the Offer Shares must apply for no less than ten (10) shares and no more than two hundred and fifty thousand (250,000) shares. The minimum number of allocated shares per Retail Subscriber will be ten (10) shares. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Retail Subscriber. If the number of Retail Subscribers exceeds three hundred thousand (300,000) Subscribers, the Company will not guarantee the minimum allocation of Offer Shares and the Offer Shares will be allocated at the discretion of the Company and the Financial Advisor. Excess subscription amounts (if any) will be refunded to Retail Subscribers without any charge or withholding by the related Receiving Entities. Notification of the final allocation and the refund of excess subscription amounts will be made no later than 23/11/1443H (corresponding to 22/06/2022G) (for further details, see the Section "**Key Dates and Subscription Procedures**" on page (xiii) and Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of ordinary shares. Each share entitles its holder to one vote and each shareholder (a "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company as of the date of this Prospectus (the "**Prospectus**") and for subsequent Financial Years (see Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of the shares and an application to the Exchange for listing of such shares. All required documents have been submitted to the relevant authorities. All requirements have been met and all approvals pertaining to the Offering have been obtained, including for this Prospectus. Trading of the shares on the Exchange is expected to commence shortly after completion of final allocation, with all relevant regulatory requirements being met (for further details, see the section "**Key Dates and Subscription Procedures**" on page (xiii) of this Prospectus). Following the start of trading on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, Saudi and Gulf companies, banks and mutual funds as well as GCC nationals will be permitted to trade the Offer Shares. Moreover, Qualified Foreign Investors ("**QFI**") will be permitted to trade the shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (all as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom ("**Foreign Investors**") are also entitled to acquire economic benefits in the shares by entering into swap agreements with a person authorized by the CMA to acquire and trade shares on the Exchange on behalf of a Foreign Investor (the "**Authorized Persons**"). Under swap agreements, the Authorized Persons will be the registered legal owner of such shares.

Investment in the Offer Shares involves certain risks and uncertainties. For a discussion of certain factors which should be carefully considered prior to making a decision to subscribe for the Offer Shares, see "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus.

Financial Advisor, Lead Manager, Institutional Bookrunner and Principal Underwriter

GiB | جي آي بي كابيتال CAPITAL

Participating Underwriter

الإنماء للاستثمار
alinma investment

Receiving Entities

بنك الرياض riyad bank | البنك السعودي الفرنسي Banque Saudi Fransi | SABB ساب | SNB | مصرف الإنماء alinma bank | meem

This Prospectus is dated 13/08/1443H (corresponding to16/03/2022G).

Total Stores in
Al Othaim Malls over

2,500

Stores

Gross Leasable Area (GLA)
over

600

Thousand Sqm

Average footfall (daily)
from 2018-2020 over

120

Thousand per day

Total Malls

10

Malls

Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, Participating Entities and Retail Subscribers will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available from the Company, the Lead Manager, the Receiving Entities or by visiting the website of the Company (www.othaimmalls.com), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa) or the Financial Advisor (www.gibcapital.com).

The Company has appointed GIB Capital as the financial advisor (the "**Financial Advisor**"), lead manager (the "**Lead Manager**") and bookrunner (the "**Bookrunner**") with respect to the Offering. The Company has also appointed GIB Capital and Alinma Investment as underwriters (the "**Underwriters**").

This Prospectus includes information that has been presented in compliance with the requirements for the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The Directors, whose names appear on page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all possible reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries to confirm the validity of the information contained in this Prospectus as of the date of its publication, a substantial portion of the market and industry information herein is derived from external sources. While neither the Company, the Financial Advisor nor any of the Company's other advisors, whose names appear on page (v) of this Prospectus, have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the advisors has independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, see Section 2 "**Risk Factors**" of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed information related to the Offer Shares is intended to be nor should be construed as or relied upon in any way as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus may not be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders or any of the Company's Advisors to subscribe to the Offer Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some Investors and not others and prospective Investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such Investor's individual circumstances.

Subscription for the Offer Shares shall be limited to two tranches of Investors as follows:

Tranche A - Participating Entities: This tranche comprises the entities entitled to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B - Retail Subscribers: This tranche comprises Saudi natural persons, including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, and GCC natural persons. The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for subscribing foreign institutions, taking into account the relevant rules and instructions. All recipients of this Prospectus must inform themselves of any regulatory restrictions on the Offering and the sale of the Offer Shares and observe all such restrictions.

Industry and Market Data

In this Prospectus, the information regarding the market and the sector in which the Company operates is derived from a market study report prepared on 19/10/1441H (corresponding to 06/11/2020G) by Euromonitor International PLC, a consulting firm providing international strategic market research services. Euromonitor International PLC is ranked among top global professional services businesses, founded in 1972G and headquartered in London, United Kingdom, with offices in several countries around the world (the "**Market Consultant**") (for further details on the Market Consultant, please visit the website www.euromonitor.com).

The Market Consultant does not, nor do any of its subsidiaries, sister companies, partners, shareholders, directors, managers or any relatives thereof, own any shares or any interest of any kind in the Company or its subsidiaries. As of the date of this Prospectus, the Market Consultant has given and has not withdrawn its written consent for the use of its name, logo, statements, market information and data supplied by it to the Company in the manner and form contained in this Prospectus.

The Directors believe that the information and data from other sources contained in this Prospectus, including that provided by the Market Consultant, are reliable. However, this information was not independently verified by the Company, its Directors, its consultants or its Selling Shareholders, so they assume no liability for the accuracy or completeness of this information.

Financial and Statistical Information

The Company's audited consolidated financial statements for the Financial Years ended December 31, 2018G, 2019G, 2020G and the financial period ended September 30, 2021G and the notes thereto have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by SOCPA and audited by the Company's Auditors, Al Azem, Al Sudairy, Al Shaikh & Partners (Public Accountants), Ernst & Young & Co (Public Accountants) and Baker Tilly MKM & Ayad Al Seraihi CPA (Public Accountants). The Company publishes its financial statements in Saudi Riyals.

Some financial and statistical information contained in this Prospectus has been rounded up to the nearest integer. Accordingly, where numbers have been rounded up or down, the total may not match that mentioned in the Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company stresses, to the best of its reasonable knowledge, that every professional due care has been taken in preparing the statements contained in this Prospectus.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, see Section 2 "**Risk Factors**" of this Prospectus). Should any one or more of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results of the Company may vary materially from those described, expected, estimated or planned in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before the end of the Offering, the Company becomes aware that: (i) there has been a significant change in material matters contained in this Prospectus or any document required by the Rules on the Offer of Securities and Continuing Obligations; or (ii) significant matters have become known which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Market Value of Properties

The market value of the properties listed in the Company's portfolio was estimated as on September 30, 2021G, provided in the Property Valuation Report dated 22/02/1443H (corresponding to 09/29/2021G) and was prepared by Knight Frank. Based on the valuation made by the External Property Assessor, the total value of the Company's real estate portfolio is five billion, seven hundred ninety-eight million, six hundred eighty-five thousand Saudi Riyals (SAR 5,798,685,000).

The property assessor has valuated twenty (20) real estate assets, which include shopping centers and lands owned by the Company. Based on the nature of the various properties, each property was valuated using different valuation methods depending on the type and characteristics of each property.

Corporate Directory

Directors

Table No. (1.1): Directors

Name	Title	Nationality	Age	Status	Direct Shareholding (%)		Indirect Shareholding (%)		Date of Appointment*
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Abdullah Saleh Ali Al Othaim**	Chairman	Saudi	64 years	Non-Independent, Non-Executive	26%	9.65%	64.95%	60.35%	19/11/1442H (corresponding to 06/29/2021G)
Mohammed Saad Abdulaziz bin Dawood	Vice Chairman	Saudi	46 years	Independent, Non-Executive	N/A	N/A	N/A	N/A	28/04/1442H (corresponding to 12/13/2020G)
Meshaal Ibrahim Mutaib Al Otaibi	Director	Saudi	49 years	Non-Independent, Executive	N/A	N/A	N/A	N/A	19/11/1442H (corresponding to 06/29/2021G)
Khalid Ibrahim Saad Al Rabiah	Director	Saudi	60 years	Independent, Non-Executive	N/A	N/A	N/A	N/A	28/04/1442H (corresponding to 12/13/2020G)
Bassam Abdulaziz Mohammed Nour	Director	Bahraini	42 years	Independent, Non-Executive	N/A	N/A	N/A	N/A	28/04/1442H (corresponding to 12/13/2020G)
Abdullatif Ali Abdullatif Al Saif	Director	Saudi	45 years	Non-Independent, Non-Executive	N/A	N/A	N/A	N/A	10/01/1443G (corresponding to 08/18/2021G)

* Dates listed in this table are the dates of appointment of Directors to the current session. The Directors' biographies include the date of their appointment to the Board.

** The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company, which holds 60.35% of the Company's shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company (prior to the Offering).

Source: The Company

Company's Address

Eastern Ring Road - Al-Rawabi District
P. O. Box 28090, Riyadh 11437
Kingdom of Saudi Arabia
Tel.: +966 11 829 9999
Fax: +966 11 254 6666
Website: www.othaimmalls.com
Email: IR@othaim.com

Company's Representatives

Abdullah Saleh Ali Al Othaim
Chairman
Eastern Ring Road - Al-Rawabi District
P. O. Box 28090, Riyadh 11437
Kingdom of Saudi Arabia
Tel.: +966 11 829 9999
Fax: +966 11 254 6666
Website: www.othaimmalls.com
Email: Abdullah@Othaim.com

Meshaal Ibrahim Mutaib Al Otaibi
CEO
Eastern Ring Road - Al-Rawabi District
P. O. Box 28090, Riyadh 11437
Kingdom of Saudi Arabia
Tel.: +966 11 829 9999
Fax: +966 11 254 6666
Website: www.othaimmalls.com
Email: m.omeria@othaim.com

Board Secretary

Bandar Suleiman Mohammed Al Buhairi
Eastern Ring Road - Al-Rawabi District
P. O. Box 28090, Riyadh 11437
Kingdom of Saudi Arabia
Tel.: +966 11 829 9999
Fax: +966 11 254 6666
Website: www.othaimmalls.com
Email: balbohiry@othaim.com

The Exchange

Saudi Exchange (Tadawul)
King Fahd Road – Al-Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel.: +966 (11) 92000 1919
Fax: +966 (11) 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa

Depository Center

Securities Depository Center Company (Edaa)
King Fahd Road – Al-Olaya 6897
Unit No. 11
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel.: +966 92002 6000
Website: www.edaa.com.sa
Email: cc@edaa.com.sa

من مجموعة تداول السعودية
From Saudi Tadawul Group

Advisors

Financial Advisor, Lead Manager, Institutional Bookrunner and Principal Underwriter
GIB Capital Low Rise Building, Building 1, Granada Business & Residential Park Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel.: +966 11 511 2200 Fax: +966 11 511 2201 Website: www.gibcapital.com Email: customercare@gibcapital.com

Legal Advisor
Law Office of Salman M. Al-Sudairi King Fahd Road Tatweer Tower - Tower 1 - 7th Floor P.O. Box 17411 Riyadh, 11474 Kingdom of Saudi Arabia Tel.: +966 (11) 207 2500 Fax: +966 (11) 207 2577 Website: www.alsudairilaw.com.sa Email: info@alsudairilaw.com.sa THE LAW OFFICE OF SALMAN M.AL-SUDAIRI

Financial Due Diligence Advisor
KPMG KPMG Tower Riyadh Front, Airport Road P.O Box 92876 Riyadh 11663 Kingdom of Saudi Arabia Tel.: +966 11 874 8500 Fax: +966 11 874 8600 Website: www.kpmg.com/sa Email: marketingsa@kpmg.com

Market Consultant
Euromonitor International PLC Dubai Silicon Oasis Wing Building, Block 9 6th Floor, Office 606 and 607 Dubai 341155 United Arab Emirates Tel.: +971 4 372 4363 Fax: +971 4 372 4370 Website: www.euromonitor.com Email: info-mena@euromonitor.com

Auditors
Baker Tilly MKM & Co. Certified Public Accountants Uthman Ibn Affan Road, Al-Taawun District P.O. Box 300467 Riyadh 11372 Kingdom of Saudi Arabia Tel.: +966 11 835 1600 Fax: +966 11 455 6915 Website: www.bakertillyjfc.com Email: info@bakertillyjfc.com
Dr. Mohamed Al-Amri & Co. Public Accountants King Fahd Branch Road, Al-Rahmaniyah P.O. Box 7586 Riyadh 12215 Kingdom of Saudi Arabia Tel.: +966 11 060 8278 Fax: +966 11 288 3278 Website: www.bdoalamri.com Email: Riyadh@bdoalamri.com
Ernst & Young & Co Public Accountants Faisaliah Tower, Floor 14 King Fahd Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia Tel.: +966 11 215 9898 Fax: +966 11 273 4730 Website: www.ey.com/mena Email: riyadh@sa.ey.com

Participating Underwriter
Alinma Investment Al-Anoud Tower 2 King Fahd Road P.O. Box 55560 Riyadh 11544 Kingdom of Saudi Arabia Tel.: +966 11 218 5555 Fax: +966 11 218 5970 Website: www.alinmainvestment.com Email: info@alinmainvest.com

External Property Assessor
Knight Frank Co. Raidah Digital City, Floor 1 Riyadh 12382 Kingdom of Saudi Arabia Tel.: +966 11 2890 700 Fax: +966 11 2890 776 Website: www.knightfrank.com.sa Email: talal.raqaban@me.knightfrank.com

Note: The above Advisors and the Auditors have given and, as of the date of this Prospectus, not withdrawn their written consent to the publication of their names and logos in the Prospectus and the inclusion of their statements in the form and content appearing herein, and do not themselves or their employees (forming part of the engagement team serving the Company), or their relatives have any shareholding or interest of any kind in the Company or its subsidiaries as of the date of this Prospectus which would impair their independence.

Receiving Entities
Saudi National Bank Saudi National Bank Tower – King Abdullah Financial District King Fahad Road P.O. Box 3208, Unit No. 778 Riyadh 6676-13519 Kingdom of Saudi Arabia Tel.: +966 920001000 Fax: +966 12 646 4466 Website: www.alahli.com Email: contactus@alahli.com
Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel.: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com
Saudi British Bank (SABB) Prince Abdulaziz Bin Musaed Bin Jelwai St., Al-Muraba District P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 11 440 8440 Fax: +966 11 276 3414 Website: www.sabb.com Email: sabb@sabb.com
Banque Saudi Fransi King Saud Road – Al-Ma'athar P.O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 11 289 9999 Website: www.alfransi.com.sa Email: Communications@AlFransi.com.sa
Alinma Bank Alinma Bank Al-Anoud Tower, King Fahd Road P.O. Box 66674 Riyadh 11586 Kingdom of Saudi Arabia Tel: +966 11 218 8524 Fax: +966 11 218 5000 Website: www.alinma.com Email: IPO_receiving@alinma.com
Meem – Gulf International Bank – Kingdom of Saudi Arabia Low Rise Building, Building 1, Granada Business & Residential Park Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel.: +966 11 511 2200 Fax: +966 11 511 2201 Website: www.meem.com Email: sa@meem.com

Offering Summary

This summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective Investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective Investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the "**Important Notice**" and Section 2 "**Risk Factors**" of this Prospectus prior to making any investment decision related to the Offer Shares.

Company Name, Description and Incorporation	Abdullah Al Othaim Investment Company is a Saudi closed joint stock company registered in Riyadh under Commercial Registration No. 1010213454 dated 19/09/1426H (corresponding to 10/22/2005G), its registered address is Al-Rawabi District, Eastern Ring Road, P.O. Box 28090 Riyadh 11437, the Kingdom. The Company was originally established as a limited liability company on 19/09/1426H (corresponding to 10/22/2005G) under the name "Al Othaim Real Estate Investment and Development Company", with a fully paid-up capital of one million Saudi Riyals (SAR 1,000,000) divided into ten thousand (10,000) cash shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share. On 15/04/1427H (corresponding to 05/13/2006G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into six hundred twenty-two thousand, five hundred thirty-five (622,535) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share through capitalization of the Shareholders' current account. On 22/10/1429H (corresponding to 10/22/2008G), the Company was converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G) announcing the conversion of the Company. Following conversion, the Company's capital was six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into sixty-two million, two hundred fifty-three thousand, five hundred (62,253,500) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. On 25/08/1437H (corresponding to 06/01/2016G), the Company's Extraordinary General Assembly approved the increase of the Company's capital from six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) to one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through capitalization of ninety-one million, six hundred fifty-one thousand, one hundred seventy-one Saudi Riyals (SAR 91,651,171) from the Company's statutory reserve and two hundred eighty-five million, eight hundred thirteen thousand, eight hundred twenty-nine Saudi Riyals (SAR 285,813,829) from the Company's retained earnings account. On 09/07/1439H (corresponding to 03/26/2018G), the Extraordinary General Assembly approved the change of the Company's name to "Abdullah Al Othaim Investment Company". The Company's current capital is one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share (for further details on the Company's history, see Section 4.1.2 "**Corporate History and Capital Development**" of this Prospectus).
Company's Activity	In accordance with its Bylaws and Commercial Registration, the main objectives of the Company include construction of all types of residential buildings, general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), general constructions of government buildings, erection of prefabricated constructions on the site, retail sale of games and toys in specialized stores, activities of government buildings cleaning services, and provision of maintenance services within facilities.
Material Subsidiaries	1. **Abdullah Al Othaim Entertainment Company** is a one-person limited liability company incorporated in Riyadh, with Commercial Registration No. 1010371062 dated 07/06/1434H (corresponding to 04/17/2013G) ("**Abdullah Al Othaim Entertainment Co.**"). 2. **Abdullah Al Othaim Fashion Company** is a one-person limited liability company incorporated in Riyadh, with Commercial Registration No. 1010228886 dated 06/02/1428H (corresponding to 02/24/2007G) ("**Abdullah Al Othaim Fashion Co.**"). 3. **Abdullah Al Othaim Food Company** is a one-person limited liability company incorporated in Riyadh, with Commercial Registration No. 1010228837 dated 06/02/1428H (corresponding to 02/24/2007G) ("**Abdullah Al Othaim Food Co.**"). (Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. are collectively referred to as the "**Material Subsidiaries**"). For further details about the Material Subsidiaries, see Section 4.1.6 "**Overview of Material Subsidiaries**" of this Prospectus.
Substantial Shareholders	The Substantial Shareholders, who each hold - directly and indirectly - 5% or more of the Company's shares, are Al Othaim Holding Company, Abdullah Al Othaim Markets Company and Abdullah Saleh Ali Al Othaim. The following table sets out the number the Substantial Shareholders' shares in the Company pre-and post-Offering.

Table No. (1.2): Substantial Shareholders, Number of Shares and Shareholding Pre- and Post-Offering

#	Shareholders	Pre-Offering			Post-Offering		
		No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
1	Al Othaim Holding Company	60,346,150	603,461,500	60.35%	60,346,150	603,461,500	60.35%
2	Abdullah Al Othaim Markets Company	13,653,850	136,538,500	13.65%	-	-	-
3	Abdullah Saleh Ali Al Othaim*	26,000,000	260,000,000	26%	9,653,850	96,538,500	9.65%
Total		**100,000,000**	**1,000,000,000**	**100%**	**70,000,000**	**700,000,000**	**70.0%**

* The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company, which holds 60.35% of the Company's shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company (prior to the Offering).

Source: The Company

Company's Capital	One billion Saudi Riyals (SAR 1,000,000,000) fully paid.
Total Number of the Company's Issued Shares	One hundred million (100,000,000) fully-paid ordinary shares.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per share.
Offering	Offering of thirty million (30,000,000) ordinary shares for public subscription at an Offer Price of [•] Saudi Riyals (SAR [•]) per share. The total Offer Shares represent 30% of the Company's capital, with a fully paid nominal value of ten Saudi Riyals (SAR10) per share.
Total Number of Offer Shares	Thirty million (30,000,000) fully-paid ordinary shares.
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent 30% of the Company's capital.
Offer Price	[•] Saudi Riyals (SAR [•]) per offer share.
Total Offering Value	[•] Saudi Riyals (SAR [•]).
Use of Proceeds	The Net Proceeds amounting to [•] Saudi Riyals (SAR [•]) (after deducting the Offering expenses estimated at [•] Saudi Riyals (SAR [•]) will be paid to the Selling Shareholders on a pro-rata basis according to the number of Offer Shares owned by each Selling Shareholder. The Company will not receive any part of the Offering proceeds (for further details, see Section 8 "**Use of Proceeds**" of this Prospectus).
Number of Offer Shares Underwritten	Thirty million (30,000,000) ordinary shares.
Total Offering Amount to be Underwritten	[•] Saudi Riyals (SAR [•]).

Categories of Targeted Investors	Subscription for the Offer Shares shall be limited to two tranches of Investors as follows: Tranche A – Participating Entities: This tranche comprises the entities entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus); and Tranche B – Retail Subscribers: This tranche comprises Saudi natural persons, including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, and GCC natural persons. The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.
Total Offer Shares Available for Each Category of Targeted Investors	
Number of Shares Offered to Participating Parties	Thirty million (30,000,000) ordinary shares representing 100% of the total Offer Shares. However, if there is sufficient demand from Retail Subscribers and Participating Entities have subscribed to all Offer Shares allocated to them, the Lead Manager shall have the right to reduce the number of shares allocated to Participating Entities to twenty-seven million (27,000,000) shares representing 90% of the total Offer Shares.
Number of Shares Offered to Retail Subscribers	A maximum of three million (3,000,000) Offer Shares, representing 10% of the total Offer Shares.
Subscription Method for Each Category of Targeted Investors	
Subscription Method for Participating Entities	Participating Entities as defined in Section 1 "**Definitions and Abbreviations**" may apply for subscription. The Lead Manager will provide Bid Forms to Participating Entities during the book-building process. After initial allocation, the Lead Manager will provide Subscription Application Forms to Participating Entities, who will be required to complete them in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus).
Subscription Method for Retail Subscribers	Subscription Application Forms will be available during the Offering Period at certain Receiving Entity branches. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. Retail Subscribers who have recently participated in a previous initial public offering can also subscribe through the internet, telephone banking, or automated teller machines (ATMs) of Receiving Entities that offer any or all such services to its customers, provided that: (a) the Retail Subscriber has a bank account with a Receiving Entity which offers such services; and (b) there have been no changes in the personal details of the Retail Subscriber since their subscription in a recent offering.
Minimum Number of Offer Shares to be Applied for by Each Category of Targeted Investors	
Minimum Number of Offer Shares to be Applied for by Participating Entities	One hundred thousand (100,000) shares.
Minimum Number of Offer Shares to be Applied for by Retail Subscribers	Ten (10) shares.
Minimum Subscription Amount for Each Category of Targeted Investors	
Minimum Subscription Amount for Participating Entities	[•] Saudi Riyals (SAR [•]).
Minimum Subscription Amount for Retail Subscribers	[•] Saudi Riyals (SAR [•]).
Maximum Number of Offer Shares to be Applied for by Each Category of Targeted Investors	
Maximum Number of Offer Shares to be Applied for by Participating Entities	Four million, nine hundred ninety-nine thousand, nine hundred ninety-nine (4,999,999) shares, subject to the restrictions set forth in the Book-Building Instructions.

Maximum Number of Offer Shares to be Applied for by Retail Subscribers	Two hundred and fifty thousand (250,000) shares.
Maximum Subscription Amount for Each Category of Targeted Investors	
Maximum Subscription Amount for Participating Entities	[•] Saudi Riyals (SAR [•]).
Maximum Subscription Amount for Retail Subscribers	[•] Saudi Riyals (SAR [•]).
Allocation of Offer Shares and Refund of Excess Subscription Amounts for Each Category of Targeted Investors	
Allocation of Offer Shares to Retail Subscribers	Allocation of the Offer Shares to Retail Subscribers is expected to be completed no later than on Wednesday 23/11/1443H (corresponding to 22/06/2022G). The minimum allocation per Retail Subscriber is ten (10) shares and the maximum allocation per Retail Subscriber is two hundred and fifty thousand (250,000) shares, with the remaining Offer Shares, if any, being allocated on a pro-rata basis based on the number of Offer Shares applied for by each Subscriber out of the total number of shares applied for. The Company does not guarantee the minimum allocation if the number of Retail Subscribers exceeds three hundred thousand (300,000). In this case, the allocation shall be made in accordance with the instructions of the Company and Financial Advisor.
Allocation of Offer Shares to Participating Entities	After the allocation of Offer Shares to Retail Subscribers, the Lead Manager will allocate the Offer Shares to Participating Entities. The number of Offer Shares to be initially allocated to Participating Entities is thirty million (30,000,000) shares, representing 100% of the total Offer Shares. If there is sufficient demand by Retail Subscribers, the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Entities to a minimum of twenty-seven million (27,000,000) shares, representing 90% of the Offer Shares, upon completion of subscription by Retail Subscribers.
Refund of Excess Subscription Amounts	Excess subscription amounts, if any, will be refunded to Subscribers without any commission or withholding by the Lead Manager or the Receiving Entities, (as applicable). Announcement of final allocation and refund of excess subscription amounts, if any, will take place no later than on Wednesday 23/11/1443H (corresponding to 22/06/2022G) (for further details, see Section 17.4 "**Allocations and Refunds**" of this Prospectus).
Offering Period	The Offering Period will commence on Wednesday, 09/11/1443H (corresponding to 08/06/2022G) and will remain open for a period of two (2) days ending at 5 p.m. Kingdom time on Thursday, 10/11/1443H (corresponding to 09/06/2022G).
Entitlement to Dividends	The Offer Shares will entitle holders to receive any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent Financial Years (for further details, see Section 7 "**Dividend Distribution Policy**" of this Prospectus.
Voting Rights	The Company has one class of shares only. None of the shares carry any preferential voting rights. Each share entitles its holder to one vote and each Shareholder has the right to attend and vote in meetings of the General Assembly. A Shareholder may delegate another Shareholder who is not a member of the Board of Directors to represent them in General Assembly meetings (for further details, see Section 12.4 "**Summary of the Company's Bylaws**" of this Prospectus).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholders are subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange, and they may not dispose of their shares during this period.
Listing of Shares	Prior to the Offering, the Company's shares have never been listed in the Kingdom or elsewhere. An application has been submitted by the Company to the CMA for registration and offer of the shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Exchange for admission to listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been obtained. All supporting documents required by the CMA have been completed. Trading of the shares on the Exchange is expected to commence shortly after completion of final allocation (for further details, see the Section "**Key Dates and Subscription Procedures**" on page (xiii) of this Prospectus).
Risk Factors	There are certain risks related to investment in the Offer Shares. These risks can be categorized into: (a) risks related to the activity and operations of the Company; (b) risks related to the market and industry; and (c) risks related to the Offer Shares. These risks are described in Section 2 "**Risk Factors**" of this Prospectus and should be considered carefully prior to deciding to invest in the Offer Shares.

Offering Expenses	The Selling Shareholders will bear all Offering expenses and costs estimated at around [•] Saudi Riyals (SAR [•]). These costs will be deducted from the Offering proceeds and include the fees of the Financial Advisor, Underwriters, Legal Advisor, Auditors, Market Consultant, Financial Due Diligence Advisor and the Receiving Entities, as well as marketing, printing, distribution and other expenses related to the Offering.
Underwriters	**GIB Capital** Eastern Ring Road Granada Business & Residential Park Low Rise Building (B1) P.O. Box 89589, Riyadh 11692 Kingdom of Saudi Arabia Tel.: +966 11 834 8000 Fax: +966 11 834 8399 Website: www.gibcapital.com Email: customercare@gibcapital.com
	Alinma Investment Al Anoud Tower 2 King Fahd Road P.O. Box 55560 Riyadh 11544 Kingdom of Saudi Arabia Tel.: +966 11 218 5555 Fax: +966 11 218 5970 Website: www.alinmainvestment.com Email: info@alinmainvest.com

Note: The Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to deciding to invest in the Offer Shares.

Key Dates and Subscription Procedures

Table No. (1.3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period	A period of two (2) days starting on Wednesday, 09/11/1443H (corresponding to 08/06/2022G) and ending at 5 p.m. on Thursday, dated 10/11/1443H (corresponding to 09/06/2022G)
Bidding and Book-Building Period for Participating Entities	A period of five (5) days starting on Thursday, 25/10/1443H (corresponding to 26/05/2022G) and ending at 12 p.m. on Wednesday, 02/11/1443H (corresponding to 01/06/2022G)
Deadline for Submission of Subscription Applications for Participating Entities based on the Number of Shares Provisionally Allocated Thereto	No later than on Wednesday, 09/11/1443H (corresponding to 08/06/2022G)
Deadline for Payment of Subscription Amounts for Participating Entities based on the Number of Shares Provisionally Allocated Thereto	No later than on Thursday 10/11/1443H (corresponding to 09/06/2022G)
Deadline for Submission of Subscription Applications and Payment of Subscription Amounts for Retail Subscribers	Thursday 10/11/1443H (corresponding to 09/06/2022G)
Announcement of Final Allotment of the Offer Shares	No later than on Wednesday 23/11/1443H (corresponding to 22/06/2022G)
Refund of Excess Subscription Amounts (if any)	No later than on Wednesday 23/11/1443H (corresponding to 22/06/2022G)
Expected Date for the Commencement of Trading on the Exchange	Trading of the Company's shares on the Exchange is expected to commence after all relevant regulatory requirements are satisfied. Trading will be announced on Tadawul's website (www.tadawul.com.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing on the websites of Tadawul (www.saudiexchange), the Financial Advisor (www.gibcapital.com) and the Company (www.othaimmalls.com).

How to Apply

Subscription is restricted to the following two tranches of Investors:

Tranche A - Participating Entities: This tranche comprises the entities entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B - Retail Subscribers: This tranche comprises Saudi natural persons, including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, and GCC natural persons. The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.

A. Participating Entities:

Participating Parties can obtain Bid Forms from the Bookrunner during the book-building period and Subscription Application Forms from the Lead Manager after provisional allocation. The Bookrunner shall, following CMA approval, offer the Offer Shares to Participating Entities during the book-building period only. Subscriptions by Participating Entities shall commence during the Offering Period, which also includes Retail Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Lead Manager, which represents a legally binding agreement between the Selling Shareholders and the relevant Participating Entity.

B. Retail Subscribers

Subscription Application Forms for Retail Subscribers will be available during the Offering Period at Receiving Entity branches. Retail Subscribers can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Entities that provide any or all of these services to Retail Subscribers who have recently participated in previous initial public offerings, provided that the following requirements are satisfied:

- the Retail Subscriber must have a bank account with the Receiving Entity which offers such services; and
- there have been no changes in the personal information or data of the Retail Subscriber (by way of removal or addition of any member of their family) since they last participated in a recent offering.

Subscription Application Forms must be filled out in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**." Each Applicant must complete all the relevant sections of the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in whole or in part, if any of the subscription terms and conditions are not met. The Subscription Application Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application Form shall, upon submission, be considered a legally binding agreement between the relevant Subscriber and the Selling Shareholders (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription amounts, if any, will be refunded to the main Subscriber's account held with the Receiving Entity from which the subscription value was debited, without any commission or withholding by the Lead Manager or Receiving Entities. Excess subscription amounts shall not be refunded in cash or to third-party accounts.

For further details regarding subscription by Retail Subscribers and Participating Entities, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus.

Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus. However, it does not contain all the information that may be important to prospective Investors. Accordingly, this summary must be treated as an introduction to this Prospectus. Recipients of this Prospectus are advised to read the entire Prospectus in full so that any decision to invest in the Offer Shares is based on the consideration of this Prospectus as a whole, including, in particular, the Section "**Important Notice**" and Section 2 "**Risk Factors**" of this Prospectus prior to deciding to invest in the Offer Shares.

Overview of the Company

Abdullah Al Othaim Investment Company is a Saudi closed joint stock company registered in Riyadh under Commercial Registration No. 1010213454 dated 19/09/1426H (corresponding to 10/22/2005G), with its registered address is Al-Rawabi District, Eastern Ring Road, P.O. Box 28090 Riyadh 11437, the Kingdom.

The Company was originally established as a limited liability company on 19/09/1426H (corresponding to 10/22/2005G) under the name "Al Othaim Real Estate Investment and Development Company," with a fully paid-up capital of one million Saudi Riyals (SAR 1,000,000) divided into ten thousand (10,000) cash shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share. On 15/04/1427H (corresponding to 05/13/2006G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into six hundred twenty-two thousand, five hundred thirty-five (622,535) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share through capitalization of the Shareholders' current account. On 22/10/1429H (corresponding to 10/22/2008G), the Company was converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G) announcing the conversion of the Company. Following conversion, the Company's capital was six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into sixty-two million, two hundred fifty-three thousand, five hundred (62,253,500) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. On 25/08/1437H (corresponding to 06/01/2016G), the Company's Extraordinary General Assembly approved the increase of the Company's capital from six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) to one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through capitalization of ninety-one million, six hundred fifty-one thousand, one hundred seventy-one Saudi Riyals (SAR 91,651,171) from the Company's statutory reserve and two hundred eighty-five million, eight hundred thirteen thousand, eight hundred twenty-nine Saudi Riyals (SAR 285,813,829) from the Company's retained earnings account. On 09/07/1439H (corresponding to 03/26/2018G), the Extraordinary General Assembly approved the change of the Company's name to "Abdullah Al Othaim Investment Company".

The Company's current capital is one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share (for further details on the Company's history, see Section 4.1.2 "**Corporate History and Capital Development**" of this Prospectus).

Principal Activities of the Company

In accordance with its Commercial Registration, the main activities of the Company include construction of all types of residential buildings.

Vision

To be the leading company in the development, management and operation of malls and entertainment centers by applying innovative concepts of entertainment and shopping. To make the Company's malls and entertainment centers the ideal and preferred destination for families by providing integrated services in entertainment, fashion, hospitality and cinema, and an incubator for entertainment, cultural and social programs and events.

Mission

To provide a new and innovative experience to our customers and enhance the Company's cooperation with its subsidiaries to offer an enjoyable and safe entertainment and shopping experience, and spread happiness to all.

Strategy

The Company aims to ensure sustainable operations and stable profits for its Shareholders through ownership, development and management of its malls, coupled with a distinguished mix of brands in fashion, food and entertainment. The Company also seeks to achieve its objectives to further expand its brand and enhance its market position through the development of effective and unique malls. The Company's basic business development strategy involves:

A. Completion of the Company's Development and Expansion Projects in the Kingdom

The Company has initiated development and expansion projects for its malls in the Kingdom and plans to complete these works, which in turn will allow it to continue to provide high quality malls in the retail sector.

B. Strengthening its Market Presence through Projects Launched in Major Cities of the Kingdom

Through its projects in major cities, the Company seeks to maintain its market presence by developing the "Al Othaim Mall" brand, as the malls are the preferred destinations of the middle class. The Company believes that its malls need to have a strong presence in the major cities of the Kingdom. The development of the Al Othaim Mall complex in Hafr Al-Batin will be completed in Q2 of 2022G and operation is expected to commence in Q3 of 2022G. Work is underway to complete the development of Al Othaim Mall - Al-Khafji and operation is expected to commence in Q2 of 2023G. There are also several projects in the stage of review, design and selection of the best alternatives for development. These projects include an integrated mixed-use project in Dammam that will be executed in two phases, with the first phase of the project expected to start operating in Q2 of 2026G and the second phase in Q4 of 2028G, an integrated mixed-use project in Riyadh, for which all phases are expected to be completed by Q3 of 2029G, Al Othaim land development project in Al-Kharj, Al Othaim land development project in Buraidah, Al Othaim Mall project in Abha, for which project development is expected to be completed and operation commenced in Q1 of 2024G and Al-Othaim Mall project in Al-Mithnab Governorate, for which project development is expected to be completed and operation commenced in Q1 of 2024G.

C. Exploring New Opportunities in the Company's Target Markets

The Company believes that the location factor is very important to the success of the Company's business, so the Company's strategy is to grow through long-term investment in properties. Investment in and use of properties requires finding properties located in developing and densely populated areas in the cities of the Kingdom, through the following:

• Ongoing Search for and Acquisition of Suitable Properties

The development of new malls depends on securing properties in the Kingdom's major and secondary densely populated cities. Accordingly, the Company will continue to allocate a portion of its profits to the purchase of properties in the cities of the Kingdom wherever it finds an investment opportunity to develop malls. Having a number of properties in suitable locations saves the Company a lot of time and research in the development of its malls in developing regions.

• Supporting Presence in Secondary Cities in the Kingdom

The Company believes that maintaining a strong presence in the major cities of the Kingdom is an important factor for the success of the Company, and that it is also important to address the shortage of supply in malls in the secondary cities of the Kingdom. Therefore, the Company seeks to expand its brand in the Kingdom's secondary cities where infrastructure projects such as airports and train stations are available, through the development of malls in middle-class neighborhoods.

• Building Strong Relationships

The Company plans to continue building and maintaining its strategic relationships with its customers and suppliers in the retail sector and major companies in order to provide a distinct mix of tenants in its malls. Building strong relationships in the retail sector and providing a distinct mix of tenants will in turn attract smaller retail customers to rent in its malls, thus creating a diversity of stores in its malls.

D. Diversifying the Company's Revenue Sources to Increase the Share of its Complementary Business

In view of the short time needed to develop entertainment centers compared to the time required to develop malls, the Company intends to expand the business of its entertainment centers (through Abdullah Al Othaim Entertainment Co.) during the next five years so that these entertainment centers constitute a larger component of the Company's revenues. Mall acquisition and operation activities represented 50% of the revenues of the Company and entertainment centers represented 30% as of September 30, 2021G. However, the Company intends to increase the share of revenue from entertainment center business in particular, in addition to expanding in fashion retail, restaurants and cinemas over the next five (5) years.

• Expanding to New Locations

The Company anticipates the continued expansion of the entertainment centers of Abdullah Al Othaim Entertainment Co. through the development of new ideas and the introduction of new games in the Kingdom. Furthermore, the Company intends to expand the entertainment centers of Abdullah Al Othaim Entertainment Co. beyond the Kingdom by launching new sites in the Arab Gulf, the Middle East, North Africa and other countries, with an entertainment center expected to open in Cairo, Egypt in 2021G and another entertainment center in Alexandria, Egypt during the first quarter of 2022G.

- **Diversification of Complementary Products and Services**

  Through Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co., the Company plans to become the first choice in retail fashion, food and cafés in the Kingdom, and intends to expand its products targeting young children and families by offering various options while maintaining high quality standards. Five (5) fashion retail spaces were opened during 2021G. In addition, it expects to open the renovated Dallah Café in Al-Ahsa during 2022G and an ice cream shop in Al Othaim Mall - Khurais, next to the cinema during the first quarter of 2022G.

Strengths and Competitive Advantages

The Company believes that it has a number of competitive advantages, including:

A. Diversified Revenue Sources

The Company and its Material Subsidiaries have four (4) sources of revenue: (1) rental income earned from the operation of the Company's malls, (2) revenue from the operation of the entertainment centers of Abdullah Al Othaim Entertainment Co., (3) revenue from the sales of the fashion retail spaces of Abdullah Al Othaim Fashion Co. and (4) operating income from the restaurants and cafés of Abdullah Al Othaim Food Co. As of December 31, 2020G, the Company and its subsidiaries' total revenues amounted to seven hundred sixty-one million, eight hundred fifty-five thousand, five hundred thirty-eight Saudi Riyals (SAR 761,855,538), 65.2% of which were attributed to the rental income earned from the operation of the Company's malls, which amounted to four hundred ninety-six million, seven hundred forty-five thousand, six hundred nineteen Saudi Riyals (SAR 496,745,619) as of December 31, 2020G. In collecting rental income, the Company relies on anchor tenants, namely: (1) Alshaya International Trading Company, which contributed 12.3% of the Company's revenues as of December 31, 2020G, (2) Landmark Arabia Company, which contributed 8.4% of the Company's revenues as of December 31, 2020G, (3) Abdullah Al Othaim Entertainment Co., which contributed 5.5% of the Company's revenues as of December 31, 2020G, (4) Abdullah Al Othaim Fashion Co., which contributed 3% of the Company's revenues as of December 31, 2020G, (5) Abdullah Al Othaim Markets Company, which contributed 4.4% of the Company's revenues as of December 31, 2020G and (6) Sky Island Fashion Company Limited, which contributed 3% of the Company's revenues as of December 31, 2020G. Except for the above tenants, no other tenant has solely contributed more than 3.0% of the Company's revenues. The Company believes that diversification of the supply of products and retail spaces in the Company's malls gives it a competitive advantage in attracting customers, and the diversity of the Company's consumers and tenants allows the Company to maintain sustainable profits.

The total revenues of the Company and subsidiaries as of September 30, 2021G amounted to six hundred and eight million, seven hundred and thirty-eight thousand, nine hundred and twenty-two Saudi Riyals (SAR 608,738,922), 50% of which was generated from rental revenue earned from operating the Company's malls, which amounted to three hundred and four million, four hundred and twenty-nine thousand, three hundred and four Saudi Riyals (SAR 304,429,304) as of September 30, 2021G. In collecting rental income, the Company relies on anchor tenants: (1) Alshaya International Trading Company, which contributed 8% of the Company's total revenues as of September 30, 2021G, (2) Landmark Arabia Company, which contributed 5% of the Company's total revenues as of September 30, 2021G, (3) Abdullah Al Othaim Entertainment Co., which contributed 6% of the Company's total revenues as of September 30, 2021G and (4) Abdullah Al Othaim Markets Company, which contributed 4% of the Company's total revenues as of September 30, 2021G. Except for the above tenants, no other tenant has solely contributed more than 3.4% of the Company's revenues. The Company believes that diversification of the supply of products and retail spaces in the Company's malls gives it a competitive advantage in attracting customers, and the diversity of the Company's consumers and tenants allows the Company to maintain sustainable profits.

B. Experience, Reputation and Knowledge

The Company has been operating a large number of malls in the Kingdom for fifteen (15) years, enabling the Company to build close relationships with the Government, financiers, retailers and customers. As of December 31, 2020G, the Company's malls recorded an annual turnout of approximately 44.6 million visitors; in addition, the entertainment centers of Abdullah Al Othaim Entertainment Co. saw an annual turnout of approximately 3.8 million visitors, which is a strong indicator of the success of the Company and Abdullah Al Othaim Entertainment Co. in attracting visitors. The Company believes that its reputation with government agencies, financiers, retailers and customers in responding to the needs of malls distinguishes it from its competitors in the market.

C. Highly Experienced Management Team

In addition to the Directors' long-standing experience in business, the Company has a professional management with long experience in business development in the area of mall development and management and entertainment, trade and real estate sectors. Abdullah Saleh Ali Al Othaim (the Company's Chairman) and Meshaal Ibrahim Mutaib Al Otaibi (a Director) have knowledge and experience in managing listed companies, with Abdullah Saleh Ali Al Othaim holding the position of Chairman of Abdullah Al Othaim Markets Company, which has been listed on Tadawul since 2013G. The Company also sets up internal and external development programs for its employees.

D. Targeting the Largest Customer Segment

The Company and its subsidiaries aim to provide their services and products at competitive prices within the reach of middle- and higher-income customers. This feature enables the Company to reach the largest segment of society and thus makes it less vulnerable to economic volatility.

E. Business Model to Maximize the Company's Value

• Low Financing Cost

In expanding its business and portfolio, the Company has adopted a rigorous and sustainable strategy, enhancing its reputation with local financiers. The Company's reputation with local financiers and the strength of its financial position and cash flows contributed to low interest rate borrowings, and thus savings in the development of malls. The ratio of the Company's debt to total capitalization amounted to 38% and 42% as of December 30, 2020G and September 30, 2021G.

• Efficient Pricing

In view of the Company's ability to control costs and efficiently utilize its properties, the Company can enter into lease agreements with the tenants of its malls at competitive prices compared to the prices offered by its competitors. Competitive pricing enables the Company to attract and retain tenants with global and local brands and gain their loyalty to the Company's malls. Accordingly, the Company has built strong relationships with global and local retail brand agents. The occupancy rate of the Company's malls was approximately 88.1% as of December 31, 2019G, approximately 86.10% as of December 31, 2020G and 83% as of the nine-month period ending on September 30, 2021G. This percentage enhances the Company's ability to provide competitive rental rates to its lessees. Abdullah Al Othaim Entertainment Co. also offers discount programs and packages to its customers, which in turn foster the exploitation of economies of scale.

As for the mechanism of pricing of its products and services, the Company relies on market studies carried out by a selection of specialized internal and external advisors and periodically analyses the sustainability of any change in the prices of products and services provided by its competitors and its impact on consumer behavior.

• Competitive Development and Operation Prices

The Company and its Material Subsidiaries engineer and control the costs of their development and operation projects through a project management committee comprising several specialized administrative departments, reflecting a comprehensive conceptualization of the project from the technical, financial and operational aspects in a timely and efficient manner. The size of the Company's existing and expected assets also plays a role in the process of negotiating with suppliers for the best quality of services and competitive prices.

• Complementary Activities for Sustainable Development

The Company's strategy focuses on delivery of integrated malls, through the establishment and utilization of a number of complementary activities. For example, brands are owned and managed by associates of the Company, such as Al Othaim Hypermarket, a brand owned and managed by Abdullah Al Othaim Markets Company, in addition to the products and services provided by the subsidiaries, such as Abdullah Al Othaim Entertainment Co., which is one of the anchor tenants of the Company's malls and retail spaces of Abdullah Al Othaim Fashion Co., as well as the restaurants and cafés of Abdullah Al Othaim Food Co., thus encouraging tenants to rent in these malls. The Company focuses on meeting the target turnout for all its businesses and that of its various subsidiaries through its malls. This focus attracts more tenants to the Company's malls and distinguishes the Company from other operators whose mall units do not include the Company's subsidiaries as tenants, thereby ensuring operational efficiency and business continuity.

• Quick Returns on Investment

For each project, the Company relies on financial and market studies and analyses such as Internal Rate of Return (IRR) and other studies, including but not limited to, the average net leasable area per individual, the average rent per square meter, the average sales per square meter, and comparison of the Company's performance indicators with industry and business standards to improve them, with a view to maximizing the use of available resources and delivering quality services to target groups at low operating and financing costs.

F. Diversified Property Portfolio in the Kingdom's Regions

The Company has a portfolio consisting of a number of developed and undeveloped properties with a total area of (3,303,214) square meters as of September 30, 2021G , a number of which were selected for the construction of commercial malls. The Company's properties are characterized by their distinct locations, which are a result of the Company's distinguished relations with municipal councils in various cities of the Kingdom. These relations were established as a result of the Company's reputation as a reliable developer. The Company believes that its rapid ability to utilize its properties located in prime locations across the various cities of the Kingdom enables it to seize market opportunities to build malls efficiently and effectively, thus outperforming its competitors, who must first search for and then purchase a suitable property. The market value of the Company's investments in real estate amounted to SAR five billion, seven hundred and twenty-one million, one hundred and thirty-seven thousand, two hundred and thirty-four Saudi Riyals (SAR 5,721,137,234) as of September 30, 2021G.

Geographical Spread Locally, Regionally and in Emerging Markets

A. Local Geographical Spread:

1. Malls: The Company's malls are currently situated in eight (8) large and small cities across the Kingdom. They are located in the city of Riyadh, Dammam, Al-Ahsa, Buraidah, Unaizah, Al-Rass, Arar and Hail.
2. Entertainment centers: There are nineteen (19) entertainment centers as of September 30, 2021G located throughout the Kingdom, thirteen (13) of which are situated in the Company's malls and six (6) outside the Company's malls.
3. Fashion: Abdullah Al Othaim Fashion Co. operates through four (4) international brands, Kiabi, OVS, Tally Weijl and Parfois, which are located in ten (10) cities across the Kingdom with a total of thirty-seven (37) retail spaces as of September 30, 2021G.
4. Restaurants and cafés: As of September 30, 2021G, Abdullah Al Othaim Food Co. has twenty-nine (29) restaurants and cafés in a number of cities in the Kingdom.

B. Regional Geographical Spread:

Regionally, the Company has locations in nineteen (19) entertainment centers affiliated with Al Othaim Entertainment Co., where it operates in the United Arab Emirates, Egypt, Oman and Qatar. Abdullah Al Othaim Entertainment Co. also seeks to launch new sites in the Arab Gulf, the Middle East, North Africa and other countries. In addition, Abdullah Al Othaim Entertainment Co. is endeavors to launch new sites in the Arab Gulf, the Middle East, North Africa and other countries, with one entertainment center being opened in Cairo, Egypt during 2021G, and another entertainment center in Alexandria, Egypt, during the first quarter of 2022G.

C. Flexible Business Model Evolving with Market Needs

The Company believes that the success of any project requires effective strategic planning and efficient project management, reflected by good planning and organization of all of the Company's financial and human resources to ensure the project is implemented so that it achieves the desired objectives. Following is a non-exhaustive overview of initiatives undertaken by the Company:

- The Company employs an entertainment business model that depends on relatively less capital assets compared to the value of its operations, with a standard project design model based on a mechanism that suits all target groups at the highest quality and lowest cost.
- In line with the new changes in the entertainment industry, the Company is one of the first companies to engage in the cinema industry in a partnership with Bright Minds Education Company. As a first stage, these cinemas will be established in the Company's malls. The Company has obtained the necessary licenses, the designs have been completed and work is underway to establish cinemas.

Market and Industry Overview

Overview of Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia boasts the largest GDP in the MENA region, which was estimated at approximately SAR 2.6 trillion (USD 700 billion) in 2020G.

In addition to Saudization, which led to higher labor and operating costs in 2017G, the crises caused by the COVID-19 pandemic with regard to the Kingdom's oil revenues and its economy in general led to actions being taken at the level of the general financial policy, including a decision to raise the Value Added Tax from 5% to 15% in 2020G. This led to further pressures on the budget planning efforts and per capita income available for consumption in the short term. In order to address such pressures, Saudi Vision 2030 was initiated, along with 13 other executive programs, which are anticipating large investments in the infrastructure sector through 2030G, including investing SAR 1.6 trillion (USD 426 billion) in the telecommunications and transport sectors, in addition to developing the booming entertainment and tourism sector. There are also plans to increase the number of religious tourists from eight million to 30 million, in addition to attracting 50 million tourists with a significant participation of foreign direct investment and the private sector through the National Transformation Plan, assigning a greater role to women in local economic growth and developing plans to increase women's participation in the labor force to 30%. Such investments will accelerate the demographic revenue of the Kingdom, benefiting greatly from its population structure, of which young people (46% under the age of 29 in 2020G) are the majority, in addition to one of the highest urbanization rates in the Middle East and Africa (84% in 2020G). It is an increasingly open environment for women's economic growth and sustainable development initiatives, including the Saudi Economic Cities Program, which plans to build at least six cities across the Kingdom, in addition to the cross-border city of Neom.

With the support of a high-income consumer base of wealthy young men and women, the Kingdom's non-oil sectors, particularly the retail and entertainment sectors, will benefit greatly from this growth-oriented environment.

Overview of the Shopping Mall Industry

The shopping mall leasing sector in the Kingdom of Saudi Arabia is preparing for a steady growth supported by huge investments in the entertainment sector in the Kingdom, especially in small to medium-sized cities, in addition to several other forms of shopping and shopping channels. This growth in the shopping malls sector in the Kingdom has largely been driven by significant investments in the entertainment sector (USD 64 billion planned until 2030G), the accompanying social and cultural reforms under the Quality of Life Program, the increasing demand for international and local brands operating in the retail sector, the emergence of the role of young people (males and females) in urban communities as consumer segments with a high purchasing power, in addition to the current rapid urban expansion in the Kingdom. While the growth has largely been concentrated in large shopping malls in major cities (Riyadh, Jeddah and Dammam), the market focus is slowly shifting to shopping malls in other cities. Also, the Kingdom's rapid urbanization is accompanied by a 'shopping mall culture' which has spread in such areas. Abdullah Al Othaim Investment Company was the leader in expanding its investment circle to include new cities such as Buraidah, Hofuf, Hail and Hafr Al-Batin. Such cities are ready to attract public and private investments in the infrastructure and services sectors and are likely to achieve further growth in the shopping mall sector in the future.

The Coronavirus pandemic (COVID-19) has negatively affected the business of non-e-stores. It has accelerated the transition of a number of major retailers and shoppers in the Kingdom to online transactions as an effective alternative, which promises a long-term typical shift for the Saudi shopping malls sector. This will have a profound impact in terms of increasing investments in multichannel infrastructure, as well as in stores that provide unique shopping experiences. As for mall lessees, there will be another change represented in the adoption of more flexible strategies and contractual terms, especially since the increased supply of new spaces puts great pressure on average rental prices, noting that the continued expansion of global and local players in the retail sector in the Kingdom will correct the course towards achieving a healthier growth of mall rental income during the study period.

Overview of the E-Commerce Sector

The Coronavirus pandemic (COVID-19) has accelerated the growth of the already booming Saudi e-commerce market. This was driven by a base of young, tech-savvy consumers who have an increasing earning potential , in addition to the robust internet infrastructure and significant investments made in the field of digital transformation.

The e-commerce sector in the Kingdom of Saudi Arabia has witnessed rapid growth in recent years, supported by rapid urbanization (80% of the total population), widespread internet penetration (95.7% of total population) and high mobile phone usage (39.53 mobile phone connections, representing 112.7% of the total population), as well as a young and technologically literate population (67% under the age of 35). The national tendency to digital transformation, including the 2030 goal, aims to increase the contribution of modern commerce and e-commerce to 80% of the retail sector, in addition to increasing the share of electronic payments of total payments to 70%. The E-Commerce Law was enforced in October 2019G. This comes in line with the collaborative efforts made by the Saudi Payments Company to develop a national interoperable infrastructure, which has accelerated such growth, particularly following the Coronavirus pandemic (COVID-19). Post-pandemic estimates show that e-commerce penetration reached 77.4% of Saudi internet users, with 48% of the population frequently shopping online and 64% of the population starting to use online banking services. In 2020G, e-commerce sales in the Kingdom increased by 60% in terms of value to reach SAR 20,297 million (USD 5,411 million). This attracted several big deals to the retail sector, such as Tamer Group's agreement with Mumzworld, the largest online children's goods retail website in the Middle East, in addition to Fawaz Abdulaziz Al Hokair and Arabian Centers' acquisition of a 51% share in the UK-based e-tail platform Vogacloset. Third-party delivery platforms using mobile applications have also appeared in 2021G, such as Nana Direct, Zadfresh, Noon.com and souq.com.

Overview of the Family Entertainment Center Industry

The Saudi entertainment sector is well equipped for expansion, taking into consideration entertainment and leisure investments and ambitions in the Kingdom and the high growth potential in terms of size and value in small and medium cities. Family entertainment centers in Saudi Arabia are preparing to be among the largest entertainment centers in the region in line with the campaign to encourage the entertainment sector in the Kingdom. This comes in synergy with major local and regional companies. Also, Abdullah Al Othaim Investment Company is classified as the second largest player in this segment of the sector after Al Hokair Group in terms of number of branches and leasable area. As young people represent a dominant part of the end consumer segment in the Kingdom, major operators in the country have made significant investments to upgrade the entertainment experience through such centers, in response to the growing demand for arcade game stores, virtual reality games and theme parks. A large portion of the growth of the family entertainment sector has been concentrated in the main cities (Riyadh, Jeddah and Dammam). However, operators such as Al Othaim are looking to expand into other cities such as Buraidah and Hail. The COVID-19 pandemic has also put some short-term pressure on the sector. This is significantly due to the departure of a large number of foreign resident families, lower consumer income and the extension of closure procedures in 2020G. Although Al Hokair Group closed a number of family entertainment centers during this year, Al Othaim was able to keep the network of existing family entertainment centers open throughout the pandemic period by effectively reducing costs, in addition to adopting an effective management strategy.

In the longer term, there will be pressure on the sector due to the entry of regional players from neighbouring markets, such as Majid Al Futtaim Group and Landmark Group, into the shopping malls and entertainment market in the Kingdom. The United Arab Emirates has the most advanced leisure and entertainment infrastructure in the region, with world-class theme parks and high-end family entertainment centers. Other GCC countries, such as Oman and Qatar, are currently focusing on growing their leisure and entertainment investments. For example, Fun City in City Mall, Doha is one of the largest and oldest investments in this field. In the MENA region, Egypt has attracted significant investments in shopping malls (including Majid Al Futtaim Group) and several global retail companies in recent years. Also, the family entertainment sector remains poised for growth, supported by Egypt's young population (the average age was 24.6 years in 2020G). In 2019G, Al Othaim Group opened Snow City, which extends over an area of 60 thousands square feet, as its fifth project in Egypt, with investments estimated at LE 500 million (SAR 199.5 million).

Overview of the Fashion Retail Industry

Despite the negative impact of the Coronavirus (COVID-19) pandemic on the value of sales of clothes and shoes through direct sales channels in the Kingdom of Saudi Arabia in 2020G, such category is preparing for a strong recovery in the coming period. The continuous expansion of commercial centers and shopping malls, society's aspiration towards a semi-conservative environment and the significant strengthening of a tendency for Western fashion as a preferential consumer option has doubled the opportunities for fashion stores to enhance loyalty and offer their products from distinctive brands as a preferred option, in addition to directing marketing programs to achieve their goals through two approaches. The first approach is to attract young women who aspire to fashion and distinction and who enjoy increasing purchasing power. The second approach is to diversify high quality brands with reasonable prices. This coincides with the Kingdom of Saudi Arabia seeking to strengthen the local fashion sector through the Saudi 100 Brands program, a program which aims to help local designers to expand. While malls and in-store experiences remain the dominant destination for clothing and footwear shoppers in the Kingdom, the Coronavirus pandemic (COVID-19) has made the e-commerce's share rise in this category with the participation of international digital players such as Amazon, Farfetch, Jollychic and YOOX Net-a-Porter, as well as local companies, including multi-channel companies and online stores, such as Ounass, The Modist and Namshi, which has created momentum in the market. In 2020G, e-commerce sales of clothing and shoes increased to SAR 3.288 million compared to SAR 1.973 million in 2019G. In order to keep pace with the increasing demand by consumers who use digital technology and who are aware of the importance of keeping pace with developments and getting more value for their money, the major players in the Saudi retail sector have sought to shift to selling through omnichannel platforms and to diversify their investment portfolios, which paves the way for local brands to expand in the market.

Overview of the Food and Beverage Services Industry

As part of the development and economic diversification efforts made by the Kingdom of Saudi Arabia, major transformations are expected to occur in the retail market and outlets. The Kingdom is witnessing a rapid growth in the food and beverage sector, which is estimated at SAR 169 billion (USD 45 billion). This sector is the largest sector in the Middle East due to the incremental increase in the population and the growing segment of young people with high incomes, in addition to the marketing services pursued by the sector. Due to the continuous efforts made by the Kingdom to develop its capabilities as a promising tourist destination and the increasing demand pull for more distinctive brands, in light of the increasing desire of consumers to explore more distinctive experiences, the coming years are expected to witness opportunities to add many local brands in the food and beverage services sector. The Kingdom's focus on the local entertainment sector is driven by several factors during the post-pandemic period. The first factor is the growing popularity of the retail and entertainment channels as compared to stand-alone sites, which have long dominated the Saudi food service market. The other factor is the introduction of new store and restaurant formats focused on high quality culinary experiences and healthy lifestyle options..

The Coronavirus (COVID-19) pandemic has caused significant operating losses to food service outlets in the Kingdom, with full-service restaurants being most affected. On the other hand, restaurant chains were in a better position and more prepared in terms of alternative logistical capabilities for ordering and delivering food online, either by integrating the same with existing delivery services, or through food ordering apps, in addition to support provided by franchisees and global brand owners. During such transformation, food ordering apps such as Hungerstation, Mrsool, Talabat, Careem Now, and Uber Eats, gained momentum among Saudi consumers, which were already gaining in popularity.

Overview of the Cinema Industry

Supported by the Saudi Vision 2030 to invest SAR 10 billion (USD 2.67 billion) to launch 300 cinemas by 2030G, the booming Saudi cinema market is poised for great growth backed by the Kingdom's entertainment and tourism momentum, intense market competition and the expansion of malls and mall operators.

In the past three years, after the 35-year ban was lifted in 2018G, the Kingdom's cinema sector grew significantly, backed by investments of SAR 10 billion (USD 2.67 billion) made by the Development, Investment and Entertainment Company (DIEC) to open 300 cinemas in the Kingdom by 2030G. AMC was granted the first license to open a cinema in the Kingdom of Saudi Arabia in 2018G and there are plans to open 50 cinemas in the country by the end of 2030G. Since then, competition in the market has intensified among many major operators, such as Vox Cinemas, which recently entered the market. In addition, the first local cinema chain in the Kingdom (MUVI) was launched, and several memorandums of understanding have been signed with local and regional partners to launch completely new brands for cinemas. The Kingdom's focus on the leisure and tourism sector, as well as the expansion campaign led by mall operators in the Kingdom, will further boost the sector and food and beverage revenues. It is expected to contribute 35% to 50% annually to cinema operator revenues on an annual basis.

In 2020G, the Kingdom's cinema sector withstood the global drop-in box-office revenues (which suffered an estimated recession of 80%), earning more than SAR 157.4 million (USD 41.9 million) from cinema ticket sales and doubling the number of screens from (150 to 302) and cinemas from (15 to 32). Furthermore, in response to challenges related to global production and box office disruptions, operators such as AMC are studying diversification of their cinema content offerings, and acquisition and distribution of regional products that would resonate with foreign resident audiences in the Kingdom, as well as adoption of a mixed-use model for cinemas.

As the Kingdom of Saudi Arabia lifted its coronavirus (COVID-19) restrictions on entertainment venues in March 2021G and allowed cinemas to operate at 50% capacity starting in the summer 2021G, with reports that such capacity will increase to 75%, the Saudi cinema market is expected to maintain its upward growth path. The number of cinemas and screens will reach 45 and 424 respectively, and ticket sales will reach SAR 274 million (USD 73 million) by the end of 2021G.

Leading position of Abdullah Al Othaim Investment Company

In a highly competitive environment across its operating sectors, Al Othaim has strategically focused on the advantage of leadership and expansion in untapped areas and sectors in the Kingdom of Saudi Arabia. Over the past two decades, Abdullah Al Othaim Investment Company (Al Othaim) has expanded and achieved success in the Saudi market by managing shopping malls, family entertainment centers, food and beverage services and fashion retail sectors. It focused on new cities by making strong and concentrated investments in direct marketing and communication channels with end consumers, in addition to having a strong network of large and small retailers in the Kingdom.

With total market share of up to 6% of Saudi shopping malls, in terms of total leasable area in 2020G, Al Othaim was one of the first investors in the new cities - opening shopping malls in Unaizah and Arar in 2012G and 2016G respectively. Today, the Company operates nine (9) major shopping malls with an area of more than 600 thousands square meters. It is in a competitive position to benefit from the Kingdom's focus on fair and sustainable development in all regions which are not sufficiently invested, and from the gradual expansion of local tourism and entertainment investments to include such regions. Saffori Land, an indoor entertainment center owned by Abdullah Al Othaim Investment Company, with ten (10) branches in the Kingdom of Saudi Arabia, is one of the most popular and well-known entertainment brands in the Kingdom. Faby Land, whose first branch was opened by Al Othaim in 2012G in the Kingdom, is also growing in popularity and is expanding in Oman, the United Arab Emirates and Egypt. In 2016G, Al Othaim launched the brand's first Snow City entertainment center in the Kingdom of Saudi Arabia. In 2019G, the Company opened its second Snow City branch in Egypt. The entertainment centers My Town and Splash Water Park, the first water park in Dammam, are successful brands that make the Company well-positioned within the family entertainment sector and enhance its entertainment services provided within malls.

Al Othaim's competitive advantage as a retailer and trademark owner, under franchise agreements, lies in the Company's portfolio, which includes international fashion brands offering affordable quality products, such as OVS and Kiabi, which have successfully met consumers' demand for desirable and sustainable products. Through its subsidiary, Abdullah Al Othaim Fashion Co., Al Othaim is looking forward to achieving a strategic geographic expansion of its retail portfolio in the coming period.

Al Othaim's revenues reached SAR 24.7 million in 2019G in the food and beverage services market, thanks to a diversified portfolio in the café and tea and coffee shop sector, including leading brands such as Kabablaky, Dallah Café, Chester's, Roti Mum, Oliver Brown Chocolate Café, Moka and More Café and Just Orange in the limited-service restaurant sector. As of 2020G, the Company had 28 stores across the Kingdom, of which 47% are operated under franchise agreements.

Summary of Financial Information and KPIs

The financial information and KPIs set forth below should be read in conjunction with the Company's audited and revised consolidated financial statements for the Financial Years ended December 31, 2018G, 2019G and 2020G and the reviewed financial statements for the financial period ended September 30, 2021G, including, in all cases, the notes thereto included in Section 19 "Auditor's Report" of this Prospectus.

Table No. (1.4): Summary of Financial Information and KPIs for the Financial Years Ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G

SAR million	2018G Audited	2019G Audited	2020G Audited	September 30, 2021G Reviewed
Statement of Income				
Revenues	924.8	1,008.7	761.9	608.7
Cost of sales	(453.4)	(471.0)	(375.5)	(322.1)
Gross profit	**471.5**	**537.7**	**386.4**	**286.6**
Selling and marketing expenses	(92.6)	(112.8)	(68.6)	(52.7)
General and administrative expenses	(84.7)	(131.5)	(151.6)	(43.4)
Dividends for financial assets held at FVOCI	0.6	-	-	-
Profit from operations	**294.6**	**293.4**	**166.2**	**109.5**
Finance cost	(30.7)	(65.8)	(60.3)	(29.9)
Foreign currency exchange differences	(0.0)	(0.1)	-	-
Company's share of (loss) from associates	-	-	0.6	1.3
Other income (loss)	(0.4)	17.7	14.9	13.6
Net profit before Zakat	**262.9**	**245.3**	**121.4**	**175.5**
Zakat & tax	**(13.1)**	**(12.7)**	**(5.2)**	**(2.5)**
Profit for the year	**249.8**	**232.6**	**116.2**	**173.1**
Statement of financial position				
Current assets	436.0	405.9	433.4	365.2
Non-current assets	2,815.6	3,406.3	3,203.9	3,696.1
Total assets	**3,251.6**	**3,812.2**	**3,637.3**	**4,061.3**
Current liabilities	452.0	1,490.4	500.4	507.5
Non-current liabilities	1,283.3	718.7	1,518.4	1,761.3
Total liabilities	**1,735.3**	**2,209.1**	**2,018.8**	**2,268.6**
Total shareholders' equity	**1,516.2**	**1,603.1**	**1,618.5**	**1,792.5**
Total liabilities and shareholders' equity	**3,251.6**	**3,812.2**	**3,637.3**	**4,061.3**
Statement of cash flows				
Net cash generated from operating activities	430.4	364.4	193.6	353.2
Net cash used in investing activities	(162.5)	(166.2)	(54.2)	(641.8)
Net cash used in financing activities	(162.4)	(270.8)	(103.3)	266.2
Cash and cash equivalents at the end of the year	**158.9**	**86.3**	**103.3**	**80.9**
Financial KPIs				
Gross profit margin (%)	51.0%	53.3%	50.7%	47.1%
Net profit margin (%)	27.0%	23.1%	15.3%	

SAR million	2018G Audited	2019G Audited	2020G Audited	September 30, 2021G Reviewed
Return on assets (%)	8%	6.1%	3.2%	
Return on equity (%)	16.5%	14.5%	7.2%	9.7%
Current ratio (x)	0.9	0.3	0.9	0.7
Debt to equity (x)	0.9	0.8	0.8	0.96
Days sales outstanding (no.)	103	146	271	247
Days payable outstanding (no.)	52	26	28	38
Days inventory outstanding (no.)	150	48	50	45

Source: Audited consolidated financial statements for the Financial Years ended December 31, 2018G, 2019G and 2020G and reviewed consolidated financial statements for the financial period ended September 30, 2021G.

Table of Contents

Index of Tables

Index of Figures

1. Definitions and Abbreviations

Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Entertainment Company, a one-person limited liability company incorporated in Riyadh with Commercial Registration No. 1010371062 dated 07/06/1434H (corresponding to 17/04/2013G).
Abdullah Al Othaim Fashion Co.	Abdullah Al Othaim Fashion Company., a one-person limited liability company incorporated in Riyadh with Commercial Registration No. 1010228886 dated 06/02/1428H (corresponding to 24/02/2007G).
Abdullah Al Othaim Food Co.	Abdullah Al Othaim Food Company., a one-person limited liability company incorporated in Riyadh with Commercial Registration No. 1010228837 dated 06/02/1428H (corresponding to 24/02/2007G).
Advisors	The Company's advisors in relation to the Offering, whose names appear on page (v) of this Prospectus.
AED	The Emirati Dirham, the official currency of the United Arab Emirates.
Al Othaim Mall License Contract	A license contract for the use of "Al Othaim Mall" brand, entered into on 18/10/1429H (corresponding to 10/18/2008G) between the Company and Al Othaim Holding Company.
Authorized Person(s)	A person who is authorized by the CMA to engage in the securities business.
Barata & Ramilo	Barata & Ramilo, S.A.
BHD	The Bahrani Dinar, the official currency of Bahrain.
Bid Form	The bid form to be used by Participating Entities to bid for the Offer Shares during the Book-Building Period. This term includes, when applicable, the appended bid form when the price range is changed.
Board or Board of Directors	The Company's Board of Directors.
Board Secretary	The Secretary of the Company's Board of Directors.
Book-Building Instructions	The Instructions on Book Building and Allocation of Shares in Initial Public Offerings issued by CMA Board Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
Business Day	Any day on which the Receiving Entities are open in the Kingdom (except for Fridays and Saturdays and any official holidays).
Bylaws	The Company's Bylaws approved by the General Assembly.
Capital Market Law	The Capital Market Law, promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CEO	The Chief Executive Officer of the Company.
Chairman	The Chairman of the Company's Board of Directors.
Chartered Accountant or Auditor	Baker Tilly MKM & Co. Certified Public Accountants, for the financial statements for the year ended December 31, 2018G, Ernst & Young & Co Public Accountants for the financial statements for the year ended December 31, 2019G and Dr. Mohamed Al-Amri & Co. for the financial statements for the year ended December 31, 2020G and the financial period ended September 30, 2021G.
CMA	The Saudi Capital Market Authority.
Companies Law	The Companies Law, promulgated by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
Control	The ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body; "controller" shall be construed accordingly.

Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA pursuant to Resolution No. 8-16-2017 dated 16/05/1439H (corresponding to 13/02/2017G), based on the Capital Market Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended by CMA Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Current Shareholders	The Company's current shareholders.
Directors	Members of the Company's Board of Directors.
EGP	The Egyptian Pound, the official currency of Egypt.
Exchange or Tadawul	Saudi Exchange (Tadawul).
Extraordinary General Assembly	An extraordinary general assembly of Shareholders convened in accordance with the Bylaws.
Financial Advisor	GIB Capital.
Financial Year	The financial year of the Company, starting from January 1 to December 31 of each financial year.
Foreign Investors	Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom.
G	Gregorian.
GCC	The Cooperation Council for the Arab States of the Gulf.
GDP	Gross Domestic Product (GDP) (which is a quantitative measure of the total economic activity in a country, representing the cash value of all goods and services produced within the geographical boundaries of the country during a certain period of time).
General Assembly	The Extraordinary General Assembly or Ordinary General Assembly, and "General Assembly" shall mean any general assembly of the Company.
Governance Manual	The governance manual was approved pursuant to the Board of Directors Resolution dated 28/09/1441H (corresponding to 21/05/2020G). The Audit Committee Charter and the Nomination and Remuneration Committee Charter were approved pursuant to the Ordinary General Assembly Resolution dated 17/09/1441H (corresponding to 10/05/2020G). The updated Audit Committee Charter was approved on 20/11/1442H (corresponding to 30/06/2021G). The updated Nominations and Remunerations Committee Charter was approved on 15/01/1443H (corresponding to 22/09/2021G). The code of professional conduct, the conflict of interest and Related Party transactions policy, the internal governance regulations, the policy on stakeholder complaints and grievances and the policy on the resolution of complaints and grievances from Company employees were approved under the Board of Directors Resolution dated 25/01/1441H (corresponding to 24/09/2019G).
Government	The Government of the Kingdom of Saudi Arabia; the word "governmental" shall be construed accordingly.
Group	The Company and the Material Subsidiaries.
H	Hijri.
Institutional Bookrunner	GIB Capital.
International Financial Reporting Standards (IFRS)	The International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other pronouncements endorsed by SOCPA.
Investment Funds Regulations (IFR)	The Investment Funds Regulations issued by CMA Board Resolution No. 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G), in accordance with the CMA Law promulgated by Royal Decree No. M/30 dated 02/06/1424H, as amended by CMA Board Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 2/24/2021G).
Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Labor Law promulgated by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	GIB Capital.
Legal Advisor	The Law Office of Salman M. Al-Sudairi.
Listing	Admission to listing of the Company's shares on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).

Lock-up Period	The period during which the Substantial Shareholders are subject to a Lock-up Period of six (6) months, starting from the date trading of the Offer Shares commences on the Exchange, during which may not dispose of their shares.
Main Market	The market where registered and offered shares are traded pursuant to Part Four of the Rules on the Offer of Securities and Continuing Obligations.
Market Consultant	Euromonitor International PLC.
Market Study	The market study prepared by Euromonitor International PLC.
Material Subsidiaries	Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co.
MHRSD	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Ministry of Commerce	The Ministry of Commerce in the Kingdom of Saudi Arabia.
Ministry of Investment	The Ministry of Investment in the Kingdom of Saudi Arabia.
Nitaqat	A program launched by the Ministry of Human Resources and Social Development (formerly the Ministry of Labor) under Minister of Human Resources and Social Development (formerly Minister of Labor) Resolution No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G) based on Council of Ministers Resolution No. 50 dated 21/05/1415H (corresponding to 27/10/1994G) to provide incentives for companies to employ Saudi nationals. This program assesses the performance of any establishment based on set ranges: Platinum, Green (divided into three categories: Low, Medium and High Green) and Red. Establishments that are within the Platinum and Green range are in compliance with Saudization requirements, which qualifies them to acquire certain privileges, such being able to obtain and renew work visas for foreign employees or to change the profession of foreign employees (except for those restricted to Saudi nationals). Establishments that are within Red the red range (based on the non-compliance of such establishments), are not in compliance with Saudization requirements and are subject to certain punitive measures, such as limiting their capacity to renew work visa for foreign employees or the inability to acquire or renew work visa for foreign employees.
Offer Price	[•] Saudi Riyals (SAR [•]) per share.
Offer Shares	Thirty million (30,000,000) ordinary shares, representing 30% of the Company's capital.
Offering	The offering of thirty million (30,000,000) ordinary shares, representing 30% of the Company's capital for public subscription on the Saudi Exchange.
Offering Period	The period commencing on Wednesday, 09/11/1443H (corresponding to 08/06/2022G) and lasting for two (2) days ending at 5 p.m. Kingdom time on Thursday, 10/11/1443H (corresponding to 09/06/2022G).
Offering Proceeds	The total Offering proceeds are estimated at [•] Saudi Riyals (SAR [•]), of which [•] Saudi Riyals (SAR [•]) will be used to settle all expenses related to the Offering, including the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditor, the Receiving Entities and the Market Consultant in addition to marketing, printing, distribution and other Offering-related expenses.
Official Gazette	Um Al Qura, the official Gazette of the Kingdom of Saudi Arabia.
OMR	The Omani Riyal, the official currency of Oman.
Ordinary General Assembly	An ordinary general assembly of Shareholders convened in accordance with the Bylaws.
Owners of Al-Rabwah Land	Princess Al Anoud Bint Abdul Aziz Bin Mousaed Bin Jalawi Al Saud Foundation and Prince Saud bin Fahd bin Abdulaziz Al Saud Foundation.
Participating Parties	Participating Parties involved in the book-building process.

Participating Entities	The entities that are entitled to participate in the book-building process, namely: a. public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; b. persons authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting the Bid Form; c. clients of a person authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; d. legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center, with the exception of non-resident Foreign Investors that are not Qualified Foreign Investors in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in compliance with CMA Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G), issued pursuant to CMA Board Resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); e. Government entities and any international body recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; f. Government-owned companies directly or through a private portfolio manager; g. GCC companies and GCC funds if permissible according to the terms and conditions of such funds; h. Qualified Foreign Financial Institutions; and i. the ultimate beneficiary of legal personality in a Swap Agreement with an Authorized Person under the terms and conditions of the Swap Agreements.
Principal Underwriter	GIB Capital.
Prospectus	This Prospectus, which was prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to CMA Board Resolution No. 1-40-2012 dated 17/02/1434H (corresponding to 20/12/2012G), as amended.
Public	Any person other than those listed below: 1. affiliates of the issuer; 2. Substantial Shareholders of the issuer; 3. Directors and Senior Executives of the issuer; 4. directors and senior executives of the affiliates of the issuer; 5. directors and senior executives of the Substantial Shareholders of the issuer; 6. any relatives of the persons referred to in 1, 2, 3, 4 or 5 above; 7. any company controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and 8. persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
QAR	The Qatari Riyal, the official currency of Qatar.
Qualified Foreign Investor (QFI)	A foreign investor qualified to invest in listed securities in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. A qualification application shall be submitted to an Authorized Person for evaluation and approval of the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Receiving Entities	The Receiving Entities whose names are mentioned on pages (vii) and m of this Prospectus.
Regulatory Rules related to Listed Companies	The Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies passed by the CMA Board under Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G), as amended pursuant to CMA Board Resolution No. 3-57-2019 dated 15/09/1440H (corresponding to 20/05/2019G).

Related Party	The term "Related Party" or "Related Parties," included in this Prospectus and according to Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by the CMA Board under Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G), refers to: a. affiliates of the issuer; b. Substantial Shareholders of the issuer; c. Directors and Senior Executives of the issuer; d. directors and senior executives of the affiliates of the issuer; e. directors and senior executives of Substantial Shareholders of the issuer; f. any relatives of the persons referred to in a, b, c, d and e above; and g. Any company controlled by any person referred to in a, b, c, d, e and f above. For the purpose of Paragraph g, "control" shall mean the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body; "controller" shall be construed accordingly.
Relatives	Husband, wife and minor children. For the purpose of the Corporate Governance Regulations: • Parents, grandparents and ascendants thereof. • Children, grandchildren and descendants thereof. • Full brothers and sisters, paternal half-brothers and sisters and maternal half-brothers and sisters. • Husbands and wives.
Retail Subscribers	Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe for the Offer Shares in their names, provided that she proves that she is the mother of her minor children, and GCC natural persons.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities passed under CMA Board Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04/05/2015G), as amended by CMA Board Resolution No. 3-65-2019 dated 14/01/1440G (corresponding to 17/06/2019G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by CMA Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Saudi Central Bank (SAMA)	The Saudi Central Bank (formerly the Saudi Arabian Monetary Authority).
Saudi Riyal or SAR	The Saudi Arabian Riyal, the official currency of the Kingdom of Saudi Arabia.
Saudization	The process of replacing a non-Saudi resident with a Saudi national in a certain job, provided that the citizen has the capabilities and qualifications needed for such work.
Selling Shareholders	The selling shareholders as of the date of this Prospectus, namely: Abdullah Al Othaim Markets Company Abdullah Saleh Ali Al Othaim
Senior Executives	Any natural person assigned - individually or jointly with other persons - by the Company's Board or by a Director to oversee and manage tasks and who reports directly to the Board, a Director or the CEO.
Shareholder(s)	Any owner of shares in the Company.
Shares	One hundred million (100,000,000) fully paid ordinary shares of the Company with a nominal value of ten Saudi Riyals (SAR 10) per share.
SOCPA	The Saudi Organization for Chartered and Professional Accountants.
Subscribers	Participating Entities and Retail Subscribers.
Subscription Application Form	The Subscription Application Form that Retail Subscribers and Participating Entities (as applicable) must fill out to subscribe to the Offer Shares.
Substantial Shareholders	Any person holding 5% or more of the issuer's capital.

Swap Agreements	Non-Saudi individuals residing outside the Kingdom and institutions registered outside the Kingdom, with the exception of foreign corporate investors pursuant to the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and foreign strategic investors in accordance with the Instructions for Foreign Strategic Investors Ownership in Listed Companies, acquiring the economic benefits of the shares by entering into swap agreements (SWAP) with persons authorized by the CMA to purchase, own and trade shares listed on the Exchange for Foreign Investors. Under swap agreements, the Authorized Persons will be the registered legal owners of such shares.
The Company	Abdullah Al Othaim Investment Company
UAE	The United Arab Emirates.
Underwriters	GIB Capital and Alinma Investment.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
USD	The American Dollar, the official currency of the United States of America.
Value Added Tax (VAT)	On 02/11/1438H, the Council of Ministers approved the Unified GCC Value Added Tax Agreement, which came into effect on January 1, 2018G as a new tax to be added to the system of taxes and other fees to be applied by specific sectors in the Kingdom and in GCC countries. The amount of this tax is expected to be 5%, and a number of products (e.g., basic foodstuffs and health care and education services) were excluded. The Ministry of Finance recently announced an increase in VAT to 15% from July 1, 2020G.
Vision 2030	The national economic and strategic program that aims to reduce dependency on the oil and petrochemicals industry, diversify the Saudi economy and develop public services.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.

2. Risk Factors

Prospective Investors should carefully consider the following risk factors, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes may affect the Company and any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks affecting the Company or its Material Subsidiaries or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and its Material Subsidiaries. As a result of such risks, the price of the Shares may decline, the ability of the Company and its Material Subsidiaries to pay dividends may be impaired and Investors may lose all or part of their investment.

Moreover, the Board of Directors confirms that, to the best of its knowledge and belief, there are no other material risks as at the date of this Prospectus - other than as disclosed in this Section - that may affect Investors' decisions to invest in the Offer Shares.

Investment in the Offer Shares is only suitable for Investors who are capable of evaluating the investment risks and who have sufficient resources to bear any loss which might result from such investment. Prospective Investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA prior to investing in the Offer Shares.

The risks stated below are not stated in an order that reflects their importance or expected impact on the Company or its Material Subsidiaries

2.1 Risks Related to the Company's Business

2.1.1 Risks Related to the Connection Between the Company's Performance, its Tenants in the Retail Sector, Visitors' Movement and Spending

The Company's revenues depend on income from rent collected from tenants in its malls (for further details about Company's malls, see Section 4.4.2 "**Operational Malls**" of this Prospectus). Tenants' ability to pay rent to the Company depends on their financial performance, which is affected by a number of factors related to the retail sector and visitor turnover and purchasing power. The revenue of the Material Subsidiaries depends on their income from sales. Therefore, the revenue of the Material Subsidiaries is also affected by factors related to the retail sector, visitors' movement and purchasing power (for further details about the Material Subsidiaries, see Section 4.1.6 "**Overview of Material Subsidiaries**" of this Prospectus).

As a result, the Company's malls and the business of its subsidiaries are exposed to risks associated with the commercial movement of the retail sector, which is directly affected by rapid and/or sometimes unexpected changes in the market, which affect the behavior and spending power of visitors to the Company's malls and the sites of its subsidiaries, in addition to seasonal fluctuations in demand for their products and services and the presence of competing entertainment destinations (for further details about the risks associated with the retail sector, see Section 2.2.1 "**Risks Related to the Retail Sector**" and Section 2.2.4 "**Risks Related to the High Level of Competition with the Company and its Material Subsidiaries**" of this Prospectus). If the Company, its tenants, or Material Subsidiaries misjudge market changes or if they do not respond to them appropriately, this will have a material effect on the business, results of operations, financial position and future prospects of the Company and its subsidiaries. In addition, the financial condition of the tenants of the Company's malls is affected by factors related to the retail sector. This may lead to their inability to continue operating their business, or to fulfil their obligations towards the Company or their lenders and suppliers. It may also lead to bankruptcy or liquidation, which in turn will affect the overall performance of the Company's malls and will have a material effect on the Company's business, results of operations, financial position and future prospects.

Since the business of the Company and its Material Subsidiaries depends on attracting a large number of visitors to the Company's malls and the sites of its subsidiaries, any decrease in the number of visitors or their spending levels for any reason will have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and its subsidiaries. Visitors' movement at the Company's malls depends on various factors, such as ease of access to the Company's malls, their spending power and the presence of competitive entertainment destinations. Changes in the areas in which the Company's malls are located and the sites of its subsidiaries, including changes in demographics, which includes average income per capita, or changes that affect the ease of visitor access to the malls, such as maintenance and construction works on the roads leading to the Company's malls or within the surrounding areas, may have an adverse effect on the number of visitors and their spending level, which will adversely affect the turnout rate at the Company's malls.

2.1.2 Risks Related to the Concentration of the Company's Revenue in Four (4) Malls

Revenues from the largest four (4) malls (out of nine (9) operational malls as of September 30, 2021G), namely Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Al-Ahsa, Al Othaim Mall - Dammam and Al Othaim Mall - Hail, accounted for 63.4%, 65.8%, 65.7% and 66.5% of the Company's total revenues for the Financial Years ending December 31, 2018G, December 31, 2019G and December 31, 2020G and September 30, 2021G, respectively. If the Company is unable to provide high-quality services to visitors and retain its anchor tenants, or if visitor turnout in these malls decreases for any reason, this will reduce the Company's total revenues and will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.3 Risks Related to the Reliance of the Company's Revenues on Anchor Tenants

The Company's revenues from the ten (10) largest anchor tenants from non-Related Parties represent about 33.8%, 33.4%, 34.1% and 28.6% of the total rental income for the Financial Years ending December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. Revenues from Related Parties resulting from lease agreements represent approximately 15.0%, 14.8%, 12.2% and 13.8% of the Company's total revenues for the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The anchor tenants of the Company's malls include a number of prominent companies in the retail sector, such as Abdullah Al Othaim Markets, Sky Island Fashion Company Limited, Landmark Arabia Company, Alshaya International Trading Company, Apparel Company Limited, Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Entertainment Co. The anchor tenants in the Company's malls operate a large collection of famous brands in the field of fashion, food and entertainment, who the Company considers as its strategic partners.

The Company's revenues rely on anchor tenants. the Company expects that it will continue to rely on its sustained relations with them and on the renewal of lease agreements for their sites in the Company's malls. The anchor tenants may decide to transfer all or part of their business with the Company to one or more of its competitors, or ask the Company to reduce the rent of the sites they rent inside its malls or provide additional services that increase the Company's costs. Anchor tenants may experience financial difficulties, may have to restructure their businesses or change their strategies or may be affected by factors related to retail sector. It is worth noting that the Company has filed a lawsuit against one of its main tenants, Anwal Trading Company, whereby the Company is claiming an amount of SAR 34.5 million for rent it did not receive due to financial difficulties experienced by Anwal Trading Company. Any of these factors adversely affect the anchor tenants' ability or willingness to continue leasing sites in the Company's malls. The loss of any anchor tenant may decrease the Company's revenues or reduce the number of visitors to the Company's malls, adversely affecting the sales of other tenants in the Company's malls, which in turn may lead to the loss of those tenants as well. Therefore, the loss of any anchor tenant will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.4 Risks Related to COVID-19 Preventive Measures

The Government adopted a number of precautionary measures to limit the spread of the novel coronavirus (COVID-19), which is a contagious disease caused by a highly infectious virus that causes respiratory infections and other symptoms such as fever, cough and shortness of breath. The Government's measures included closing all commercial malls, entertainment centers, children's play activities, cinemas, restaurants and cafés in the malls for a specified period. After the malls were opened in late May 2020G, the Government imposed a number of protocols that malls, trade fairs, restaurants and cafés were required to abide by, such as reducing the number of visitor hours in line with curfew hours, reducing the number of visitors allowed to enter and conducting examinations at the entry gates, preventing children from entering and organizing queues and stairs to ensure physical distancing between visitors of malls and trade fairs in order to limit the spread of the coronavirus (for further information about these procedures, please refer to Section 4.8 "**Business Continuity**" of this Prospectus.

Such preventive measures caused the Company and its subsidiaries to temporarily suspend their business in 2020G, from 21/07/1441H (corresponding to 03/16/2020G) to 06/09/1441H (corresponding to 04/28/2020G) for the Company's malls and the sites of Abdullah Al Othaim Fashion Co. and from 10/07/1441H (corresponding to 03/15/2020G) to 28/10/1441H (corresponding to 06/20/2020G) and 23/05/1442H (corresponding to 02/05/2021G) to 22/07/1442H (corresponding to 03/06/2021G) for the sites of Abdullah Al Othaim Entertainment Co. (for further details about the economic risks associated with the novel coronavirus (COVID-19) pandemic, see Section 2.2.6 "**Risks Related to the Impact of the COVID-19 Pandemic on the Economy**" of this Prospectus). Such measures have also decreased visitor demand for the Company's malls and its subsidiaries' retail spaces, which resulted in reduced revenues and adversely affected the financial position of tenants in a way that could affect their ability to fulfil their obligations to the Company, cause them to terminate their lease agreements with the Company or request reduced rent. It is expected that the results of operations of the Company and its Material Subsidiaries will be negatively and significantly impacted due to decreased visitors and sales. According to the Company's estimates, the impact of the coronavirus on the Company's revenues was SAR 75.3 million and SAR 16 million in 2020G as of September 30, 2021G, respectively. Re-imposing or tightening of such measures (such as re-closing malls, trade fairs, restaurants and cafés) will have a negative and material impact on the number of visitors to the Company's malls and on the sales of tenants and Material Subsidiaries. This may affect their ability to fulfil their obligations to the Company or their desire to renew or terminate their lease agreements with the Company. This in turn will lead to a decrease in the occupancy rate of the Company's malls and their revenues. In addition, the COVID-19 pandemic may affect the Company's ability to complete its future projects on time, causing it to incur additional costs. It may also affect the Company's ability to meet its obligations in accordance with the financing agreements with banks or to obtain additional financing. Determining the impact of this depends on various factors, including the expected duration of the preventive measures or the adoption or extension of any new preventive measures that affect the business of the Company and its subsidiaries. When conditions return to normal after the COVID-19 pandemic ends and the preventive measures are suspended, there is no guarantee that the Company and its Material Subsidiaries will compensate for the material damages incurred in the previous period, which may affect the financial position of the Company and its Material Subsidiaries. All of the above will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.5 Risks Related to the Quality of the Company's Malls

The Company and its subsidiaries depend largely on the turnout of the Company's malls tenants and visitors, which in turn depends on the reputation and quality of the Company's malls. The quality of malls depends on several factors, including but not limited to, modern exterior architecture, modern interior design, modern infrastructure, easy divisions, visitor access to various trade fairs, the provision of various services such good air conditioning and lighting and reliable elevators and escalators, the provision of sufficient parking spaces, the provision of a suitable number of tenants diversified in various sectors, the ease of visitor embarking/disembarking and entry/exit at various gates of the mall, the provision of the necessary security services inside and outside the mall to manage the traffic at gates and the provision of mall cleaning services during working hours. Therefore, the Company's inability to provide or maintain the quality of its malls for visitors and tenants will have a material adverse effect on its brand and reputation, decreasing visitor turnout in malls. This in turn will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.6 Risks Related to Renovation and Redevelopment of the Company's Existing Malls

The Company must carry out renovation, expansion, improvement and redevelopment of its malls on an ongoing basis in order to maintain their quality, attractiveness and continued demand from tenants and visitors. Renewal and redevelopment works pass through certain stages, starting from sound planning preceding the design and execution steps. This sequence of project stages involves reducing risks that may occur during the execution stages (for more information about the project development and construction stages of the Company's new malls, please see Section 4.4.5 "**Stages of Project Development and Construction Stages of the Company's New Malls**" of this Prospectus). As the mall market in the Kingdom evolves, the aspirations, tastes and preferences of tenants and visitors may change. This may include, for example, adding new facilities in malls and more diverse entertainment options (such as cinemas) and changing the design of some malls to be more innovative. The Company's existing malls may not be changeable in a way that meets the aspirations of the tenants and visitors. The Company's existing malls may also not be able to compete effectively with other malls, even if the Company has implemented renovation and development works. Any renovation of the Company's malls may also cause a disruption of the existing tenants' work in the relevant malls, which may lead to a partial decrease in the Company's revenues while the renovation works are in progress. If the Company is unable to renovate and improve its existing malls to keep up with changes in the preferences of tenants and visitors, this will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.7 Risks Related to Increasing Operating Expenses for the Company and its Material Subsidiaries

The operating expenses of the Company and its subsidiaries may increase as a result of various factors, including but not limited to increased labor costs, fuel, water and electricity costs, repair and maintenance costs, insurance premiums, costs of contracts entered into by the Company and its Material Subsidiaries with suppliers and a high value-added tax rate. All such factors are beyond the control of the Company and its Material Subsidiaries. The Company's operating expenses amounted to approximately SAR 177.9 million (representing 39.2% of the cost of revenue) during the Financial Year ending December 31, 2018G, approximately SAR 244.3 million (representing 51.9% of the cost of revenue) during the Financial Year ending December 31, 2019G, approximately SAR 220.1 million (representing 58.6% of the cost of revenue) during the Financial Year ending December 31, 2020G and approximately SAR 96.1 million (representing 29.8% of the cost of revenue) during the financial period ended September 30, 2021G. It is worth noting that prices of fuel, water and electricity have increased in the past years and the VAT rate applied in the Kingdom increased to 15% starting on 10/11/1441H (corresponding to 01/07/2020G). Any increase in the Saudization requirements inside the Company and its Material Subsidiaries may lead to increased operating expenses. The Company may not be able to pass this increase on to its tenants by raising rent due to other considerations such as its desire to attract new tenants, retain existing tenants and prevent competitors from attracting them. The Material Subsidiaries may also not be able to compensate for this increase through their sales and visitor turnout. Any increase in the operating expenses of the Company and its subsidiaries will decrease its cash flows, profit margins and the amounts available for the maintenance of its existing facilities and future development works. If the Company is unable to increase the rent agreed upon with tenants under their lease agreements in proportion to Company's increasing operating expenses or increasing inflation rates, the Company will be unable to renegotiate with tenants to increase the rent during the lease term and prior to its expiry, or its subsidiaries may be unable to cover the increase in their operating expenses, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.8 Risks Related to Late Collection of Rent

The coronavirus pandemic that the country sustained starting in March 2020G led to declining economic conditions compared to the rates before the outbreak of this pandemic. This has resulted in a delay in rent collection from some tenants due to these difficult economic conditions, noting that such conditions were not limited to the Company in particular, or to the Kingdom in general, but the negative impact of the pandemic extended globally to all companies and governments.

After the outbreak of the pandemic and in line with the Government's decisions, the Company offered discounts to clients for the periods of mandatory closure imposed on economic activity in the Kingdom. This was done pursuant to the instructions and directives of the competent Government authorities that were managing the developments of the coronavirus pandemic and, at the same time, managing the gradual return of the economic activity to its normal state, in line with the developments of the pandemic.

As a result, relations with clients during this period were limited to lengthy negotiations regarding some clients' requests to increase the discounts granted by the Company. Also, some clients requested to renegotiate some terms and values of the lease agreements in force to suit the economic conditions.

Tenants' delay or inability to pay full rent led to a significant decrease in the Company's rent revenues during the period starting in March 2020G until the fourth quarter of 2020G, negatively affecting the Company's cash flows. The Company's policy at that time was to attempt to maintain the clients' presence in the Company's commercial malls and to offer them logical discounts to ensure they remained in the commercial centers while ensuring their continued payment of rent in a regular and timely manner. The circumstances at that time affected the financing of the Company's current business requirements related to its future projects and daily operations, as well as capital expenditures. This had a material adverse impact on the Company's business and financial position during the period and on the results of its future prospects.

The Company's policy changed from the beginning of the fourth quarter of 2020G when it started to implement a package of decisions to strengthen the Company's legal position to preserve its overdue rights with all clients who were in default. This was made through the following measures:-

- Start using the "Ejar" platform as an alternative to handwritten lease agreements.
- Start using the "Nafith" platform to support the existence of guarantees for current debts payable by clients using electronic promissory notes.
- Increase the use of the "SIMAH" platform to inquire about the financial position of clients before contracting with them and in the event of late payment.

The Company's use of such electronic platforms is considered a great development because these platforms are supported and monitored by the Government. The Government established these platforms in order to make investment in the real estate sector reliable and transparent and to establish a balance between the lessor and lessee. Pursuant to the resolution of the Council of Ministers, all Government agencies began to register their lease agreements electronically on the Ejar platform, to be role models and to show confidence in using such platform.

Thus, through the benefits and services that these platforms provide to landlords and tenants, the "Ejar" platform allows lessors to document and register the standard electronic lease agreement approved by the Ministry of Justice. It also facilitates the procedures related to lessors handing over the real estate unit after the parties agree to the standard electronic lease agreement and getting it back after the end of the agreement period or in the event of a party's desire to terminate the agreement. Furthermore, it allows for the possibility of benefiting from the standard electronic contract as an executory instrument that facilitates procedures and shortens the litigation period. Moreover, it facilitates following up on the collection of rent through the SADAD bank system, which replaces payment and cash receipts when electronic payment is utilized. It also increases confidence in dealing with a real estate broker approved by the Ejar platform that provides its services in accordance with the laws and regulations. It also provides documented electronic transactions which reduces disputes, such as keeping contracts, registering Sukuk and providing forms for handing over and taking over the real estate unit. It provides easy and safe ways and flexible options for receiving rental payments, which helps lessors follow up on financial payments made by lessees (monthly, quarterly, semi-annually, annually), whether through the usual payment channels, through electronic payment by SADAD or through other payment methods. Ejar also provides a set of various electronic services which provide security, privacy, speed and flexibility, such as easy electronic search, an electronic notification service in the event of a lessee's delay in making payments, query services, access to contracts, alert services, notifications of the date of payments and receipt of amounts in the account and multiple communication channels to provide support and assistance services, in addition to responding to inquiries from lessors and lessees.

In addition, the Government directly stimulates the use of the executive electronic contract as well as the use of various payment options through such platforms. By using the (SADAD) system, which was originally used to pay public utility bills, transactions between lessor and lessee are guaranteed, which reduces the risks for the lessor in terms of delays in collecting rent or evasion of payment. The activation of the Ejar system, which the Government adopted, linked the various rental offices to a technical network containing an integrated database on lessees and their credit and payment history. The use of such platforms helps facilitate and speed up judicial procedures compared to the old paper/documentary system that depends on the presentation of evidence by the parties.

After the effects of the coronavirus pandemic began to come to an end, the Government has encouraged economic activities through the launch of a package of programs to encourage shoppers to go to markets. This led to an improvement in the cash flows of clients within the markets. Accordingly, as of the third quarter of 2021G, the Company started to change the rent collection policy in line with current economic changes and the change in the quality of some clients, as some rose and others fell within the market. For the purpose of maintaining the current gains and the Company's market share, the rent collection policy was changed to reduce clients' indebtedness to an acceptable limit within the current market mechanisms. This affected the continuity of some clients who were unable to overcome the effects of the coronavirus pandemic. In addition, the total lease receivables for the Company amounted to SAR 153.4 million, SAR 217.4 million, SAR 397.9 million and SAR 348.2 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. Although the payment period for most leases agreements was six months in advance, the actual average number of days during which the Company received rent due was one hundred and three (103) days, one hundred and forty-six (146) days and two hundred and seventy-one (271) days in the Financial Years ended December 31, 2018G, 2019G and 2020G, respectively. In addition, the Company has the right to collect fines from tenants in the event of late payment of rent, but the Company has not applied any of the penalties mentioned in the lease agreements on tenants.

There is no guarantee that the Company will be able to collect rent when it is due (for further details about the Company's collection policy, see Section 4.4.4(c) "**Collection of Rent**" of this Prospectus). As of September 30, 2021G, the percentage of unpaid rent due from tenants amounted to about 57.2% of the Company's total revenues from the previous Financial Year ending on September 30, 2021G . Past difficult economic conditions have delayed collection from tenants due to protracted negotiations over discounts and the renegotiation of lease agreement terms. Such delays also resulted in recognizing an increase in provisions against receivables amounting to SAR 22.1 million in 2018G, SAR 24.7 million in 2019G, SAR 102.7 million in 2020G and SAR 0.1 million in the financial period ended September 30, 2021G. The Group also reduced the provision for expected credit losses for the age group exceeding three months as on September 30, 2021G, compared to December 31, 2020G. The decrease in expected credit losses on September 30, 2021G is due to accounts receivable amounting to SAR 13.9 million, which were not subject to expected credit losses, and also due to lower expected credit losses within the disputed receivables category. In addition, the Company did not write off accounts receivable in 2018G, while it wrote off accounts receivable amounting to SAR 35.6 million in 2019G and SAR 13.1 million in the financial period ended September 30, 2021G, while the Company reversed previous write-offs amounting to SAR 1.3 million in 2020G.

It is worth noting that the balance of obsolete receivables for more than one year amounted to SAR 187.3 million, which represents 53.8% of the total receivable balances as on September 30, 2021G. The Company does not have any agreed plans for collecting such balances, but it did collect SAR 51.0 million from tenants in October 2021G. Also, the discounts granted on rent affected the Company's financial results and gross and net profit margins, as such discounts (excluding coronavirus-related discounts) amounted to SAR 52.2 million, SAR 39.2 million, SAR 74.6 million and SAR 65.3 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. They represent 8.9%, 6.6%, 13.1% and 15.9% of the total revenues in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G. Total coronavirus-related discounts represent SAR 75.3 million and SAR 16.0 million, representing 13.2% and 3.9% of the total revenues, in the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G.

It is worth noting that the Company has negotiated with its tenants regarding unpaid balances owed to the Company and agreed to write off SAR 35.6 million during 2019G. In addition, the Company faced risks in collecting dues amounting to SAR 62.5 million from its tenants. An amount of SAR 37.6 million was allocated against such disputed balances as on September 30, 2021G. The Company offers discounts to tenants on a case-by-case basis depending on multiple factors, including the relevant tenant's quality and brand as well as the size of the relevant tenant and the overall contribution to the Company's financial results, in order to retain tenants who play a critical role in driving footfall.

Late payment or non-payment of rent by tenets for any reason may result in a material decrease in the Company's rental income, which will adversely affect the Company's cash flows.

2.1.9 Risks Related to Lease Agreements with Existing and New Tenants

The Company's revenues depend on its ability to renew lease agreements with existing tenants and to release any unleased spaces within its malls to new tenants. With the exception of lease agreements concluded with anchor tenants, the terms of most lease agreements entered into by the Company range from one to three (3) or five (5) years and may be automatically renewed. Before renewal, the tenant has the option not to renew by sending a written notice ninety (90) days before the renewal date.

Current tenants may terminate their agreements before the end of their term and may not extend their current lease agreements with the Company upon expiry, which may affect the attractiveness of its malls. The Company may also not be able to renew the lease agreements concluded with tenants on terms similar to or better than those of the existing agreements. If any lease agreements are not renewed, the tenants may delay vacating the premises and handing over the rented retail spaces to the Company or the new tenants, which may reduce the average occupancy rates of the Company's malls.

If the Company is unable to maintain or renew lease agreements with its current tenants, conclude lease agreements with new tenants or renew existing lease agreements on favorable terms for any reason, such as the Company's malls losing their attractiveness, this may reduce the Company's revenues, which will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

It is worth noting that the Company acquired Dar Al Waha Mall under a sale agreement dated 13/06/1443H (corresponding to 01/16/2022G) whereby all lease agreements were transferred to and became effective and binding on the Company as of 28/05/1443H (corresponding to 01/01/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). As in lease agreements initially concluded with the Company, with the exception of lease agreements with anchor tenants, the terms of most lease agreements concluded for Dar Al Waha Mall, whose ownership was transferred to the Company, range from one (1) to three (3) or five (5) years, automatically renewable. The lessee is given the option not to renew under a written notice of ninety (90) days prior to the date of the end of the lease term before renewal. Since the Company did not conclude or negotiate such agreements at the outset, not all of their terms may be favorable to the Company, and the Company may not be able to renegotiate the unfavorable terms or amend some of their clauses. Further, the Company also selects its tenants based on certain criteria that may not be met by the tenants to whose contracts the Company is bound, which may affect the attraction of visitors and thus the turnout rate for one of the Company's malls. This will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.10 Risks Related to Transactions and Agreements With Related Parties

In its ordinary course of business, the Company deals with Related Parties and has entered into several agreements with Related Parties, including lease contracts, share sale and purchase contracts and service and use of trademark contracts. The Company obtained the approval of the General Assembly on the transactions and agreements in force in its meetings on 27/10/1440H (corresponding to 06/30/2019G), 17/09/1441H (corresponding to 05/10/2020G), 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G) (for further details about Related Party transactions, see Section 12.6 "**Material Contracts with Related Parties**" of this Prospectus). The total value of transactions with Related Parties amounted to SAR 206.8 million, SAR 132.2 million, SAR 194.2 million and SAR 157.7 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. In addition, the total amounts owed to the Company from Related Parties amounted to SAR 26.9 million, SAR 107.6 million, SAR 39.0 million and SAR 39.7 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. In addition, the total amounts owed by the Company to Related Parties amounted to SAR 0.05 million, SAR 0.1 million, SAR 15.4 million and SAR 13.9 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively.

The total (net) revenues from transactions with Related Parties resulting from lease agreements amounted to SAR 82.7 million (representing 8.9% of the total revenues of the Group) during the Financial Year ended December 31, 2018G, SAR 76.6 million (representing 7.6% of the total revenues of the Group) during the Financial Year ended December 31, 2019G, SAR 51.2 million (representing 6.7% of the total revenues of the Group) during the Financial Year ended 2020G and SAR 45.4 million (representing 7.5% of the total revenues of the Group) during the financial period ended September 30, 2021G. The total value of products and services received from Related Parties, including revenue costs, general and administrative expenses, advertising and marketing expenses and rental expenses amounted to SAR 35.7 million (representing 5.7% of the total revenues of the Group) in the Financial Year ended December 31, 2018G, SAR 37.5 million (representing 5.2% of the total revenues of the Group) in the Financial Year ended December 31, 2019G, SAR 26.8 million (representing 4.5% of the total revenues of the Group) in the Financial Year ending December 31, 2020G and SAR 26.0 million (representing 6.2% of the total revenues of the Group) during the financial period ended September 30, 2021G.

The Company is currently leasing some spaces in its malls to a number of Related Parties, such as its subsidiaries, in addition to Abdullah Al Othaim Markets, one of the Company's major tenants. The revenues from spaces leased to Abdullah Al Othaim Markets amounted to SAR 26.7 million (representing 2.9% of the total revenues of the Group) during the Financial Year ended December 31, 2018G, SAR 18.0 million (representing 1.8% of the total revenues of the Group) during the Financial Year ended December 31, 2019G, SAR 14.1 million (representing 1.9% of the total revenues of the Group) during the Financial Year ended December 31, 2020G and SAR 13.0 million (representing 2.1% of the total revenues of the Group) during the financial period ended September 30, 2021G. It should be noted that the Company rents a site for the Company's administrative office from Abdullah Al Othaim Markets Company in Al-Rabwah District in Riyadh and a site for operating Al Othaim Mall - Dammam (for more information on the Company's lease agreements concluded with Abdullah Al Othaim Markets, please see Section 12.5.5 "**Lease Agreements and Development of Malls**", Section 12.6 "**Material Contracts with Related Parties**" and Section 12.8.2 "**Lease Contracts between the Company and its Material Subsidiaries as Lessees**" of this Prospectus). The rental costs for signatories were not recorded in the Company's financial statements for the Financial Years ended December 31, 2018G and 2019G due to a mistake made by the external auditor. They were recorded in the financial statements for the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G.

The Company also started work on the Marfa Mall project in Jubail in the Financial Year ended December 31, 2015G with a total cost of SAR 245.3 million. The Company incurred capital work in progress of SAR 13.9 million with a project completion of 5.7% as of December 31, 2018G. The Company completed the project in the Financial Year ended December 31, 2019G, and the costs incurred by the Company were transferred to Al Othaim Holding Company pursuant to a contract concluded between the Company and Al Othaim Holding Company, as the Company performs the contract works on behalf of Al Othaim Holding Company. Accordingly, the Company recorded accounts receivable of SAR 43.2 million related to Al Othaim Holding Company as on December 31, 2019G, while only SAR 13.9 million was recorded in the Company's financial statements for the Financial Year ended December 31, 2019G as amounts to be transferred to Al Othaim Holding Company. This indicates that transactions with Related Parties were not adequately reported in the financial statements for the year ended December 31, 2019G. As on December 31, 2020G, lease dues for the Marfa Mall project amounting to SAR 18.0 million were recorded in the Company's financial records as other income. Such amount was incorrectly recorded as capital works in the audited financial statements for the Financial Year ended December 31, 2020G.

Included in such transactions, transactions related to financing provided to non-Material Subsidiaries amounted to SAR 6.8 million and SAR 1.6 million in the Financial Years ended December 31, 2018G and 2019G, respectively. The Company did not finance any of the subsidiaries during the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G. The Company also transferred funds to Al Othaim Holding Company during the Financial Years ended December 31, 2018G and 2019G, noting that the Company Director Abdullah Saleh Ali Al Othaim is the only shareholder of Al Othaim Holding Company, and Al Othaim Holding Company is one of the Company's Shareholders. The amounts transferred amounted to SAR 83.1 million and SAR 23.0 million during the Financial Years ended December 31, 2018G and 2019G, respectively. Accordingly, the Company has violated Article 73 of the Companies Law, which prohibits joint stock companies from providing a loan of any kind to any of its board of directors members or shareholders, or guaranteeing any loan contracted by any of them with third parties except under certain exceptions. On 09/11/1441H (corresponding to 06/30/2020G), Al Othaim Holding Company wrote a letter to the Company under which it undertook to bear any responsibility resulting from such transfers on behalf of the Company. All of the transfers recorded in the Company's books were settled by Al Othaim Holding Company for the Company as of the date of this Prospectus. Also, on 09/11/1441H (corresponding to 06/30/2020G), the Company's Shareholders wrote a letter acknowledging their knowledge of such transfers, agreeing to them and absolving the Company of any liability resulting therefrom. All of the transfers recorded in the Company's books were settled by Al Othaim Holding Company for the Company as of the date of this Prospectus. Moreover, the Company wrote a letter on 09/11/1441H (corresponding to 06/30/2020G), whereby it certifies that there are no previous practices violating the applicable laws, except for the transactions referred to above (for more information on transactions with Related Parties, please refer to Section 6.9 "**Related Party Balances and Transactions**" and Section 6.15 "**Related Party Transactions and Balances**" of this Prospectus).

Agreements and transactions with Related Parties are subject to the provisions of the relevant Saudi laws and regulations. In accordance with Article 71 of the Companies Law, any transactions in which any member of the Company's Board of Directors has a direct or indirect interest must be submitted to the General Assembly for approval. A Board member who has an interest in these transactions is not allowed to vote on such transactions, whether at the level of the Board of Directors or the Shareholder assemblies. Therefore, the Company may not be able to renew the agreements concluded with Related Parties at the end of their terms, as the Company's Board of Directors or General Assembly may not approve these transactions. In addition, if transactions with Related Parties are not concluded in the future on a commercial basis or if irregular practices are repeated with regard to transactions with Related Parties, this will have an adverse and material effect on the Company's business, results of operations, financial condition and prospects.

2.1.11 Risks Related to the Development of Malls

The Company's business depends on the integrity and safety of the design, construction and maintenance of its malls. Any defects or errors in the design or construction of the Company's malls, including any defects in the building materials used, design errors or safety issues, may affect the operational performance of those malls and cause the Company to incur additional costs to carry out the necessary repair work. The Company follows structural safety procedures during the development of the structural design of the malls, in addition to reviewing the design before commencing execution and ensuring the integrity of the design and construction calculations. Throughout the Company's history, none of the visitors to any of the Company-owned malls have been injured due to undiscovered fundamental defects in the construction work, and it is necessary that both the engineering department and the operation department confirm building safety.

The Company is currently building, developing and studying eight (8) new projects at various stages of development (for further details about new projects under development, see Section 4.4.6 "**New Projects Under Development**" of this Prospectus). There are a number of risks associated with real estate development activities that may affect the Company's success in developing these new commercial projects and any other new projects in the future. These risks include:

- Delays in construction work and cost increases beyond the Company's expected budget, whether due to modifications of design plans or for any other reason.
- Lack of or increase in the cost of construction materials or equipment or the cost of labor as a result of increased commodity prices, inflation or other factors.
- Unforeseen engineering problems, defects in building materials used or defects in building and construction methods used.
- Breach of contractual obligations by or financial difficulties of contractors, service providers and third-party suppliers.
- Disputes that may arise between various parties to the construction contract or any other contract related to construction works.
- Suspension of construction works, strikes and accidents.
- Delay in obtaining any statutory approvals from the concerned Government agencies.
- Insufficient financial resources that lead to construction disruptions, which may lead to a delay in the completion of the relevant project.

The Company may also encounter issues in planning or expectations related to studying development, implementing support infrastructure requirements or providing a sufficient number of parking spaces when it expands or develops its malls. It should be noted that the Company has two projects under construction on September 30, 2021G and the original budgets for Al Othaim Mall - Hafr Al-Batin and Al Othaim Mall - Al-Khafji were amended from SAR 218.1 million and SAR 130.5 million to SAR 284.1 million and SAR 159.8 million, respectively. This increase is represented in a total cost of SAR 95.3 million. Therefore, any unplanned infrastructure changes in the future may lead to increased costs for the Company, which may require the Company to obtain additional finances, which may adversely affect the Company's ability to continue building and developing new malls and achieving the expected returns. The capital expenses associated with the development of new projects may exceed the cash flows of the Group during the expected period for the planned projects. In the past, such expenses and investments were financed through a variety of means, including internally generated cash, bank loans and Islamic bonds. The Group's inability or delay to obtain adequate financing as required to finance its planned projects affects the Company's estimated future growth.

In addition to the malls currently being developed by the Company, the Company intends to develop new malls or expand other existing malls in the future, and any of these development initiatives may be exposed to additional risks, depending on the size and complexity of the project in question. It is worth noting that the Company relies, in its management of projects under development, on periodic and continuous monitoring of the approved project budgets and timetables to ensure that there are no deviations from the plan in the actual project data. In the event of any deviations between the actual and planned data of the projects, corrective measures are taken as soon as possible. In addition, there are plans to deal with any risks, either before they occur or upon their occurrence, in order to mitigate their effects as much as possible. However, there is no guarantee that the Company will complete any of the Company's ongoing future development projects within the specified time frame and within the expected budget. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

It is worth noting that the Company concluded a conditional investment contract on 23/07/1443H (corresponding to 03/03/2022G) with the Royal Commission for Jubail and Yanbu, wherein the Royal Commission for Jubail and Yanbu allocated two plots with a total area of one hundred ninety-three thousand, seven hundred seventy-nine point eight (193,779.8) square meters located in Jubail Industrial City, to construct and operate a mall in accordance with the Commission's requirements (for more information on the conditional investment contract, please refer to Section 12.5.11 "**Conditional Investment Contract with the Royal Commission for Jubail and Yanbu**" of this Prospectus). The conditional investment contract is conditional on the Company's fulfilment of its obligations under the contract during its term, including the submission of a timetable showing the periods during which the engineering plans for the development and construction of the mall will be delivered and the initial and final explanatory schematic and engineering plans and specifications for the mall project. There is no guarantee that the Company will be able to fulfil these obligations on time, at all or to the satisfaction of the Royal Commission for Jubail and Yanbu. The Company may be exposed to matters that hinder the fulfilment of these obligations within the required period or their fulfilment in a satisfactory manner. The breach of the obligations imposed on the Company under the conditional investment contract shall result in the termination of the investment opportunity granted to the Company by the Royal Commission for Jubail and Yanbu and the confiscation of a bank guarantee in the amount of seven hundred seventy-five thousand, one hundred nineteen Saudi Riyals and two halalas (SAR 775,119.2), noting that the Company may have incurred costs in conducting the necessary studies to prepare the timetable and plans necessary for the construction and operation of the mall, which could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.12 Risks Related to the Company's Reliance on External Contractors

The Company uses external contractors to carry out various repair and maintenance works for its malls, including interior decoration works, landscaping, air conditioning maintenance, power generation, electrical and mechanical engineering, elevator installation and security guard services. The level of services or works provided by the Company's external contractors may not always rise to the expected standards and the Company's contractors may not fulfil their obligations under their contracts. The Company may be exposed to the risks of lawsuits resulting from damage or injury caused by external contractors to visitors, tenants or the Company's employees, for which the Company may be liable in some cases, and this may entail a claim for compensation. In addition, the Company may not be able to use external contractors who have the required expertise in the locations in which the Company operates. Contractors may enter the Company into risky undertakings, encounter financial difficulties or prioritize other projects and divert their resources away from the Company's malls, which in turn may adversely affect the operations and management of the Company's malls, or result in injuries to visitors or tenants. Any of the above events may negatively affect the Company's reputation, which will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.13 Risks Related to the Connection Between the Company's Revenue and Tenant Sales

Under some lease agreements concluded by the Company with some of its tenants, rent is determined based on a specific rent and/or a proportion of sales, or the higher of the two. As of September 30, 2021G, about 27% of the Company's lease agreements with tenants include such provisions. Rent determined based on a percentage of the tenant's sales amounted to about 36% of the Company's total revenues for the Financial Year ending 2019G, 41% of the Company's total revenues for the Financial Year ending 2020G and 41% and 36.3% of the Company's total revenue for the Financial Year ending on September 30, 2021G. Rent is also defined in some of the lease agreements concluded with lessees of Dar Al Waha Mall, which were transferred to the Company's ownership from 28/05/1443H (corresponding to 01/01/2022G) under the Dar Al Waha Mall sale contract concluded on 13/06/1443H (corresponding to 01/16/2022G), based on a percentage of sales (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). As of the date of this Prospectus, about 2.73% of the lease agreements for Dar Al Waha Mall that were transferred to the Company, which represents 0.11% of the Company's total lease agreements with its lessees, include such provision.

Given this mechanism for determining rent, the Company's revenues from renting spaces and locations in its malls may be subject to unexpected fluctuations as a result of seasonal changes in spending patterns or visitor behavior, which may ultimately affect the number of visitors to the Company's malls. As a result of these fluctuations in revenues, the Company may face difficulty in planning its business and have limited ability to forecast its future revenues. In addition, the Company may not be able to accurately budget its operating costs.

The Company is currently determining the annual sales of its lessees by obliging them to be approved and reviewed by external auditors, and also by developing a technical system to attempt accessing lessees' accounting systems to directly review annual sales. As a result, the Company continues to accurately update its forecasts for future revenues by closely monitoring its current and projected operating costs.

2.1.14 Risks Related to the "Al Othaim Mall" Brand

The Company's success partially depends on its ability to maintain the image and reputation of the "Al Othaim Mall" brand. The Company uses the "Al Othaim Mall" brand for all its existing malls, with the exception of Dar Al Waha Mall. However, the Company is currently working on changing the name of Dar Al Waha Mall to "Al Othaim Mall"(for further details about the malls using the "Al Othaim Mall" brand, see Section 4.4.2 "**Existing Malls**" of this Prospectus). In this regard, the Company does not own the "Al Othaim Mall" brand, but rather uses it with a license from Al Othaim Holding Company (the owner of this brand) under a license agreement dated 18/10/1429H (corresponding to 10/18/2008G) (the "Al Othaim Mall License Agreement") for a period of five (5) years, which gives the Company the exclusive right to use this brand inside and outside the Kingdom. The current term of the Al Othaim Mall License Agreement expires on 25/08/1444H (corresponding to 10/17/2023G). The agreement renews automatically unless one of the parties terminates it (for further details about this agreement, see Section 12.6.2 (f) "**Trademark License Contract with Al Othaim Holding Company**" of this Prospectus). Neither the Company nor any other party may register any trade name or trademark belonging to the "Al Othaim" name without the written consent of Abdullah Saleh Ali Al Othaim. It cannot be confirmed whether Al Othaim Holding Company will renew this agreement or change its terms, which may be unfavorable to the Company. It also cannot be confirmed that Al Othaim Holding Company will not terminate the agreement for any reason before its expiry. Therefore, if the Al Othaim Mall License Agreement expires, is not renewed or its terms and conditions are changed in a manner unfavorable to the Company, this will affect its ability to use the "Al Othaim Mall" brand for its malls and, consequently, cause the Company to lose its commercial reputation and its visitors or tenants, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

The strength of the "Al Othaim Mall" brand depends on many factors, including the quality of malls, extent of brand outreach and perception, success of the associated marketing activities and other factors that are outside the Company's control. Therefore, any failure to manage any of these factors will adversely affect the "Al Othaim Mall" brand and, consequently, the Company's business. For example, any issues related to health and safety quality and standards (whether actual, perceived or even false or unfounded, including any incidents that may occur in the Company's malls) may harm "Al Othaim Mall" brand and may distort the Company's reputation or cause the Company to lose its mall tenants or visitors to its competitors, which may decrease the visitor numbers and reduce demand from tenants, which in turn will lead to a decline in the Company's market share and a decrease in the occupancy rate of its total leasable area. In addition, negative publicity resulting from the actions of the Company's Directors, Shareholders, management, tenants, Related Parties, suppliers, employees, contractors or agents, such as incidents related to customer service or non-compliance with laws and regulations, may adversely affect the Company's reputation. Such negative publicity may quickly and widely spread, especially with the increase in the use of social media sites, which makes it more difficult for the Company to confront and respond to it. Damage of the Company's reputation and brand may lead to a decline in the demand for available spaces in the Company's malls, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.15 Risks Related to the Protection of Intellectual Property Rights

As of the date of this Prospectus, the Company has registered the trademarks on which its business relies in the Kingdom. The Company has registered twenty-eight (28) trademarks in the Kingdom and three (3) trademarks in the United Arab Emirates (the "UAE"). The Material Subsidiaries have also registered their trademark in the Kingdom, Egypt, Qatar, Oman, Kuwait, the UAE and Bahrain. Abdullah Al Othaim Entertainment Co. has registered ten (10) trademarks in the Kingdom, seven (7) trademarks in Egypt, seven (7) trademarks in Oman, six (6) trademarks in Qatar, four (4) trademarks in the UAE, four (4) trademarks in Bahrain and four (4) trademarks in Kuwait. Abdullah Al Othaim Fashion Co. has registered four (4) trademarks in the Kingdom and Abdullah Al Othaim Food Co. has registered seven (7) trademarks in the Kingdom (for further details about the Company's trademarks and its Material Subsidiaries, see Section 12.9 "**Intangible Assets**" of this Prospectus). The Company and its Material Subsidiaries depend on its ability to continue to use those trademarks and to protect its rights related to those trademarks in the face of any unfair use by third parties.

The unauthorized use of trademarks and other violations of the Company's intellectual property rights may be difficult to control. If the Company or its Material Subsidiaries fail to successfully protect their intellectual property rights, or if any third party misappropriates, dilutes or infringes the Company's intellectual property, the value of the Company's trademark may be harmed, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects. The Company or its Material Subsidiaries may also from time to time be required to initiate litigation to recover their rights related to the Company's trademarks and other intellectual property. Third parties may also assert that the Company has infringed their intellectual property rights, which could lead to litigation against the Company. Litigation is inherently uncertain and could divert the attention of management, result in substantial costs and diversion of resources and could negatively affect the Company's revenues and profitability, regardless of whether the Company is able to successfully enforce or defend its intellectual property rights. Furthermore, the outcome of such disputes may be that the Company must enter into royalty or licensing agreements, which may not be available on terms acceptable to the Company, or at all. Any of the above would have an adverse effect on the Company's business, results of operations, financial condition and prospects.

In addition, the Company does not own the "Al Othaim Mall" brand and Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. do not own the trademarks that are managed by them in the Kingdom under franchise agreements with the trademark owners (for further information about the trademarks used by Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. under franchise agreements, please refer to Section 12.5.6 "**Abdullah Al Othaim Fashion Co. Franchise Agreements**" and Section 12.5.7 "**Abdullah Al Othaim Food Co. Franchise Agreements**" of this Prospectus). It is worth noting that three categories of registration certificates for the Parfois trademark used by Abdullah Al Othaim Fashion Co. in the Kingdom under the Parfois franchise contract have expired and are being renewed as of the date of this Prospectus. As of the date of this Prospectus, the new trademarks that reflect the new name of Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co. have not been registered, as the current registered trademark of Abdullah Al Othaim Entertainment Co. reflects its old name, which is Abdullah Al Othaim Tourism and Entertainment Company, and the current registered trademark Abdullah Al Othaim Food Co. reflects its old name of Emteyaz Al-Riyadh Co. It should also be noted that the Company operates Dar Al Waha Mall under the trademark "Dar Al Waha Mall", which is not registered, and the Company is currently changing the name of the mall to "Al Othaim Mall". Furthermore, Abdullah Al Othaim Entertainment Co. has not registered (Haunted House) trademark for its entertainment center located in Al Othaim Mall - Al-Rabwah as on the date of this Prospectus. Abdullah Al Othaim Entertainment Co. has applied to register the new trademark that reflects its new name, but it has not obtained a trademark registration certificate yet. Therefore, the Company, Abdullah Al-Othaim Fashion Co. and Abdullah Al Othaim Food Co. are unable to protect those trademarks (both registered and unregistered in the Kingdom) in the event of any infringement. If Al Othaim Holding Company, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Food Co. or the owners of the trademarks managed by Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. in the Kingdom under franchise agreements do not take the necessary steps to stop any infringement of their trademarks in the Kingdom, this will negatively affect those trademarks and there may not be adequate legal protection for trademarks not registered in the Kingdom. This will have an adverse effect on the business, results of operations, financial condition and prospects of the Company and its Material Subsidiaries.

2.1.16 Risks Related to Zakat and Tax

The Company submitted its Zakat returns separately from its incorporation until 2018G. In 2019G, the Company obtained the approval of the Zakat, Tax and Customs Authority on 26/10/1441H (corresponding to 06/18/2020G) to submit its Zakat returns on a consolidated basis. The Zakat returns of the Company were submitted on a consolidated basis for 2019G and 2020G. The Material Subsidiaries submitted their separate Zakat returns for disclosure purposes during the same period.

The Company and its Material Subsidiaries received final Zakat certificates from the Zakat, Tax and Customs Authority for 2020G. The Company also obtained the final Zakat assessments from the Zakat, Tax and Customs Authority for all Financial Years from its incorporation until the Financial Year ended December 31, 2015G. As for the Material Subsidiaries, Abdullah Al Othaim Entertainment Co. has obtained the final Zakat assessments for all Financial Years from its incorporation until the Financial Year ended December 31, 2017G. Abdullah Al Othaim Fashion Co. has obtained the final Zakat assessments for all Financial Years from its incorporation until the Financial Year ended December 31, 2018G. Abdullah Al Othaim Food Co. has obtained the final Zakat assessments for all Financial Years from its incorporation until the Financial Year ended December 31, 2017G. Accordingly, the Company has not obtained the final tax assessments for the period from 2016G to 2020G. Abdullah Al Othaim Entertainment Co. has not obtained the final Zakat assessment for 2018G. Abdullah Al Othaim Food Co. has not obtained the final Zakat assessment for 2018G.

There is a risk that the Zakat, Tax and Customs Authority may require the Company to pay Zakat or additional tax amounts related to the years for which final Zakat assessments have not been obtained. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Company paid Zakat dues amounting to SAR 6.7 million, SAR 7.9 million and SAR 5.7 million in 2018G, 2019G and 2020G, respectively, representing Zakat claims subsequent to the submission of Zakat returns. The Company did not add several items to the Zakat base included in its Zakat returns for 2018G, which could expose the Company to the risk of incurring Zakat claims from the Zakat, Tax and Customs Authority amounting to SAR 3.8 million. Mistakes were also detected in the Company's Zakat returns, as right-to-use assets in the amount of SAR 516.6 million and 379.4 million were not deducted from the Zakat base for the Zakat returns for the years 2019G and 2020G, respectively. For 2019G, the Company did not deduct financial assets amounting to SAR 11.7 million from the Zakat base for 2019G. In addition, SAR 32.8 million was deducted as advance payments to the Company's contractors, instead of the amount of SAR 72.1 million. Accordingly, mistakes in the returns may cause the Company and its subsidiaries to incur Zakat claims from the Zakat, Tax and Customs Authority for the years for which final Zakat assessments have not been obtained. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Zakat, Tax and Customs Authority provided the Company with Zakat assessments for the years 2013G, 2014G and 2015G amounting to SAR 233,381, SAR 68,801 and SAR 2,296, respectively. The Company has settled the amounts in full. The Zakat, Tax and Customs Authority provided Abdullah Al Othaim Entertainment Co. with its Zakat assessment for 2017G, amounting to SAR 0.3 million. Abdullah Al Othaim Entertainment Co. has settled the amounts in full. The Zakat, Tax and Customs Authority provided Abdullah Al Othaim Food Co. with its Zakat assessment for 2018G, amounting to SAR 74,433. Abdullah Al Othaim Food Co. has settled the amounts in full.

The Company and its Material Subsidiaries submitted their tax returns separately from their incorporation until June 2020G. The Company and its Material Subsidiaries have submitted their tax returns on a consolidated basis since July 2020G through October 2021G, and the Company and its subsidiaries shall submit tax returns on a consolidated basis in the future. The Zakat, Tax and Customs Authority filed an assessment demanding the Company pay SAR 3.4 million in tax claims, in addition to other applicable penalties, as yet undetermined, for the Financial Years ended December 31, 2018G, 2019G and 2020G. The Company objected to such assessment and submitted related documents.

In 2018G, sales listed in the value-added tax returns amounted to SAR 721.1 million, and revenues recorded in the Company's audited financial statements for the same period amounted to SAR 537.1 million. The Company confirms that the difference of SAR 184 million resulted mainly from unrecorded revenues in 2017G, which were recorded in 2018G, and some sales that were not recorded in 2018G, which were reflected in the revenues of 2019G, as well as the difference in the assessment of value-added tax of advance payments received from customers and discounts on sales to Related Parties. The difference between the sales recorded in the value-added tax and the revenues recorded in the audited financial statements may cause the Company to incur additional tax claims and penalties imposed by the Zakat, Tax and Customs Authority in the event that the Company has made insufficient disclosures in the tax returns, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

In addition, income from Related Party inputs amounting to SAR 4.7 million, which should have been subject to VAT at 5%, was not recorded in the tax returns, which could cause the Company to incur violations and claims of SAR 0.2 million. The Company has also issued sales invoices and credit notices that are inconsistent with the laws in force in the Kingdom, which may affect the Company's cash flows, as customers may delay payment until the violations made in the invoices are addressed. The issuance of invoices in violation of the value-added tax laws in force in the Kingdom may cause the Company to incur financial penalties.

Also, in 2018G, the Company charged interest on the debit balance of the amount owed to Related Parties and profits collected in the amount of SAR 7.2 million, as it was not recorded in the value-added tax returns. Such transactions may be exempted from the value-added tax, which may result in the cancellation of part of the value-added tax for credit, which in turn may affect tax returns and cause the Company to incur additional payments. It is worth noting that the Company has purchased goods (cars, balloons, gift cards, etc.), that are distributed free of charge to some of its customers for promotional purposes, in amounts that may exceed SAR 50,000 per year, which is the total limit allowed per year under the value-added tax laws in force in the Kingdom. The increase was not recorded in the value-added tax returns as goods subject to a value-added tax of 5%, which is considered a violation of the value-added tax laws in force in the Kingdom, which in turn may cause the Company to incur penalties. The Company deducted the input tax from invoices for purchases made on behalf of Related Parties, while the Company did not disclose that such purchases were supplied to the beneficiaries. Also, deducting input tax from invoices issued by the Company for personal and not economic purposes is a violation of the value-added tax laws in force in the Kingdom. It is worth noting that the input tax deduction on purchases related to the exempted inputs was not disclosed in the 2018G tax returns, which is also inconsistent with the value-added tax laws in force in the Kingdom. Violations made by the Company regarding tax invoices and input tax deductions may result in violations and claims amounting to SAR 0.2 million.

In 2019G, the sales disclosed in value-added tax returns were recorded in the audited financial statements for the same period at an amount exceeding the revenues by SAR 21.6 million, which may cause the Company to incur penalties imposed by the Zakat, Tax and Customs Authority, i.e., 50% on the amounts not disclosed and 5% for each month during which the Company delays payment. As such, they may amount to SAR 2.5 million. As for the October 2019G period, the Zakat, Tax and Customs Authority did not complete the audit process for the value-added tax returns of Abdullah Al Othaim Fashion Co., and the input tax of SAR 15,427, which was carried forward for such period by the Zakat, Tax and Customs Authority, was prohibited. Until this prohibition is cancelled, Abdullah Al Othaim Fashion Co. cannot recoup such amount from the value-added tax against its current value-added tax liabilities.

In 2020G, the revenues recorded in the value-added tax returns amounted to SAR 511.2 million, while the revenues recorded in the audited financial statements of the Company for the same period amounted to SAR 515.3 million (including other revenues, which amounted to SAR 18.6 million), including amounts that are not subject to the value-added tax amounting to SAR 26.6 million. The difference of SAR 22.4 million between the revenues recorded in the value-added tax returns and the revenues recorded in the audited financial statements after deducting the amounts that are not subject to the value-added tax may cause the Company to incur penalties imposed by the Zakat, Tax and Customs Authority. It is also worth noting that sales transactions made in the amount of SAR 117.2 million were recorded in the value-added tax returns for the Financial Year ended December 31, 2020G as being subject to a value-added tax of 5% instead of 15%. The Company issued additional invoices to compensate for the remaining amount, however the Company may be subject to certain penalties and additional tax claims from the Zakat, Tax and Customs Authority. There are certain transactions from which the Company has deducted the input tax, but such purchases were not paid within the relevant 12-month period. The Company did not reduce the deductible input tax for purchases that were not paid within the required period, which could cause the Company to incur penalties of up to SAR 0.1 million.

In 2020G, the Company purchased goods that are distributed free of charge for promotional purposes, in amounts that may exceed SAR 50,000, which is the total limit allowed under the value-added tax laws in force in the Kingdom. However, the increase was not recorded in the value-added tax returns as being goods subject to a value-added tax of 5% or 15% (as applicable), which is considered a violation of the value-added tax laws in force in the Kingdom, which in turn may cause the Company to incur penalties. It is also worth noting that the Company imposed input tax on purchase invoices for expenses incurred for non-economic activities in both the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G, which is considered a violation of the value-added tax laws in force in the Kingdom, which in turn may cause the Company to incur penalties imposed by the Zakat, Tax and Customs Authority. In addition, the Company issued tax invoices and credit notices that are inconsistent with the value-added tax laws in force in the Kingdom, by issuing invoices in a language other than Arabic. The recording of tax invoices that are inconsistent with the value-added tax laws in force in the Kingdom may be considered by the Zakat, Tax and Customs Authority as an inaccurate disclosure of the input tax. Issuing invoices that violate the value-added tax laws may cause the Company to incur financial penalties in a total amount of SAR 0.1 million in the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G.

As of September 30, 2021G, the Company disclosed commercial transactions in its tax returns amounting to SAR 1.2 million as being subject to a value-added tax rate of 5% instead of 15%, which may cause the Company to incur a penalty of SAR 0.2 million. The Company has also issued credit notices that are inconsistent with the value-added tax laws in force in the Kingdom for various reasons, which may cause the Company to incur penalties of SAR 0.6 million. It is worth noting that the Company issued an invoice in violation of the value-added tax laws in force in the Kingdom, which may result in a penalty against the Company.

The Company sets aside a provision for Zakat in accordance with the regulations and instructions of the Zakat, Tax and Customs Authority. The Zakat provision amounted to SAR 19.2 million, SAR 11.6 million, SAR 8.7 million and SAR 5.6 million for the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The Zakat provision for Abdullah Al Othaim Entertainment Co. amounted to SAR 3.2 million, SAR 2.2 million, SAR 1.2 million and SAR 2.6 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The Zakat provision for Abdullah Al Othaim Fashion Co. amounted to SAR 0.4 million, SAR 0.3 million and SAR 0.5 million in the Financial Years ended December 31, 2018G and 2019G and the financial period ended September 30, 2021G, respectively. Abdullah Al Othaim Fashion Co. did not allocate a provision for Zakat in 2020G. The Zakat provision for Abdullah Al Othaim Food Co. amounted to SAR 32,677, SAR 32,677 and SAR 0.1 million in the Financial Years ended December 31, 2018G, 2019G and 2020G, respectively. Abdullah Al Othaim Food Co. did not allocate a provision for Zakat in the financial period ended September 30, 2021G. The Company and its Material Subsidiaries did not allocate any other provisions or a provision for each violation, penalty or assessment that the Company and its Subsidiaries may receive separately. Accordingly, if the Zakat provision is not sufficient to meet any additional Zakat obligations that the Zakat, Tax and Customs Authority may impose, this will have an adverse material impact on the Company's business, results of operations, financial position and future prospects.

The Company has appointed a manager to closely monitor Zakat and tax matters, but there are still risks that the Zakat, Tax and Customs Authority will demand that the Company pay additional Zakat or tax amounts related to the years for which final Zakat assessments have not been obtained, or in the event that the Zakat, Tax and Customs Authority imposes financial penalties against the Company for any violations that the Company may commit. There is no guarantee that the Company will not commit violations or will not face material claims by the Zakat, Tax and Customs Authority in the future, which may affect the Company's revenues and profitability, which in turn will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.17 Risks Related to the Exposure of the Company and its Material Subsidiaries to Operational Risks and Unexpected Commercial Obstacles

The Company's success depends significantly on the continuous, trouble-free operation of its malls. The Company is exposed to a number of risks related to the operation of its malls, including severe weather conditions, physical damage to buildings, power outages, breakdowns, equipment failure, a lower than required performance rate, the possibility of business suspension, criminal incidents, natural disasters and fires as well as other types of hazards associated with the operation of large buildings like malls. For example, business in the Company's malls and the Material Subsidiaries' sites was suspended for a temporary period during 2020G due to the preventive measures adopted by the Government to deal with the COVID-19 pandemic (for further details on this, see Section 4.8.1 "**Overview of Precautionary Measures Adopted in Response to the COVID-19 Pandemic**" and Section 2.2.6 "**Risks Related to the Impact of the COVID-19 Pandemic on the Economy and the Sectors in which the Company Operates**" of this Prospectus). Any of these risks may occur in the future. The occurrence of some of them may have material adverse effects (including deaths), especially given the high number of visitors to the Company's malls on a daily basis.

If there is a disruption to business at one or more of the Company's malls, this may lead to the Company being unable to fulfil its liabilities and assuming additional liabilities. This may also affect the Company's revenues and profitability, which in turn will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.18 Risks Related to Safety Requirements in the Entertainment Sector

Abdullah Al Othaim Entertainment Co. operates in the entertainment sector and has various entertainment centers within malls (for further details about Abdullah Al Othaim Entertainment Co., see Section 4.1.6(a) "**Abdullah Al Othaim Entertainment Co.**" of this Prospectus). As the entertainment centers of Abdullah Al Othaim Entertainment Co. contain automated entertainment games, there are risks associated with such games in terms of health and safety. Recreational facilities in the Company's malls may violate health and safety standards and visitors to the entertainment facilities in the Company's malls may behave inappropriately, which may harm their safety and the safety of others. The occurrence of any incidents in the Company's entertainment centers may lead to reduced visits to the entertainment centers of Abdullah Al Othaim Entertainment Co., the closure of these games by the regulatory authorities, the ban of school trips or disruption of the business of Abdullah Al Othaim Entertainment Co., which manages and operates these entertainment centers. Such incidents may also lead to Abdullah Al Othaim Entertainment Co. being subject to personal injury claims if these incidents are due to Abdullah Al Othaim Entertainment Co.'s failure to comply with safety requirements or a defect in operations, or make it subject to fines and legal procedures from regulatory authorities, which will in turn have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.19 Risks Related to the Inability to Renew or Amend the Franchise Agreements of the Company and its Subsidiaries

Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. have entered into a number of franchise agreements with the owners of the brands that they manage. The duration of these agreements ranges between five (5) and fifteen (15) years (for further details about the franchise agreements concluded by Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co., see Section 12.5.6 "**Abdullah Al Othaim Fashion Co. Franchise Agreements**" and Section 12.5.7 "**Abdullah Al Othaim Food Co. Franchise Agreements**" of this Prospectus). It cannot be confirmed that the franchisors will renew these agreements after their expiry. In the event that they are renewed, there is no guarantee that they will be renewed on similar terms and conditions, as the renewal of a number of these contracts depends on the Material Subsidiaries' ability to achieve the objectives set in the agreed development plans. Such mandatory development plans contained in the Franchise Agreements require opening a certain number of stores within a specified time frame. As of September 30, 2021G, Abdullah Al Othaim Fashion Co. has thirty-seven (37) stores, compared to the seventy-two (72) stores required under the franchise agreements. In the event that the Company is unable to keep pace with these mandatory development plans, the franchisors have the right to either terminate the agreements concluded or withdraw the exclusive rights to open and operate such brands. In order for Abdullah Al Othaim Fashion Co. to keep pace with the mandatory development plans, it will be required to incur significant capital expenses, noting that it has recorded accumulated losses amounting to SAR 28.8 million, SAR 13.1 million, SAR 15.7 million and SAR 17.4 million for the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively.

The discrepancy in the development plans is due to the lack of spaces that meet the franchisors' requirements, and they are aware of this as none of them have raised any concerns about non-compliance with the development plans. They are aware that the coronavirus (COVID-19) pandemic has delayed such plans for a minimum of twenty-four (24) months. However, the Material Subsidiaries' inability to renew any of or all these agreements on suitable terms or keep pace with the mandatory development plans imposed under the franchise agreements as agreed with the franchisors will have a material adverse effect on the business of the Material Subsidiaries and thus have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.20 Risks Related to the Profitability of Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co.

Both Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. achieved negative profit margins over the previous years, where the accumulated losses of Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. amounted to more than 50% of the capital as at September 30, 2021G.

It is worth noting that the accumulated losses of Abdullah Al Othaim Fashion Co. amounted to SAR 28.8 million, SAR 13.1 million, SAR 15.7 million and SAR 17.4 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The accumulated losses of Abdullah Al Othaim Food Co. amounted to SAR 1.4 million, SAR 3.9 million, SAR 5.2 million and SAR 6.6 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The Company's Shareholders incurred SAR 29.4 million and SAR 13.1 million in 2019G and 2020G for Abdullah Al Othaim Fashion Co.. The Company's Shareholders also incurred SAR 3.9 million and SAR 3.9 million in 2019G and 2020G for Abdullah Al Othaim Food Co.

According to Article 181 of the Companies Law, if the losses of a limited liability company reach half of its share capital, the managers of the company must register the incident in the commercial register and call a shareholders' meeting within a period of not more than ninety (90) days from the date on which the managers became aware of such losses to determine whether to continue or dissolve the company. Thereafter, the managers of the limited liability company must publish the shareholders' resolution on the Ministry of Commerce website. Since the losses of Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. have exceeded 50% of its capital as at the end of the financial period ended September 30, 2021G, the Company decided - as the only partner in these two companies - to continue and support Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co and bear their losses at 100%.

It is worth noting that the profit margins of Abdullah Al Othaim Food Co. fluctuated according to a net loss of SAR 4.2 million and a net profit margin of (-18.4%), SAR 3.9 million and a net profit margin of (-15.6%), SAR 5 million and a net profit margin of (-34.7%) and SAR 1.4 million and a net profit margin of (-12%) for the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The fluctuations in profit margins are due to the increase in the cost of sales and operating expenses, which represented 116.1%, 114%, 142.3% and 109.6% of revenues in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. This is due to a decrease in sales volume and an increase in material costs, especially during the outbreak of coronavirus (COVID-19) pandemic. If Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. are not able to improve their financial performance and continue to achieve negative profit margins, this will have a material adverse effect on the business of Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co., and the Company, as the only partner in those two companies, may have to support them or consider dissolving one or both companies, which in turn will negatively affect the Company's business, results of operations, financial condition and future prospects.

2.1.21 Risks Related to the Company's Financial Resources

The Company needs to continue to make investments to support the growth of its business. It may require additional funds to respond to business challenges, implement its growth strategy, increase its market share in its current markets, expand into other markets or broaden its product base. The cash generated from operations and the Company's existing financial resources may not be sufficient to fund this growth strategy. Accordingly, the Company may seek to raise additional capital or borrow from banks.

For various reasons, including any non-compliance with undertakings under existing or future lending arrangements, additional financing or the refinancing of existing lending arrangements may not be available when needed or may not be available on terms favorable to the Company, if at all. It is worth noting that the Company did not submit its audited financial statements within the period agreed upon under its obligations in the financing arrangements of the banks from which it obtained financing, as the audited financial statements were delayed beyond this agreed period. It is also worth noting that in 2015G the Company issued sukuk bonds with a nominal value and a total value of SAR 1 billion. A bond carries a variable interest rate based on the average Saudi interbank offered rate (SIBOR) plus a margin of 1.70%. The interest payments were due every six months and the last payment was made on 11/01/1442H (corresponding to 08/30/2020G). Such sukuk bonds were paid in full in 2020G, but the Company did not meet the required current ratios or tangible net value ratios, as the current ratios should not have been less than 1:1 at any time and the tangible net value should not have been less than SAR 2 billion (or its equivalent in any other currency) during the periods covered by the reports on the Company's financial statements.

The Company's total long-term loans (including the current portion of long-term loans) amounted to about 1,675.6 million Saudi Riyals representing 76.2% of the Company's total liabilities for the Financial Year ending September 30, 2021G. An increase in indebtedness may expose the Company to additional risks. The Company's indebtedness may result in an increase in interest rates, which in turn will lead to an increase in the Company's expenses and a decrease in its net profits, making it more vulnerable to risks related to negative fluctuations in the market and the general economic situation. The increase in the Company's indebtedness may restrict its ability to make strategic acquisitions or cause it to make non-strategic divestitures to sell or dispose of assets, as well as limit its ability to obtain additional financing. In addition, as the Company has relatively high fixed costs, it may have greater difficulty servicing higher debt levels. In addition, the financing contracts entered into by the Company typically include restrictions on the Company's business or dividend distribution mechanism.

If the Company fails to obtain adequate financing when needed or on terms satisfactory to the Company, or if the Company becomes unable to pay its debts as they fall due, this will adversely affect the Company's ability to sustain its operations or achieve its planned rate of growth, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

In addition, the Company obtained some credit facilities from banks (for further details about these facilities, see Section 12.7 "**Finance Contracts**" of this Prospectus) under which Al Othaim Holding Company provided guarantees to banks. Under these contracts, if the guarantors face any event, such as bankruptcy, insolvency or death, this is considered a breach and requires termination and expedited payment under those financing contracts. Therefore, if any such event occurs to Al Othaim Holding Company it will affect the financing contracts obtained by the Company, which will negatively affect the Company's ability to conduct its business or fulfil its liabilities, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.22 Risks Related to Acquisitions

The Company needs to continue to make investments to support the growth of its business. The Company may make investments through partnerships or the acquisition of associate or non-associate companies to diversify its product base and increase sources of income in accordance with the growth strategy. Accordingly, for various reasons, evaluation of acquisitions or partnerships by independent evaluators may lead to those investments being recorded at a value less than the fair value of such assets. The Company acquired 100% of Abdullah Al Othaim Fashion Co. in 2018G for SAR 82 million based on an independent evaluation. The investment was accounted for as a business integration under joint control and was recorded in the Company's books based on the book value of the net assets of SAR 53.8 million. The independent evaluation of the Company's acquisition of Abdullah Al Othaim Fashion Co. resulted in a difference of SAR 28.2 million compared to the purchase price resulting from the acquisition. The difference from the acquisition was recognized in the retained earnings account. Abdullah Al Othaim Fashion Co. recorded losses of SAR 29.5 million, SAR 10.4 million, SAR 16.5 million and SAR 1.8 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. Losses are due to high operating costs amounting to SAR 83.6 million, SAR 95.9 million, SAR 75.1 million and SAR 55.2 million, compared to a total profit of SAR 63.4 million, SAR 86.5 million, SAR 55.5 million and SAR 53.3 million for the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. Abdullah Al Othaim Fashion Co. closed and redistributed the branches, which caused the Company to incur a non-recurring cost of SAR 10 million in the Financial Year ended December 31, 2019G. The number of branches decreased from sixty-three (63) in the Financial Year ended December 31, 2018G to fifty-four (54) in the Financial Year ended December 31, 2019G due to the closure of loss-producing stores. If the Company records losses in its retained earnings as a result of the difference in evaluation methods and the recording of the investments in its books, this may lead to a decrease in Shareholders' equity, which would negatively affect the Company's achievement of the planned growth rate and would have a material adverse effect on its prospects.

2.1.23 Risks Related to the Reliance of the Company and Its Material Subsidiaries on Its Senior Management and Senior Executives

The success of the Company and its Material Subsidiaries relies on the continued service and performance of the senior management and other key employees, as well as its ability to identify, recruit, develop, motivate and retain qualified employees in the future. In particular, the Company and its Material Subsidiaries rely on certain key personnel who have broad experience in real estate development and the retail industry and who have made substantial contributions to the development of its operations. Competition for senior management and key personnel in these sectors is intense and the Company cannot guarantee that it will be able to retain its personnel or attract new, qualified personnel. Additionally, some of the Company's important customer relationships may be dependent on the continued performance of individual managers or field personnel and there is a risk that loss of those individuals could jeopardize key customer relationships. Abdullah Al Othaim Fashion Co. also relies on Lilian Corporation, which it entrusted with its day to day management and operation activities according to a management agreement (for further details about this agreement, see Section 12.5.8 "**Management Contract of Abdullah Al Othaim Fashion Co.**" of this Prospectus). If Abdullah Al Othaim Fashion Co. is unable to renew the agreement or if Lilian Corporation terminates the contract at any time for any reason, this will adversely affect the business of Abdullah Al Othaim Fashion Co.

The Company may need to invest large financial and human resources in order to attract and retain new employees and it may not achieve returns on these investments. The loss of any members of the senior management or key employees of the Company may impede or delay the implementation and fulfilment of its strategic objectives, divert the management's attention to seek certain qualified replacements or adversely affect its ability to manage its business effectively. In addition, any member of senior management or key employees may resign at any time. If the Company loses the ability to hire and retain key senior executives and employees with high levels of skills in appropriate domains, it would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.24 Risks Related to Misconduct by Tenants or Employees

The Company's tenants or employees or employees of the Material Subsidiaries could behave in a manner that may have an adverse effect on the business of the Company and the Material Subsidiaries, including misuse of the Company's information or systems, disclosure of confidential information or dissemination of misleading information. Additionally, the Company or its Material Subsidiaries may not always be able to prevent its employees from committing any gross misconduct or ensure their compliance with the Bylaws of the Company and its Material Subsidiaries. Such misconduct could result in losses, fines or financial liabilities for the Company and its Material Subsidiaries, or cause harm to the reputation of the Company and its Material Subsidiaries. Such misconduct may also lead tenants to submit claims or demand termination of their agreements under the pretext that the Company has breached its obligations to them under these contracts. Such fines, losses or claims may adversely affect the profitability of the Company and its Material Subsidiaries. In addition, negative publicity resulting from the misconduct of the Company's tenants or employees or employees of its Material Subsidiaries may adversely affect the reputation of the Company and its Material Subsidiaries and the number of visitors to the Company's malls. The commission of similar misconduct by any of the Company's tenants or employees or employees of its Material Subsidiaries will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.25 Risks Related to the Company's Reliance on Information Technology Infrastructure

The Company and its Material Subsidiaries increasingly rely on its information technology systems in its operations. The ability of the Company and its Material Subsidiaries to effectively manage their business depends significantly on the reliability and capacity of these systems, and any potential failure of these third parties to provide quality, uninterrupted service is beyond its control. The IT systems of the Company and its Material Subsidiaries may be exposed to damage caused by computer viruses, natural disasters, intruders or hackers, failures in hardware or software, power fluctuations, electronic terrorism and other similar disturbances. In addition, the IT systems of the Company and its Material Subsidiaries are relatively new and undergoing further development. If the IT systems of the Company and its Material Subsidiaries fail to perform as anticipated for any reason, or if there is any significant breach of security, this will disrupt its business and result in numerous adverse consequences, including the reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential or proprietary information, increased overhead costs and loss of important information, which would have an adverse effect on its business, financial condition, results of operations and future prospects. In addition, the increased use and reliance of the Company and its Material Subsidiaries on web-hosted applications and systems (i.e., cloud computing) to store, process and transmit information could expose the Company and its employees and customers to the risks related to the loss or misuse of such information. The Company and its Material Subsidiaries may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. The Company's business activities would be materially disrupted and its internal controls compromised if there was a partial or complete failure of any of the Company's information technology systems or communications networks, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects. The data of the Company, its employees and its clients must be secured according to high standards. The Company needs to adopt new technologies and primary and secondary data sources to improve and reduce risks for business operations and information technology.

2.1.26 Risks Related to the Company's Business Outside the Kingdom

As at September 30, 2021G, Abdullah Al Othaim Entertainment Co. generated revenues amounting to SAR 57.2 million from its business outside the Kingdom, representing 30% of its total revenues and approximately 9% of the total revenues of the Company and its Material Subsidiaries through Abdullah Al Othaim Entertainment Co., which owns a number of entertainment centers in the UAE, Egypt, Oman and Qatar (for further details about the Company's business and its Material Subsidiaries outside the Kingdom, please see Section 4.4 "**Company's Business**" and Section 4.5 "**Business of the Material Subsidiaries**" of this Prospectus). As a result, the Company is subject to the risks of doing business outside the Kingdom, such as:

- Not understanding foreign markets and entertainment industry trends in such markets.
- Changes in foreign currency rates.
- Potentially adverse tax consequences, including from changes in taxation policies or from inconsistent enforcement.
- Being subject to different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws and treaties, as well as unforeseen changes in regulatory requirements.
- Rapid changes in government, economic and political policies and conditions. For example, the Company has a subsidiary in Qatar. In June 2017G, the Kingdom announced the severance of relations with Qatar and the shut-down of all air, sea and land ports, for reasons related to the Kingdom's national security.
- Instability, political and civil unrest, terrorism, outbreaks of conditions or circumstances such as epidemics or the like.
- Uncertainties as to enforcement of certain contractual and other rights.
- Restrictions on the repatriation of profits from foreign business to the Company's account in the Kingdom.

In particular, if the Company fails to manage the market and operational risks associated with the Company's business outside the Kingdom, this would effectively limit the future growth of the Company's business and would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.27 Risks Related to Newly Implemented Corporate Governance Rules

The Company's Board of Directors adopted the Company's corporate governance manual on 28/09/1441H (corresponding to 05/21/2020G). The Executive Committee Charter was approved on 10/01/1443H (corresponding to 08/18/2021G). The Company's General Assembly approved the Audit Committee Charter and the Nomination and Remuneration Committee Charter under the Ordinary General Assembly Resolution dated 17/09/1441H (corresponding to 05/10/2020G), approved the updated Audit Committee Charter on 20/11/1442H (corresponding to 06/30/2021G) and approved the Nomination and Remuneration Committee Charter on 15/01/1443H (corresponding to 09/22/2021G). The manual and charters include, among other things, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in the proper implementation of the corporate governance rules and procedures will depend on the extent to which the Board, Board committees and senior executives comprehend, understand and properly execute these rules and procedures, especially with regard to training related to the Board and its committees, independence requirements, rules related to conflicts of interest and Related Party transactions. The CMA issued the Corporate Governance Regulations on 16/05/1438H (corresponding to 02/13/2017G) and they entered into force on 25/07/1438H (corresponding to 04/22/2017G). The CMA has amended these regulations several times, the last of which was on 01/06/1442H (corresponding to 01/14/2021G). Failure to comply with the governance rules, especially the mandatory provisions of the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.28 Risks Related to Failure of the Newly Formed Audit Committee and Nomination and Remuneration Committee to Perform their Duties as Required

The Audit Committee and the Nomination and Remuneration Committee are newly formed. The Audit Committee was formed for the first time on 25/08/1437H (corresponding to 06/01/2016G) and the Nomination and Remuneration Committee was formed on 22/01/1438H (corresponding to 10/23/2016G). The current session of the Audit Committee was also formed on 07/06/1442H (corresponding to 01/20/2021G), 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G) and the Nomination and Remuneration Committee on 25/11/1442H (corresponding to 07/05/2021G) and 10/01/1443H (corresponding to 08/18/2021G) and their charters have been approved to carry out the tasks specific to each committee in accordance with the Company's corporate governance manual (for further information, see Section 5.4 "**Board Committees**" of this Prospectus). As the Audit Committee and the Nomination and Remuneration Committee are newly formed, the Company, through its two committees, may make errors implementing and managing the work of these committees. Any failure by members of these committees to perform their duties and adopt a work approach that ensures that the interests of the Company and its Shareholders are protected, may affect corporate governance compliance, the continuous disclosure requirements issued by the CMA and the Board's ability to monitor the Company's business through these committees, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.29 Risks Related to Lack of Experience Managing a Publicly Listed Company

Since its incorporation, the Company has been operated as a closed joint stock company and, accordingly, the senior executives have limited to no experience managing a public listed joint stock company in the Kingdom and complying with the laws and regulations specific to such companies. In particular, the internal and/or external training that the senior executives will receive in managing a Saudi publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the senior executives, which may divert their attention away from the day-to-day management of the Company.

It is worth noting that the Company prepares quarterly consolidated accounts, but these accounts are not prepared by the auditors unless they are required for special purposes.

After Listing, the Company will be required to prepare and renew quarterly financial statements within thirty (30) days after the end of each quarter.

Moreover, historically, the Company's annual financial statements have not been audited during the period required by the Authority for listed companies, which is ninety (90) days from the financial period of such financial statements. The Company exceeded this period by eighty-seven (87) days, forty-nine (49) days and eighty-five (85) days in the Financial Years ended December 31, 2018G, 2019G and 2020G, respectively. The Company clarifies that the delays were due to the Board of Directors' delay in signing such statements for 2018G, the outbreak of coronavirus (COVID-19) pandemic in 2019G and changing the Company's auditor in 2019G and 2020G. Failure to comply in a timely manner with the regulations and disclosure requirements imposed on listed companies would expose the Company to regulatory penalties and fines. The imposition of fines on the Company would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.30 Risks Related to Inadequate Insurance Coverage

The Company and its subsidiaries maintain insurance coverage through several types of insurance policies including but not limited to general liability insurance, breach of trust insurance, funds and properties insurance, comprehensive motor insurance, employee health care insurance and marine freight insurance (for further details, see Section 12.10 "**Insurance Policies**" of this Prospectus). With respect to insurance coverage for Dar Al Waha Mall, whose ownership was transferred to the Company on 28/05/1443H (corresponding to 01/01/2022G) under the sale contract concluded on 13/06/1443H (corresponding to 01/16/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2(j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus), it is worth noting that the Company's insurance policy related to property insurance against all risks contains a clause that includes automatic insurance coverage for new sites up to 10% of the insured amount by notifying the insurance company of such acquisition within sixty (60) days from the completion date of the acquisition. The Company notified the relevant insurance company on 23/07/1443H (corresponding to 02/24/2022G) of the acquisition of Dar Al Waha Mall and it is now included in its coverage with respect to the Company's insurance policy related to property insurance against all risks. However, the insurance coverage may not be sufficient for Dar Al Waha Mall. Insurance coverage may not be sufficient in all cases, or cover all of the risks to which the Company or its Material Subsidiaries could be exposed. Uninsured losses may occur, or their amount may exceed the insurance coverage. The Company and its Material Subsidiaries may have to enter into new insurance policies to cover all the risks that the Company and its Material Subsidiaries may be exposed to. In addition, the insurance policies of the Company and its Material Subsidiaries include exceptions or limitations to coverage under which certain types of loss, damage and liability are not covered by the insurance. In these cases, the Company and its Material Subsidiaries would incur losses that could have a material adverse effect on its business and results of operations.

2.1.31 Risks Related to Litigation Involving the Company or its Material Subsidiaries

The Company or its Material Subsidiaries, members of its Board, or members of its senior management may become involved in lawsuits and regulatory actions with several parties including tenants, suppliers, employees, competitors, contractors with whom contracting contracts are concluded, regulators, visitors to its malls or owners of land leased to the Company or its Material Subsidiaries for their operations. The Company or its Material Subsidiaries may also be the claimant in such lawsuits and litigation. As of September 30, 2021G, thirty-five (35) commercial lawsuits have been filed against the Company, Abdullah Al Othaim Entertainment Co., Faby Land Entertainment Company and Fun World Investment Company, with an expected financial impact of SAR 77.34 million, related to claims for compensation as a result of services provided for the Company, delayed payment penalties, amounts related to rent demanded by the tenants of the Company's sites as a result of closing their stores, fees demanded by Fun World Investment Company for the sites rented by it, claims for the termination of contracts concluded with the Company, or compensation amounts for damages arising from playing in the entertainment centers of Abdullah Al Othaim Entertainment Co. or Faby Land Entertainment Company. There are also thirty-four (34) labor lawsuits which have been filed against the Company, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Faby Land Entertainment Company, with an expected financial impact of SAR 7.31 million, related to claims for end-of-service amounts, bonuses and allowances or compensation for dismissal and other labor matters. The total financial impact of lawsuits filed against the Company, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co., Faby Land Entertainment and Fun World Investment Company amount to SAR 84.65 million.

There are also four hundred and fifty-five (455) commercial lawsuits that have been filed by the Company, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co., with an expected financial impact of SAR 238.99 million, according to the Company's estimate, in relation to claims from the Company and Abdullah Al Othaim Fashion Co. for fees owed to them from tenants, the Company's demand that its tenants and contractors implement the terms of contracts concluded with them, Abdullah Al Othaim Entertainment Co.'s request to cancel a decision issued regarding the refusal to register the trademark owned by it and Abdullah Al Othaim Food Co.'s claim for the value of a bounced check. Nine (9) labor lawsuits have also been filed by the Company and Abdullah Al Othaim Fashion Co., with an expected financial impact of SAR 797,143, in relation to claims for financial deficits caused by the employees of the Company and Abdullah Al Othaim Fashion Co., and embezzlement committed by employees as well as other labor matters. The total financial impact of lawsuits filed by the Company, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. amounts to SAR 239.79 million (for more information, please refer to Section 12.11 "**Litigation and Claims**" of this Prospectus).

If the rulings issued in these lawsuits are not in favour of the Company or its Material Subsidiaries, this will have a material adverse effect on the Company's business, results of operations, financial position and future prospects. In addition, regardless of the outcome of these lawsuits or regulatory proceedings, the Company may incur heavy expenses and be forced to allocate significant resources to respond to these claims and defend itself, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.32 Risks Related to the Company's Real Estate

A. Risks Related to Reliance of Some of the Company's Malls on Leased Sites

As of the date of this Prospectus, four (4) of the Company's ten (10) existing malls and two (2) of the eight (8) new projects under development are located on lands wholly or partly owned by third parties, namely: Al Othaim Mall - Al-Rabwah located in Riyadh, of which the Company owns 79.44%, while Princess Al-Anoud Charitable Foundation and Prince Saud bin Fahd Charitable Foundation own the remaining part of a joint ownership, Al Othaim Mall - Buraidah and Al Othaim Mall - Unaizah, located in the Qassim Region and leased from the Buraidah and Unaizah municipalities, Al Othaim Mall - Dammam, located on land from Abdullah Al Othaim Markets Company, by virtue of a sub-lease contract concluded between the Company and Abdullah Al Othaim Markets Company which leased it from the General Organization for Social Insurance, by virtue of a lease contract concluded between Abdullah Al Othaim Markets Company and the General Organization for Social Insurance, Al Othaim Mall - Hafr Al-Batin, located in Hafr Al-Batin Governorate, leased from the Eastern Region Municipality, and Al Othaim Mall Project - Al-Mithnab Governorate in Al-Mithnab Governorate, leased from Al-Mithnab Municipality. The Company has developed some of these malls and operates them under long-term lease agreements ranging between 17 and 25 years (for more information about the lease agreements for the Company's leased malls, please refer to Section 12.5.5 "**Lease Agreements and Development of Malls**" of this Prospectus). Revenues from these malls represent about 36.3% of the Company's total revenues for the Financial Year ending December 31, 2018G, about 39.68% of the Company's total revenues for the Financial Year ending December 31, 2019G, about 35.90% of the Company's total revenues for the Financial Year ending December 31, 2020G and about 35.2% of the Company's total revenues for the nine-month period ending on September 30, 2021G. As on September 30, 2021G, these malls represent about one hundred and sixty-five thousand, six hundred and eighty-six (165,686) square meters, which represents about 36% of the total leased area of the Company's malls.

In general, the agreements entered into with the owners of the Company's malls for a fixed term and do not contain any conditions stating that the Company has the right to renew the lease agreements after their expiry. Rather, the renewal of each of these agreements is subject to the approval of the landlord and the agreement of the Company and the landlord on the commercial terms and conditions of such renewal. Therefore, the Company cannot confirm that these agreements will be renewed after their expiry. If these agreements are renewed, their terms and conditions and rental value may be reviewed upon renewal. Any increase in the rental value that may be imposed by the landlords of these malls, whether during the current lease duration or upon renewal, will cause the Company to incur additional costs and thus will have a material adverse effect on the Company's business, results of operations, financial position and future prospects. Also, landlords may, under some mall lease contracts, terminate the lease contracts in some cases (for further details about cases of termination of lease contracts of the Company's malls, see Section 12.5.5 "**Lease Agreements and Development of Malls**" of this Prospectus). If any landlord does not agree to renew the lease agreement or agrees to the renewal on terms unfavorable for the Company, or if any lease agreements are terminated before their expiry for any reason, the Company will have to suspend its business in the concerned mall, which may cause the Company to incur additional costs and lose revenues generated from those malls. Upon the expiry of any lease agreement for land on which one of these malls is built, the Company may not be able to establish a mall in another location, especially when there is intense competition for premium locations and land in these locations is of a high rental value in general. In addition, establishing a new mall in an alternate location involves high costs. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

Lease agreements entered into by the Company with municipalities do not give the Company the right to receive any compensation upon termination. These agreements may be terminated at any time for the public interest with a three (3) month notice prior to termination. Also, upon the expiry or termination of these agreements for any reason, ownership of the buildings and the improvements made by the Company on those lands will be transferred to the municipality (in its capacity as the landlord) and the Company will not receive any compensation. As at September 30, 2021G, the net book value of the buildings and improvements established by the Company amounted to 160.6 million Saudi Riyals. The occurrence of any of the above risks will have a have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

B. Risks Related to the Exposure of the Company's Financial Performance to Fluctuations in the Real Estate Sector

The Company's profitability mainly depends on the level of demand for commercial rental spaces and rental prices, as rent represent 50.8% of the Company and its subsidiaries' total revenues in the Financial Year ending December 31, 2018G, 48.8% as of December 31, 2019G, 56.3% in the Financial Year ending December 31, 2020G and 50% in the nine-month period ending September 30, 2021G. In recent years, the real estate sector in the Kingdom has witnessed many fluctuations in prices and rent as a result of market factors, including the increase in the number of shops. The Company's business is directly affected by these fluctuations, as any decrease in the Company's rental income below the Company's aspirations, even if for a short period, may cause the Company to incur losses and may also lead to a reduction or suspension of any or all of the Company's operations. Since the business of the Company and its Material Subsidiaries is concentrated only in real estate, leisure and retail, the Company completely depends on these sectors, compared to companies that operate in more diversified fields. Any intense fluctuations that do not serve the Company's interest in the real estate sector would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

C. Risks Related to the Company's Malls Being Exposed to an Ownership Dispute

Owning land in the Kingdom creates many risks, especially those related to disputes over ownership, as there is no definitive central registry for land owners. Since there is no law in the Kingdom, titles may not be invalidated, whatever the argument, and different types of historical evidence may be considered to determine and prove legitimate land ownership, such as court rulings, sales agreements and ancient historical deeds. Since all such historical evidence may not be available in all cases, ownership disputes may arise in the future. For example, if a person who owned land in a previous period sold such land to another buyer before selling it to the Company, that other buyer may file a claim against the Company over the ownership of the land, even if he did not register his purchase. Accordingly, the Company may not be able to prove its ownership of all lands owned by the Company and on which it has established its malls. In addition, legal disputes in relation to this real estate may arise and such disputes may raise doubts about the Company's eligibility to own or occupy the relevant lands and in some cases may cause the Company to lose ownership one of its lands. These disputes and doubts about land ownership may affect its value and the Company may be forced to suspend its operations on a certain property, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

D. Risks Related to Illiquidity of Real Estate Assets

The Company currently intends to retain ownership of all its real estate (for further details about the Company's real estate, see Section 12.8.1 "**Real Estate Owned by the Company**" of this Prospectus). However, the Company may seek in the future to sell one or more of this real estate for commercial reasons. Real estate is considered a fixed asset that cannot be easily liquidated. Therefore, the Company may not be able to sell any of its real estate at an acceptable speed or may face difficulties in doing so (particularly in times of recession in the real estate market). The sale price of any of this real estate may be low, especially if the Company is forced to sell it quickly. In addition, the real estate sector in the Kingdom has previously witnessed major fluctuations and changes in prices and some market conditions may lead to a decrease in the value of the Company's real estate portfolio, which includes malls. Some decisions or amendments to the relevant laws, such as raising the value-added tax rate to 15% or deducting the entire commission from the seller, may result in the Company's inability to sell its real estate at an acceptable speed or at the appropriate price. If the Company is unable to sell or transfer the ownership of its real estate at acceptable prices, this will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

E. Risks Related to Mortgaging Some of the Lands Owned by the Company

The Company has entered into credit facility agreements to finance some of its needs (for further details, see Section 12.7 "**Finance Contracts**" of this Prospectus). The guarantees granted under these facilities and Sukuk included mortgaging plots of land owned by the Company in Riyadh. These are Plot No. 1/5 of Plan No. 1270 under Deed No. 610114051534 located in Al-Naseem, Plot No. 1637 located in Murooj in Dammam under Deed No. 830105023126, a plot located in Naqrat Qifar in Hail under Deed No. 442108012131 and an agricultural plot located in Al-Qulaybat in Al-Ahsa under Deed No. 730812002287 (for more information about the properties owned by the Company, please refer to Section 12.8.1 "**Real Estate Owned by the Company**" of this Prospectus). The Company transferred ownership of Al-Ahsa land to financiers until the financing is paid in full (for further details, see the clause "**Investment Real Estate**" of the paragraph "**Non-Current Assets**" of Section 6.5.4 "**Income Statement - Abdullah Al Othaim Investment Company (Standalone)**" of this Prospectus).

Any violation by the Company of its liabilities to financiers will lead to the possibility of financiers enforcing the mortgage on the Company's lands and requesting they be sold along with the buildings on them, in order to collect the debts owed to them by the Company from the proceeds of the sale in accordance with the applicable judicial procedures. Such sale will adversely affect the Company's business and cause the Company to lose its income-generating assets, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

F. Risks Related to the Idle Land Fees Law and its Impact on the Company

The Idle Land Fees Law was issued by Royal Decree No. (M/4) dated 02/12/1437H (corresponding to 11/24/2015G) and its implementing regulations were issued under Ministerial Resolution No. (379) dated 08/09/1437H (corresponding to 06/13/2016G). This law imposes fees on idle lands located within the specified urban zone that have an area of ten thousand (10,000) square meters or more, with an annual fee of 2.5% of the land value. As at the date of this Prospectus, the Company does not own any lands that are subject to the first phase of the Idle Land Fees Law. If any of the land owned by the Company is subject to the Idle Land Fees Law or its implementing regulations, the Company will have to submit the required data to the Ministry of Municipal and Rural Affairs and Housing and pay the necessary fees and any fines or penalties in the event of any violations of the law or delays in providing the required data. If fees, fines or penalties are imposed on the Company as a result of violating the Idle Land Fees Law and the amounts imposed on the Company are substantial, the Company will incur significant financial burdens and obligations, which will have an adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.33 Risks Related to Amendments to the Financial Statements

The audited financial statements for the Financial Years ended December 31, 2018G, 2019G and 2020G and the notes attached thereto have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom and other standards and clarifications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). In such case, the Company is required to implement the amendments or changes made to such standards from time to time. Therefore, any changes to such standards or the mandatory application of new standards could adversely affect the financial statements and, consequently, the Company's financial results and financial position.

In 2019G, the Company applied IFRS 16, which specifies a mechanism for recognizing, measuring and disclosing leases when the Company has leases with third parties. The accounting treatment for leases under IFRS 16 differs from the previously applied IFRS in which expenditures related to leases are calculated on a straight-line basis and lease obligations remain outside the statement of financial position over the lease period.

The main changes resulting from the application of IFRS 16, based on the Company's current leased property portfolio, have caused an increase in depreciation expenses resulting from the recognition of right-of-use assets amounting to about SAR 55.3 million and a net present value of about SAR 516.6 million as at December 31, 2019G, offset by the recognition of liabilities (which resulted from capitalization of leases) with a net present value of about SAR 561.9 million for the same period and the recording of financial fees on liabilities of leases amounting to about SAR 16.1 million .

Accordingly, the impact of the application of IFRS 16 was material in the financial statements as on December 31, 2019G and therefore the results are not comparable between previous periods.

In addition, during 2019G, the management noticed a mistake represented in the failure to record gains of derivatives listed at fair value through profit or loss in the amount of SAR 6.6 million, and not reducing the amount of construction work in progress against the fines charged to contractors. The management also noticed a mistake represented in not distributing part of the transaction price to the reward points granted to its customers, which resulted in an increase in revenues from contracts concluded with customers and a decrease in contract liabilities. Such mistakes have been corrected and, accordingly, the opening retained earnings have been adjusted to correct such mistakes in the audited financial statements for 2019G.

During 2020G, the management noticed a mistake represented in not adjusting the impact of revenues on cases of contracts with a different rental value over the contract term in accordance with the requirements of IFRS 16, which affected revenues by SAR 11.3 million, in addition to the corresponding impact on unrealized revenues. In addition, the excess depreciation of property and equipment of Abdullah Al Othaim Entertainment Co. was adjusted by SAR 7.7 million as a result of using depreciation rates in violation of the approved policy and reducing the cost of property and equipment during 2016G and 2017G. This mistake had to be adjusted in the opening balances of the comparison year as of January 1, 2019G.

2.1.34 Risks Related to the Acquisition of Dar Al Waha Mall

The Company acquired Dar Al Waha Mall, located in northern Al-Rass Governorate, under a sales contract concluded on 13/06/1443H (corresponding to 01/16/2022G), whereby it purchased a plot with a total area of seventy-seven thousand, five hundred sixty-two point seventy-four (77,562.74) square meters and the building established thereon with a total area of fifty thousand (50,000) square meters. According to the sale contract for Dar Al Waha Mall, all seventy-three (73) lease agreements were transferred to the Company and became effective and binding on the Company as of 28/05/1443H (corresponding to 01/01/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). Since the Company did not conclude and negotiate these contracts initially, not all of their terms may be favorable to the Company and the Company may not be able to renegotiate the unfavorable terms or amend some of their clauses. The Company also selects its lessees based on certain criteria that may not be met by the lessees, whose contracts the Company will abide by. The Company also chooses a certain combination of lessees to diversify the sectors and services available at the mall. This policy may not be followed in Dar Al Waha Mall, which may affect the attraction of visitors and thus the turnout rate for Dar Al Waha Mall. In addition, there is a risk in the Company's ability to maintain the existing lessees in Dar Al Waha Mall, as lessees may refuse to renew their contracts or to renew them under the provisions the Company usually observes in lease agreements and transfer all or part of their business with the Company to one or more from its competitors (for more information about the standard provisions in the Company's lease agreements, please refer to Section 12.5.1 "**Standard Provisions of the Company's Lease Agreements**" of this Prospectus). The lessees of Dar Al Waha Mall may also request the Company to reduce the rent of the leased sites or provide additional services that result in increased costs for the Company, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

It should be noted that the Company purchased Dar Al Waha Mall, which was built and opened in 2016G, fully finished. Since the Company did not supervise the construction of Dar Al Waha Mall or rely on its contractors to build it, its external engineering structure and internal design differ from the standards the Company adopts in its other malls, which go through certain stages of study, design and execution (for more information about the stages of project development and the construction of the Company's new malls, please refer to Section 4.4.5 "**Stages of Project Development and Construction of the Company's New Malls**" of this Prospectus). Accordingly, the acquisition of the fully-ready Dar Al Waha Mall may not result in a mall of the same quality as the Company's malls, in terms of engineering form and interior design, which impact important factors in attracting visitors and lessees to the mall, such as the accessibility of mall divisions, ease of access of visitors to the various retail spaces therein, provision of a sufficient number of parking spaces, provision of an appropriate number of rental units of different sizes, the number of doors available at the mall, the ease of picking up or dropping off visitors at the various doors and the ease of their entry and exit from the mall, in addition to the ease of loading lessees' goods at the mall. Furthermore, any modifications or improvements made to Dar Al Waha Mall may not satisfy the aspirations of lessees and visitors, which may affect its ability to compete with the Company's current malls and other malls. In addition, the Company follows structural safety procedures during the development of the structural design of the malls and ensures the integrity of the design and construction calculations. Accordingly, the Company may discover the need to carry out mandatory repairs in a short time, which would force the Company to incur significant costs. Thus, when the Company designs its malls and supervises their construction, it is aware of certain factors in the design and implementation that attract lessees and visitors and ensure the safety of its buildings. These factors may not be present in Dar Al Waha Mall and this may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

In addition, the Company's malls are known by the brand name "Al Othaim Mall" as the Company uses it for all of its existing malls except for Dar Al Waha Mall. Since the Company uses the "Al Othaim Mall" brand, it takes great care to preserve the brand's image and reputation, which positively reflects visitors' confidence in the standard of malls under the "Al Othaim Mall" brand, as well as their knowledge of and interest in them. The Company is currently changing the name of Dar Al Waha Mall to "Al Othaim Mall" to enhance visitor confidence in the mall, but there is no guarantee that the Company will be able to change the name of Dar Al Waha Mall in a short time period or in an easy manner at all. This may affect the mall's visitor turnout rate, thereby affecting the performance of the mall in general or at least until the name of the mall is changed, which may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

The Company follows relevant policies and strategies in managing its operations in its malls, such as those related to leasing units and operating malls (for more information about the Company's management of its operations, please refer to Section 4.4.4 "**Mall Operations Management**" of this Prospectus). The policies applied by the Company in managing its operations in its malls may differ from those applied by the old owner and operator of Dar Al Waha Mall, and there is no guarantee that these policies and strategies will be easily implemented when managing Dar Al Waha Mall. Consequently, the integration of Dar Al Waha Mall operations into the Company's systems and policies, in addition to integrating the existing Dar Al Waha Mall data into the IT systems used by the Company, may be a complicated matter that takes place gradually. The Company is also adopting certain methods to collect rent from its lessees, such as starting to use the Ejar platform as an alternative to the manual lease agreement and the Nafith platform to support the existence of guarantees for current debts by clients, and to increase the use of the SIMAH platform to inquire about the financial position of clients in the event of late payment (for more information about the Company's collections policy, please refer to Section 2.1.8 "**Risks Related to Late Collection of Rent**" and Section 4.4.4 (c) "**Rent Collection**" of this Prospectus). The Company may not be able to apply the collection policies to existing lessees under the lease agreements for Dar Al Waha Mall, which may reduce the Company's rental income and affect the mall's performance, which would have an adverse effect on the Company's cash flows. The inability of the Company to integrate the operations of Dar Al Waha Mall in a smooth manner may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2 Risks Related to the Market, Industry and Regulatory Environment

2.2.1 Risks Related to the Retail Sector

The business of the Company and its Material Subsidiaries is closely related to the retail sector. Therefore, the Company and its Material Subsidiaries are exposed to the risks associated with that sector. In general, the retail sector and visitor behavior are affected by general economic conditions outside the Company's control, such as levels of disposable income, general confidence in the economy, changes in consumer tastes, the ability of consumers to borrow, interest rates, unemployment rates, salary levels, taxes, costs of water and electricity and the cancellation of government subsidies for certain items, either fully or partially. Such changes may affect visitor spending levels and the demand for products and services offered by tenants of the Company and its Material Subsidiaries. If the Company, its tenants or Material Subsidiaries misjudge market changes, or if they do not respond to them appropriately, this will have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and its Material Subsidiaries.

The business and results of operations of the Company and its Material Subsidiaries may be adversely affected by new and long-term trends in the retail sector. For example, the Kingdom is currently witnessing significant growth in e-commerce, so visitors may spend more on online shopping, smartphone applications or through other retail channels in the future. The shift in spending towards e-commerce and other retail channels may lead to a decline in visitor traffic and customer spending levels in the Company's malls, which in turn will lead to a decline in the demand from tenants to rent sites in the Company's malls and affect revenues from sales of the Material Subsidiaries.

In addition, the revenues of some tenants of the Company's malls, including Abdullah Al Othaim Fashion Co., specifically the tenants working in the clothing and fashion trade, are subject to seasonal fluctuations. In general, visitor numbers and sales volume reach their highest levels during holidays, public events, seasonal change periods and back-to-school season and their lowest levels between the end of Hajj and December each year. Tenants may not be able to anticipate seasonal fluctuations in visitor numbers and sales volume and their revenues may not always exceed their operating expenses, which may place them at risk of facing financial difficulties.

2.2.2 Risks Related to Political Instability and Security Concerns in the Middle East Region

The Company's assets, operations and member base are located in the Kingdom and the Middle East region. The Middle East region is subject to a number of political and security risks that impact the GCC and Middle Eastern countries including the Kingdom. As the political, economic and social environments in the Middle East region in which the Company operates remain subject to continuing developments, investments in this region are characterized by significant uncertainty. Any unexpected changes in the political, social or other conditions in Middle Eastern countries may have a material adverse effect on the market in which the Company operates and the Company's ability to retain and attract customers and investments that the Company has made or may make in the future, which, in turn, would have an adverse effect on the Company's business, results of operations, financial condition and prospects.

2.2.3 Risks Related to the Economy of the Kingdom and the Middle East

Most of the Company's assets and business are concentrated in the Kingdom. Therefore, the Company's financial performance depends on the economic and political conditions prevailing in the Kingdom, in addition to the global economic conditions, which in turn affect the Kingdom's economy. The oil sector still constitutes a large share of the gross domestic product (GDP) of the Kingdom. Fluctuations in oil prices may occur and adversely affect the Kingdom's economy. The world economy, including the Kingdom and the Middle East, is currently affected by the COVID-19 pandemic, which led to a significant drop in the price of oil in the first quarter of 2020G (for further details about the risks related to this pandemic, see Section 2.2.6 "**Risks Related to the Impact of the COVID-19 Pandemic on the Economy and Sectors in which the Company Operates**" of this Prospectus). The economic growth rate in the Kingdom has slowed down in recent years and the Kingdom is facing challenges related to the relatively high rates of population growth. All of these factors may have an adverse effect on the Kingdom's economy, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects. Any major unexpected changes in the economic or legal environment in the Kingdom or any other Middle Eastern country, including but not limited to normal or unexpected fluctuations in the markets, economic stagnation, insolvency, high unemployment rates, technological shifts and other developments, will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.4 Risks Related to Increased Competition with the Company and its Material Subsidiaries

The commercial space rental sector for companies operating in the retail sector in the Kingdom is witnessing intense competition. The same applies to the entertainment, fashion and food sectors in which the Material Subsidiaries operate. The Company expects that this competition will increase in the future. The Company and its Material Subsidiaries face intense competition in various aspects as it faces other competitors that provide new entertainment in the Kingdom such as cinemas. The Company also competes directly with other operators of malls to attract tenants and visitors to its malls.

The competition in the sectors in which the Company and its Material Subsidiaries operate is based on several factors, including brand reputation, the quality of the products and services provided, modernity of the infrastructure of malls and facilities, extent of the tenants' satisfaction with the malls and their desire to renew their agreements and satisfaction of visitors to both malls and the facilities of the Material Subsidiaries. The brands of current or future competitors may be more popular than the brands of the Company and its Material Subsidiaries, or such competitors may have greater financial or operational resources than those of the Company and its Material Subsidiaries. Competitors may also be able to keep pace with developments and successive changes in the sector, market requirements, or visitors' tastes better than the Company and its Material Subsidiaries. New and existing competitors may also spend more on advertising and marketing activities or may reduce the rent of their tenants more than the Company. As a result of changes in the Kingdom, the Company's competitors may introduce new entertainment and renewed competition within their existing malls, or develop new types or concepts of malls, which may lead to strengthening their competitive position at the expense of the Company. As a result of the foregoing, the Company and its Material Subsidiaries may sometimes encounter difficulties keeping pace with their competitors. In addition, drastic rent reduction policies adopted by the Company's competitors may adversely affect the Company's ability to compete.

The Company and its Material Subsidiaries may not be able to compete effectively, either at the present time or in the future, as changes in the competitive environment may cause a decrease in the rent value in the Company's malls and a decline in its profit margins, or cause the Company and its Material Subsidiaries to lose their market share, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.5 Risks Related to Adverse Changes in Interest Rates

The Company and its Material Subsidiaries obtain financing and facilities from external financing entities such as commercial banks to expand and develop its operations. Matters outside the Company's control may occur and affect external financing arrangements and, in particular, interest rates, including, among others, government policies and monetary and tax policies, as well as local and global economic and political conditions. Increased interest rates lead to increased financing costs and thus a decrease in the cash flows of the Company and its Material Subsidiaries, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.6 Risks Related to the Impact of the COVID-19 Pandemic on the Economy and Sectors in which the Company Operates

The global outbreak of the COVID-19 pandemic has negatively affected the global economy due to the preventive measures taken by the world's governments to limit the effects of the virus, which led to the imposition of restrictions on travel and movement and curfews in a number of cities and regions of the Kingdom to encourage social distancing. As a result, all malls, entertainment centers, children's game activities, cinemas, restaurants and cafés within malls were closed for a specified period and restrictions on visits to these malls after reopening were imposed. These preventive measures have negatively affected global financial markets, increased unemployment levels and decreased demand for oil, and consequently lowered oil prices and consumer spending. The novel COVID-19 pandemic is expected to negatively affect the growth of the global economy in general, including the economy in the Kingdom. The preventive measures taken by the Government to confront COVID-19 pandemic caused the Company and its Material Subsidiaries to temporarily suspend their business during 2020G and their operations were negatively affected thereafter as a result of the continued application of preventive measures (for further details about the risks related to preventive measures, see Section 2.1.4 "**Risks Related to COVID-19 Preventive Measures**" of this Prospectus. In addition, the business of the Company and its Material Subsidiaries may be affected as a result of the economic consequences caused by the COVID-19 pandemic on the Kingdom's economy, including adverse effects on the real estate, entertainment and retail sectors such as lower income and its impact on demand in those sectors. If COVID-19 pandemic continues or any similar future event occurs, this will lead to a material adverse effect on the Kingdom's economy and thus on the Company's business, results of operations, financial condition and prospects.

2.2.7 Risks Related to the Permits, Licenses and Approvals Necessary for the Company and its Material Subsidiaries to Carry Out Their Business

In order to carry out its business activities, the Company and its Material Subsidiaries are required to obtain permits, licenses and approvals from various governmental authorities. The Company and its Material Subsidiaries currently maintain a number of valid permits and licenses related to its business activities, including, but not limited to, commercial registration certificates for the Company and its subsidiaries and branches issued by the Ministry of Commerce, commercial licenses for the Company's malls issued by various municipalities and Saudization and building completion certificates issued by municipalities. The expiration of municipal licenses and commercial records and the inability to renew them in a timely manner may expose the Company to violations and fines, which will negatively and fundamentally affect the Company's business, outcomes of its operations, financial position and future prospects (for further details on the licenses obtained by the Company and the Material Subsidiaries, please see Section 12.3 "**Material Licenses**" of this Prospectus).

When developing new properties, the Company is also required to obtain permits, licenses, certificates and approvals from various administrative authorities at various phases of the development process. This includes but is not limited to building permits, building completion certificates from the respective municipality and commercial registration certificates. In order obtain these permits, licenses, certificates and approvals, the Company is required to meet certain conditions and requirements. In particular, the Company must obtain building completion certificates from the respective municipality for new real estate development projects that confirm whether the construction works have been carried out in accordance with the requirements and specifications set forth in the building permit. Various penalties may be imposed on the Company for properties that are built in violation of the requirements and specifications set forth in the building permit, including fines or the closure or demolition of the violating properties. The Company may encounter problems or obstacles in obtaining the building completion certificates required by the municipality or any other governmental approvals, or in meeting the conditions required to obtain such approvals. The Company may not be able to comply with new laws, regulations or policies that may be applied from time to time in the real estate sector in general, or comply with the procedures related to granting the necessary approvals. A building completion certificate is issued to ensure that the construction plans conform with the actual project implemented. In the absence of such certificate, nothing can guarantee that the building is in compliance with all requirements, including civil defense requirements. In addition, the operation of malls requires the issuance of certain commercial licenses from the concerned municipality. The Ministry of Municipal and Rural Affairs and Housing (to which the Council of Municipalities is affiliated) has set in the Kingdom conditions for issuing licenses for malls. These conditions provide that it is not permissible to operate malls without obtaining the necessary commercial license from the concerned municipality. As of the date of this Prospectus, the Company has obtained a commercial license for one mall, Al Othaim Mall - Hail. It has not obtained commercial licenses for eight (8) malls which are Al Othaim Mall – Rabwah, Al Othaim Mall – Khurais, Al Othaim Mall – Buraydah, Akirshah Mall, Al Othaim Mall - Unaizah, Al Othaim Mall – Dammam, Al Othaim Mall – Al-Ahsa and Al Othaim Mall – Arar as the concerned municipalities in the cities in which these malls are located do not issue licenses for malls. Instead they issue commercial licenses for the retail spaces located within malls and licenses have been issued for the Company's administrative offices in lieu of licenses for commercial malls, with the exception of Akirshah Mall where no license has been issued for the Company's administrative offices, as of the date of this Prospectus. In the event that the practices followed by the concerned municipalities change, the Company will be required to issue new commercial licenses for those malls, otherwise it may be subject to fines or penalties. As for Dar Al Waha Mall, a valid municipal license was issued for it, but it is in the name of the old owner, noting that the ownership of the mall was transferred to the Company on 28/05/1443H (corresponding to 01/01/2022G). The Company is currently working to transfer such license to the Company's name. However, if the Company is unable to transfer the license to its name, it may be subject to certain fines or penalties. The Company also leases residential buildings in Riyadh and Hofuf, and as of the date of this Prospectus, the Company is currently in the process of issuing a residential license from the Ministry of Municipal and Rural Affairs and Housing for the residential building in Hofuf. If the Company is unable to maintain these licenses (including a license to build a new site) or work under them and in observance of their provisions, this will have a material adverse effect on the Company's business, results of operations, financial position and future prospects. Most of the Company's existing licenses are subject to conditions under which those licenses may be suspended or revoked if the Company fails to meet and comply with such conditions. In addition, there is no guarantee that the Company will be able to obtain the approval of the concerned authority when seeking to renew or amend any license, or that the concerned authority, if it agrees to the renewal, will not impose conditions that would adversely affect the performance of the Company.

As for the Material Subsidiaries, the operation of entertainment centers by Abdullah Al Othaim Entertainment Co. and various shops and restaurants by Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. also requires the issuance of certain commercial licenses from the relevant municipality (for more details about the licenses obtained by the Material Subsidiaries, see Section 12.3 "**Material Licenses**" of this Prospectus). Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. have obtained all necessary licenses for their business from the concerned municipalities, except for the licenses for the sites of Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co. inside the Company's malls in Al-Khafji and Hafr Al-Batin, as they have leased the sites, but the construction works in those malls are still going on. In addition, Abdullah Al Othaim Food Co. is working to obtain municipal licenses for its warehouses located in Riyadh as at the date of this Prospectus.

It is worth noting that the Company's Saudization certificate has expired as of the date of this Prospectus and is being renewed. The Saudization certificates issued to Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. have also expired as of the date of this Prospectus and were not renewed due to their non-compliance with Saudization requirements (for more information about the Saudization certificates issued to the Company and its Material Subsidiaries, please refer to Section 12.3.2 "**Other Licenses Issued to the Company**" and Section 12.3.3 "**Other Licenses Issued to Material Subsidiaries**" of this Prospectus). Therefore, if the Company or any of its Material Subsidiaries or branches cannot obtain any license necessary for their business or cannot renew such licenses, if their licenses expired or were suspended or if the Company or its Material Subsidiaries cannot obtain additional licenses necessary in the future, the Company or its Material Subsidiaries would have to stop operating in whole or in part, which may disrupt the operations of the Company or its Material Subsidiaries and cause them to incur additional costs, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.8 Risks Related to the Implementation of VAT

The implementation of new taxes by the Government may decrease spending levels of visitors to the Company's malls, the entertainment centers of Abdullah Al Othaim Entertainment Co., the retail retail spaces of the Abdullah Al Othaim Fashion Co. or the restaurants of Abdullah Al Othaim Food Co. The Government imposed a VAT of 5% starting from 14/04/1439H (corresponding to 01/01/2018G) and increased it to 15% starting from 10/11/1441H (corresponding to 07/01/2020G).

The implementation of VAT in the Kingdom has increased the prices of most goods, which may decrease spending levels of visitors to the Company's malls and the stores of its Material Subsidiaries, especially in the short and medium term. Since the impact of implementing this tax or increasing it to 15% is not entirely clear, this may create difficulties for the Company's tenants, which may make them postpone their plans to expand their business and refrain from renting new sites within the Company's malls.

Considering that VAT, and its increase from 5% to 15% or any other possible rate, may decrease spending levels of visitors to the Company's malls and the sites of the Material Subsidiaries, this may have a material adverse effect on the tenants of the Company and Material Subsidiaries, which in turn may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.9 Risks Related to Compliance with Saudization and Other Labor Law Requirements

Compliance with Saudization requirements is required by law in the Kingdom, whereby all companies operating in the Kingdom, including the Company and its Material Subsidiaries, are obliged to employ and maintain a certain percentage of Saudi employees among their employees. The required Saudization percentages vary according to a company's activities and size. The Company has been classified within the "Platinum" range for construction and building activities under the Nitaqat program as of 16/04/1443H (corresponding to 11/21/2021G). The Company's classification within the "Platinum" range means that it is in compliance with current Saudization requirements. Companies adhering to these requirements are allowed to obtain work visas. The Material Subsidiaries are also in compliance with their Saudization requirements (for further details about the Company and its Material Subsidiaries' compliance with Saudization requirements, see Section 4.9 "**Employees**" of this Prospectus).

In May 2017G, the Saudi Minister of Human Resources and Social Development issued a resolution requiring that work in malls be restricted to Saudi citizens. In early 2018G, the minister issued a ministerial decree ordering the Saudization of jobs in twelve (12) categories of retail trade activities, including watches, eyeglasses, electrical and electronic appliances, children's clothing, men's accessories, home kitchen appliances and confections. This decree led to an increase in the operational costs for most of the Company's tenants, which adversely affected the financial position of these tenants and their ability to meet their obligations in paying rent to the Company. The Company has a complete Saudization plan for all its subsidiaries. It has already started to implement this plan and will finish by the end of this year. Saudization in Buraidah, Unaizah, Arar and Hail started in 2017G. However, there is no guarantee that the Company and its Material Subsidiaries will be able to meet the current or adjusted requirements for Saudization or other labor regulations in the future. There is also no guarantee that the minimum wage in which the Company and its Material Subsidiaries must adhere to will not rise in the future. In the event of non-compliance with Saudization requirements, the Company and its Material Subsidiaries will face penalties from governmental authorities, such as suspension of work visa requests and suspension of requests to transfer sponsorship for non-Saudi employees. The Company and its Material Subsidiaries may not be able to recruit and maintain the required percentage of Saudis. In addition, the Company and its Material Subsidiaries may not be able to provide the required manpower and employ the required number of Saudi and foreign workers without incurring additional costs, or they may not be able to do any of that at all. This will have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and its Material Subsidiaries.

It is worth noting that the Company's Saudization certificate has expired as of the date of this Prospectus and is being renewed. The Saudization certificates issued to Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. have also expired as of the date of this Prospectus and were not renewed due to their non-compliance with Saudization requirements (for more information about the Saudization certificates issued to the Company and its Material Subsidiaries, please refer to Section 12.3.2 "**Other Licenses Issued to the Company**" and Section 12.3.3 "**Other Licenses Issued to Material Subsidiaries**" of this Prospectus). If the Company and its Material Subsidiaries are unable to maintain valid Saudization certificates and are unable to obtain or renew the same as a result of violating Ministry of Human Resources and Social Development regulations, the Company shall incur penalties, which would have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and its Material Subsidiaries.

In addition, based on the Financial Due Diligence report, a difference in the number of employees was noted between management information and General Organization for Social Insurance records on the Company and its Material Subsidiaries as at December 31, 2019G. This difference indicates non-compliance with the laws of the Ministry Human Resources and Social Development, which may lead to legal consequences against the Company and its Material Subsidiaries, including the imposition of penalties or fines on the Company and its Material Subsidiaries, or the suspension of work visa requests and sponsorship transfer requests for non-Saudi employees. It is worth noting that as of the financial period ended September 30, 2021G, the Company had one hundred and seventy-three (173) employees working for the Material Subsidiaries, and there were one hundred fifty-seven (157), sixty-seven (67), and two (2) employees from Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co., respectively, working for the Company. The difference in such numbers indicates that there is a problem regarding sponsorship, as some of the Company's employees are under the sponsorship of the Material Subsidiaries, while some employees of the Material Subsidiaries are under the sponsorship of the Company. This results in inaccuracies in the information registered with the General Organization for Social Insurance, the Nitaqat program and the Saudization certificates for the Company and the Material Subsidiaries, which is inconsistent with the regulations of the Ministry of Human Resources and Social Development and may also lead penalties or fines being imposed on the Company and its Material Subsidiaries, or the suspension of work visa applications and the transfer of sponsorship of non-Saudi workers. In the event that any penalties or fines are imposed on the Company or its subsidiaries, this will have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and its Material Subsidiaries.

2.2.10 Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

In 2016G, the Government adopted a number of resolutions intended to implement comprehensive reforms in the Saudi labor market, with additional fees being imposed on all non-Saudi employees working for Saudi entities and companies as of 14/04/1439H (corresponding to 01/01/2018G) and increased fees for the issuance of residence permits for families of non-Saudi employees as of 07/10/1438H (corresponding to 01/07/2017G) for the Company, Abdullah Al Othaim Fashion Co., Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co. The amount of fees paid as of September 30, 2021G is estimated at SAR 1.2 million, SAR 1.1 million, SAR 2.0 million and SAR 0.7 million, for the Company, Abdullah Al Othaim Fashion Co., Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co respectively.

Increased fees for residence permits for families of non-Saudi employees may increase the cost of living, harming non-Saudi employees. Therefore, these non-Saudi employees may seek to work in other countries with a lower cost of living. In this case, it may be difficult for the Company to attract or retain employees with the necessary skills and competencies. It may also have to bear the cost of increasing government fees for residence permits for families of non-Saudi workers, which may cause the Company to incur increased costs. This will have a material adverse effect on the Company's business, results of operations, financial position and future prospects. In addition, the Company's tenants are prone to the same risks. They may incur additional costs for government fees for all of their non-Saudi employees. Any increase in the costs incurred by tenants will adversely affect their financial position, which may negatively affect their ability to meet their financial obligations to the Company and decrease the Company's revenues.

2.2.11 Risks Related to Changes in Prices of Energy, Electricity, Water and Related Services

The Saudi Council of Ministers issued Resolution No. 95 dated 17/03/1437H (corresponding to 12/28/2015G) on raising energy prices (including fuel) and electricity, water and sanitation services tariffs for residential, commercial and industrial industries in 2016G, as part of the Kingdom's policies aimed at rationalizing the Government subsidy program. The Ministry of Energy issued a statement on 24/03/1439H (corresponding to 12/12/2017G) on the Financial Balance Program Plan to reform prices of energy products. This resulted in an increase in the prices of gasoline 91, gasoline 95, diesel for industry and facilities, diesel for transportation and kerosene as of 14/04/1439H (corresponding to 01/01/2018G). On 30/11/1442H (corresponding to 07/10/2021G), the Energy and Water Price Reforms Executive Committee in the Kingdom announced the issuance of a royal directive approving setting a ceiling for gasoline prices as of the date of the announcement, setting the price for octane 91 at two Saudi Riyals and eighteen halalas (SAR 2.18) and octane 95 at two Saudi Riyals and thirty-three halalas (SAR 2.33). The prices shall be reviewed regularly and shall not exceed the established ceiling.

Water and electricity expenses for the Company and its subsidiaries amounted to about SAR 59.2 million (representing 13.1% of the cost of revenue) during the Financial Year ending in December 31, 2018G, about SAR 61.3 million (representing 13% of the cost of revenue) during the Financial Year ending in December 31, 2019G, about SAR 50.7 million (representing 13.5% of the cost of revenue) during the Financial Year ending in 2020G and SAR 49.8 million (representing 15.5% of the cost of revenue) for the year ending on September 30, 2021G. The Company may not be able to charge any increase in electricity expenses to its tenants by raising the rent or by another means.

In addition, the price increases described above as well as any other possible increases may decrease visitors' available spending income in general. The number of visitors and sales in the Company's malls and in stores, restaurants and entertainment centers of the Material Subsidiaries may be affected. The operating expense of the Company and its Material Subsidiaries may increase accordingly, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.12 Risks Related to Changes in Government Laws and Policies or Changes in the Implementation Thereof

The Company and its Material Subsidiaries are governed by a collection of the Kingdom's laws and regulations, which are enforced by various Government authorities in accordance with Government policies and directives. In addition, the subsidiaries are governed by the laws and regulations of the countries in which they do business, including the UAE, Bahrain, Qatar and Egypt. The demand for commercial spaces in the Company's malls and the Company's overall business may be adversely and materially affected by the amendments that may be made to Government laws, regulations and policies and administrative directives or their interpretations in the Kingdom, including those applied to the real estate sector in the Kingdom.

The Company and its Material Subsidiaries cannot anticipate changes in the regulatory environment in the countries in which they do business. This regulatory environment may undergo many changes due to changes in the tax system, the adoption of stricter anti-monopoly measures, pricing, corporate governance, the rental system, increasing customs duties and other changes. Saudi Customs has announced increased customs duties on certain products, which will result in an increase in equipment costs for the Company and Abdullah Al Othaim Entertainment Co., an increase in product costs for Abdullah Al Othaim Fashion Co. and an increase in the costs of some food and beverages for Abdullah Al Othaim Food Co. However, this decision has not been implemented as at the date of this Prospectus. In addition, the Company and its Material Subsidiaries will not be able to anticipate future resolutions of government authorities in the countries in which they do business. Such resolutions may affect the business of the Company and its Material Subsidiaries, including but not limited to resolutions of government agencies to wholly or partially close roads leading to the Company's malls or the facilities in which the centers and exhibitions of the Material Subsidiaries are located, which would affect visitor turnout in those malls and facilities. The Ministry of Municipal and Rural Affairs and Housing, for example, may probably impose additional fees on the idle lands owned by the Company. The municipalities too may impose additional safety standards for both the Company's malls and the facilities of the Material Subsidiaries, which may cause the Company to incur additional burdens, whether in terms of time, effort or money. This would reduce the profits of the Company or its Material Subsidiaries by increasing the costs they incur.

The Company and its business are governed by many laws and regulations that are still relatively new and whose interpretation and application are still vague in some aspects. The application, interpretation and implementation of some of these laws and regulations may involve some ambiguity. For example, on 29/06/1441H (corresponding to 02/23/2020G), the Minister of Commerce and the Minister of Municipal and Rural Affairs and Housing inaugurated the standard lease agreement for the commercial real estate sector, thus making it a mandatory agreement in implementation of Ministerial Resolution No. 405 dated 22/09/1437H (corresponding to 06/28/2016G), that requires the registration of all residential and commercial lease agreements in Ejar in order for them to become an executory instrument for both parties to the agreement. Also, in implementation of Ministerial Resolution No. 405 dated 22/09/1437H (corresponding to 06/28/2016G), the registration of real estate brokers is mandatory for commercial real estate lease agreements. The Company holds a real estate broker membership in Ejar (for further details about this membership, see Section 12.3.2 "**Other Licenses Issued to the Company**" of this Prospectus). Furthermore, as of the date of this Prospectus, the Company has registered six hundred and thirty-seven (637) lease contracts concluded between the Company and its lessees excluding the Material Subsidiaries, seven (7) lease contracts between the Company and Abdullah Al Othaim Fashion Co., nine (9) lease contracts between the Company and Abdullah Al Othaim Entertainment Co. and three (3) lease contracts between the Company and Abdullah Al Othaim Food Co. the electronic network of rental services. However, the Company and its Material Subsidiaries have not registered the rest of their lease agreements electronically. With respect to the lease agreements concluded with lessees of retail spaces in Dar Al Waha Mall, whose ownership was transferred to the Company on 28/05/1443H (corresponding to 01/01/2022G) under the sales contract concluded on 13/06/1443H (corresponding to 01/16/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). It should be noted that only two (2) lease agreements registered in the electronic network of rental services have been transferred to the Company. A circular was issued by His Excellency the Minister of Justice to all courts stating that lease contracts that are not registered in the electronic network of rental services are not valid and are without judicial effect, in accordance with Ministerial Resolution No. 292 dated 16/05/1438H (corresponding to 02/13/2017G) stating that lease contracts that are not registered in the electronic network are not considered a valid contract with administrative and judicial effects. This means that the Company or the Material Subsidiaries may not be able to file lawsuits to claim rights resulting from unregistered lease contracts concluded after 04/05/1440H (corresponding to 01/10/2019G). As of the date of this Prospectus, the Company confirms that all new lease contracts concluded after 29/06/1441H (corresponding to 02/23/2020G) have been documented in the electronic network of rental services. However, it is still registering the rest of its lease contracts in the electronic network of rental services, simultaneously with the expiry and renewal of each lease contract. The Company also records valid lease contracts in the electronic network of rental services if the lessee so requests. The Ministry of Municipal and Rural Affairs and Housing intends to link services for electronically registered rental agreements with the "Balady" service, under which commercial municipal licenses are issued and renewed. Thus, the Company or its Material Subsidiaries will not be able - when this is implemented - to issue or renew municipal licenses for the Company's malls or the Material Subsidiaries' retail spaces as long as the Company's lease agreements are not registered electronically, which may disrupt the operations of the Company or its Material Subsidiaries or expose them to penalties and fines for non-compliance with the relevant laws. The standard lease agreement may not give the Company absolute freedom to set all its conditions for renting its retail spaces in its malls, as the parties to the lease agreement - through the real estate broker - can modify or add certain terms within a narrow scope so that the agreement does not lose its effectiveness as an executory instrument. Therefore, if the Company and its Material Subsidiaries do not comply with some or all requirements of the laws and regulations to which they are subject, or if they are unable to respond effectively to changes in the regulatory environment, this will lead to the imposition of fines or penalties or could affect the effectiveness of its agreements, which in turn will have a material adverse effect on the business, results of operations, financial position and future prospects of the Company and the Material Subsidiaries.

There can be no assurance that future amendments to laws and regulations or changes in government policies regarding the sectors in which the Company and its Material Subsidiaries operate will be favorable to the Company. This includes the promulgation of new laws (which may, for example, impose restrictions on retail trading hours) or changes in existing laws or in their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and its Shareholders. All the aforementioned factors are outside the control of the Company and its Material Subsidiaries and will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.13 Risks Related to the Environment and Health

In accordance with the relevant laws of the Kingdom, the landlord is responsible for the costs of removing or taking corrective action with regard to certain hazardous or toxic substances on the concerned property, whether the landlord is aware that such substances are on the property or not. If there are any hazardous or toxic substances on any of the Company's properties, the Company will be responsible for removing or taking corrective action with regard to them, which may lead to the Company incurring high costs or being subject to legal claims in the event of any injuries or damages, which will negatively affect the Company. If the Company is unable to remove these substances properly, this may negatively affect its ability to dispose of or mortgage the property to obtain financing in the future. In the event of any significant losses due to such substances that are not covered by insurance, or if they exceed the insurance limit, this will adversely affect the Company's business, results of operations, financial condition and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Effective Control Post-Offering by the Current Shareholders

Following the Offering, Abdullah Saleh Ali Al Othaim (directly and indirectly through Al Othaim Holding Company) will own 70% of the Company's issued Shares. As a result, Abdullah Saleh Ali Al Othaim, directly and indirectly through Al Othaim Holding Company, will have the ability to significantly influence the Company's business through his ability to control decisions and actions that require the Shareholders' approval, including but not limited to the election of Directors, significant corporate transactions, dividend distributions, capital adjustments and amendments to the Bylaws.

The interests of Abdullah Saleh Ali Al Othaim - as the Company's Substantial Shareholder - may conflict with the interests of the minority Shareholders (including the Subscribers) and Abdullah Saleh Ali Al Othaim may be prevented from making certain decisions or taking certain actions that would protect the interests of the Company's other Shareholders, which may put the minority Shareholders in a situation that is not in their interest. Abdullah Saleh Ali Al Othaim may also exercise his control in a way that may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.3.2 Risks Related to the Absence of a Prior Market for the Shares

There is currently no public market for the Company's Shares and there may not be an active and sustainable market for the trading of the Company's Shares subsequent to the Offering. If such market exists, it may not continue. If an active and liquid market is not developed or maintained, the price of the Shares could be adversely affected. This could have an adverse impact on the expected returns of the Subscribers or may lead to the partial or complete loss of Subscribers' investment in the Company.

2.3.3 Risks Related to the Sale of a Large Number of Shares on the Stock Exchange

The sale of a substantial number of Shares on the Exchange following the completion of the Offering, or the perception that such sale will occur, may adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a Lock-up Period of six (6) months following the Offering during which they may not dispose of any shares. However, the sale of a substantial number of Shares by any of the Substantial Shareholders following the end of the Lock-up Period, or the perception that such sales may occur, would have an adverse effect on the price of the Shares on the Exchange.

2.3.4 Risks Related to the Issuance of Additional Shares

The Company does not currently intend to issue additional shares following completion of the Offering. If the Company decides to raise additional capital by issuing new shares, this may adversely affect the share price on the market and dilute the ownership percentage of the Company's Shareholders if they do not subscribe to new shares at that time. Accordingly, this could have a material adverse effect on Subscribers' anticipated returns and could make them lose all, or part of, their investment in the Company.

2.3.5 Risks Related to Fluctuation in the Market Price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's businesses, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. There are various factors, including - but not limited to - the Company's financial results, its overall status in the sector in which it operates and the sector's economic and regulatory environment, which may lead to sharp fluctuations in the price of the Company's Shares and the liquidity available for trading.

The Offer Price may not be indicative of the price at which the Shares will be traded on Tadawul following completion of the Offering, and Subscribers may not be able to resell the Offer Shares at the Offer Price or higher or may not be able to sell them at all. The trading price of the Shares may be adversely affected by many factors, including but not limited to:

- Negative variations in the Company's operating performance and improved performance of its competitors.
- Actual or anticipated fluctuations in its quarterly or annual operating results.
- Publication of negative research reports by securities analysts about the Company, its competitors or the real estate development industry.

- The public's reaction to the Company's press releases and other public announcements.
- Failure of the Company or its competitors to meet analysts' projections.
- Departures of key personnel.
- Important and strategic decisions by the Company or its competitors and changes in business strategy.
- Changes in the regulatory environment affecting the Company or the real estate development industry.
- Changes in the accounting rules and policies adopted.
- Terrorist acts, acts of war or widespread civil unrest.
- Natural and other disasters.
- Changes in general market and economic conditions.

The occurrence of any of the above risks could cause the market price of the Shares to decline significantly.

In general, the stock market witnesses extreme price and volume fluctuations from time-to-time. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares and higher price volatility if the trading volume of the Shares is low, which will have an adverse effect on Subscribers' investments in the Company's Shares.

2.3.6 Risks Related to the Company's Ability to Distribute Dividends

Future distribution of dividends will depend on several factors, including but not limited to future earnings, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company (for more information about the Company's dividend policy, see Section 7 "**Dividend Distribution Policy**" of this Prospectus). Moreover, the Company may not be able to pay dividends, and the Board of Directors may not recommend or the Shareholders may not approve the distribution of dividends. In addition, the Company may be subject to terms on the distribution of dividends in future financing agreements. It should be noted in this regard that the credit facility contract with Saudi British Bank (SABB) imposes limitations restricting the distribution of profits if the debt service coverage ratio falls below 1:1 during the financing period (for more information about these contracts, please see Section 12.7 "**Financing Contracts**" of this Prospectus). The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase.

3. Industry and Market Data

3.1 Introduction

Abdullah Al Othaim Investment Company (the "Company") commissioned Euromonitor International, an independent strategic market research company, to prepare a Market Study on the lease of shopping malls, food and beverage and fashion retail centers in the Kingdom of Saudi Arabia, in addition to family entertainment centers in Saudi Arabia, Egypt, Qatar, Oman and the UAE.

The information below was based on an independent Market Study prepared by Euromonitor, which has given and has not withdrawn its written consent to publish the Market Study prepared by it in the Prospectus as of the date scheduled for publication. Neither Euromonitor nor its employees or relatives thereof have shares or interests of any kind in the Company or any of its subsidiaries.

The estimates and forecasts contained in the section on information about the sector and market have been prepared based on a market research study prepared by Euromonitor. This Market Study includes research estimates based on several official published sources and surveys conducted by Euromonitor on a sample of mall owners, official bodies and major fashion retail, food and beverage services, cinema, family entertainment centers and amusement park operators. It was primarily prepared as a research tool.

Accordingly, Euromonitor International used methodologies and information sources suitable for such study. However, because the nature of the techniques and methodologies used in the market research does not guarantee the accuracy or completeness of the information, Euromonitor International Ltd. should not be considered an authority on the information contained in this study or that such information represents the opinion of Euromonitor International Ltd. on the value of any security or any investment advice in the Company.

The Directors of the Company's Board have no reason to believe that such information is false or misleading or that any material fact which would make such information false or misleading has been omitted. The information prepared by Euromonitor International Ltd. and contained in this section of the information about the sector and market has not been independently verified by the Company or any third party. Neither the Company nor Euromonitor International Ltd. makes any representations as to its accuracy. Such information should not be relied upon when making or refraining from any investment decision.

Euromonitor International is an independent company specialized in strategic market research It collects and analyzes data for thousands of products and services around the world. We, as independent market researchers, also provide our opinion on historical market trends. Our forecasts for each region, country, category, channel and consumer are unbiased. The Euromonitor research includes qualitative and quantitative business surveys and analyses to provide information about the market, competition and dealers. Euromonitor was established in London in 1972G. Its client list includes many leading manufacturers, investment banks and even government agencies and universities.

3.2 Research Methodology

All data, analyses and research estimates contained in this section are based on research conducted between July and September 2021G including: (1) Desk research to collect publicly available secondary data sources, including macroeconomic statistics, demographics and statistics on non-essential consumer goods and production from credible sources such as the World Bank, the International Monetary Fund (IMF), the General Authority for Statistics (GASTAT), the Saudi Central Bank (SAMA), the UAE Federal Competitiveness and Statistics Center (FCSA), press articles related to companies and reports of independent entities; (2) trade survey analysis of the views and perspectives of a sample of industry leaders in Saudi Arabia, Egypt, Qatar, Oman and the UAE, including mall owners, fashion retailers, restaurants and consumer food service owners, family entertainment center owners and theme park owners; and (3) audits and analysis of all sources to build industry consensus regarding market size and historical trends.

3.3 Grounds of Predictions and Assumptions

In its report, Euromonitor International relied on the following assumptions: (1) The social, economic and political environment is expected to remain stable in Saudi Arabia, Egypt, Qatar, Oman and the UAE during the period from 2021G-2025G; (2) there are no external shocks, such as financial crises affecting the supply and demand for the sector in Saudi Arabia, Egypt, Qatar, Oman and the United Arab Emirates during the same period; and (3) the main factors that affect growth/demand during the periods from 2015G-2020G and from 2020G-2025G in Saudi Arabia, Egypt, Qatar, Oman and the UAE include population growth, inflation, GDP growth, consumer spending, Saudization, departure of foreign residents, tourism influx, value-added tax and private/public investments. The report also covers the impact of the coronavirus (COVID-19) pandemic where relevant.

3.4 Definitions

Category	Subcategory	Description
Food and Beverage Services	-	Food and Beverage Services consist of full service cafés and restaurants, fast food services, 100% delivery services, self-service cafeterias and street stalls.
Clothing and Footwear Retailers	-	Markets that sell all types of clothing, shoes and accessories, such as imitation jewelery, belts, handbags, hats, socks or a combination of such items (including stores which only sell handbags). It also includes stores that contain a collection of such products, whether for men, women or children, and those whose specialization varies according to gender, age or product. For example, grands include Gap, H&M, Zara, C&A, Miss Selfridge, Foot Locker and Uniqlo. This category does not include outlets selling sports products. Brands such as Adidas and Nike are included in the clothing and footwear retailers category as long as they only offer sportswear (e.g., Niketown). Brands that offer sportswear are excluded from the clothing and footwear retailers category and included in sports products stores (not included in the scope).
General Clothing	General clothing	Clothing and fashion which must be new when sold to the consumer. Used clothing is excluded. Old and/or classic clothing are also excluded. Sportswear (which is classified as a separate category) is included in clothing as a whole.
	i. Women's Clothing	Women's outdoor clothing. This category includes skirts, dresses, pants, shorts, jeans, suits, blouses, shirts, jackets, coats and sportswear. It does not include women's underwear, sleepwear, swimwear or socks, which are included in each sector above as appropriate. Knitted products are also included.
	ii. Women's Underwear and Sleepwear	Women's underwear includes all items that are worn directly on the skin and under a woman's outer clothing. It includes the following: bras, panties, lingerie sets, bra belts, hosiery and body corsets. It also includes thermal and sports bras. Underwear accessories, such as lingerie tape or bra accessories are excluded. Women's sleepwear includes all clothing designed to be worn indoors/in the bedroom: nightwear and home-wear, T-shirts, nightgowns and blouses. Please note that house shoes are excluded and listed under shoes.
	iii. Children's Clothing	This category includes infant, toddler, boys and girls clothing. Infant and toddler clothing includes clothing for infants and toddlers aged 0-3 years (0-36 months). Clothing for children aged 36 months and older includes girls' clothing and boys' clothing, respectively. This category also covers all types of clothing for children and infants: suits, dresses, skirts, pants, shorts, socks, sleepwear, underwear and swimwear. Disposable or cloth diapers are excluded. Boys' clothing includes clothing for boys aged 4-14 years. It includes all types of clothing: coats, blouses, shirts, shorts, jeans, suits, undershirts, sleepwear and swimwear. Girls' clothing includes clothing for girls aged 4-14 years. It includes all types of clothing: dresses, jackets, coats, blouses, leggings, shirts, blouses, shorts, pants, jeans, suits, undershirts, sleepwear and swimwear.
	iv. Clothing Accessories	Complementary clothing, belts, scarves, gloves, hats, ties and other accessories. Knitted accessories (hats, scarves and gloves) are also included. It includes all products designed for men, women, children and infants. Shoes, bags and sunglasses are excluded from this category and included in footwear, travel essentials and sunglasses, respectively.
Online Retailing		Selling consumer goods to the public online. This includes sales via mobile phones and tablets. Online retailing also includes sales generated from purely e-commerce sites and through sites operated by in-store retailers. Sales data is attributed to the country in which the consumer is located, not the country in which the retailer is located.
Specialty Chocolate Cafés		Cafés specialized mainly in providing sweets and drinks containing chocolate, such as chocolate cappuccinos, chocolate frappuccinos, etc. Such cafés use their own chocolate and usually have a chocolate fountain for sale to customers.
Affordable Quality Clothing		Affordable quality clothing is defined as affordable domestic or international clothing brands with high quality and reasonable prices. The quality of such brands is also seen as higher than that of unknown brands or local «unbranded» brands. Such brands are usually found in malls or sometimes in a few independent outlets. Max and Splash brands are unique and distinct in the field of quality and affordable clothing in the Kingdom of Saudi Arabia.

3.5 Macroeconomic Environment in Saudi Arabia and Neighboring Markets

3.5.1 Overview of the Kingdom of Saudi Arabia

After a period of economic growth at an average annual rate of 1.4% during the period from 2017G-2020G (supported by factors including higher government revenues resulting from general financial reform measures and the continued implementation of economic reforms to increase private sector participation, in addition to the recovery in global oil prices), the Saudi economy (GDP) contracted by 4.1% in real value in 2020G in the wake of the dual crisis of COVID-19 and lower oil prices, which led to a shortfall in financial revenue.

Despite this favorable environment, the pandemic had a negative impact on the global, regional and local economy, leading to increased challenges to the performance of Saudi economic growth engines. However, the impact of such factors is expected to be mostly in the short term. These challenges include a new round of Government public finance measures in 2020G, including tripling the value-added tax from 5% to 15%, withdrawing the cost of living allowance for government employees and declaring spending cuts on areas deemed "non-priority." This will be added to already existing trends such as the higher labor and operating costs faced by companies since 2017G caused by factors such as the Saudization of the workforce, fees imposed on foreign residents and subsidy reforms, which affected the profitability of the private sector during this period. However, the Government reaffirmed its commitment to the long-term execution of investments as part of Saudi Vision 2030 and related programs. It also announced its intention to consider easing public finance measures (in particular, those related to tripling the value-added tax) once the impact of the epidemic lessens, in order to further support the economy.

Per capita income in the country was SAR 34,327 (USD 9,154) in 2020G after rising at a CAGR of 1.8% from 2015G-2020G, supported by the economic expansion in Saudi Arabia during such period, despite the decline in the annual growth rate to 0.8% in 2020G compared to 2.5% in 2019G due to the effects of COVID-19 on employment rates and the departure of foreign residents during the pandemic.

Overview of the Demographics of the Kingdom

The total population of Saudi nationals reached 21.4 million, representing 65.1% of the country's total population in 2020G, compared to 63.2% in 2016G. The population of Saudi nationals grew at an average annual growth rate of 1.1% during 2016G-2020G. On the other hand, the population of foreign nationals constituted 34.9% of the total population in 2020G, compared to 36.8% in 2018G. The total population of foreign nationals decreased by 1.1% during the same period as a result of the Saudization of the workforce. Since 2017G, the Government has imposed a number of escalating fees on companies that employ expatriate workers and fees on companions and the Saudization of professions.

However, 2020G witnessed the largest departure of foreign residents from the Kingdom due to the difficult conditions caused by the coronavirus on the country's economy and on the employment market, leading to the departure of more than 1.4 million expatriates. The departure wave mostly included low-income workers, especially Asian workers, who experienced outbreaks of the coronavirus in their overcrowded residences, which prompted hundreds of thousands of foreign residents to register to return to their countries. These dynamics eventually resulted in the total population shrinking by 3.4% during 2020G.

It is worth noting that the young people constitute the largest portion of the country's population. The Saudi population under the age of 29 represented 46% of the total Saudi population in 2020G. According to the United Nations, Saudi Arabia enjoys demographics revenue representing an opportunity to support the growth of the country's economy.

Table No. (3.1): Key Macroeconomic and Demographic Indicators in the Kingdom of Saudi Arabia 2015G-2020G

Indicator	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
GDP	SAR billion	2,454	2,582	2,974	1.4%
Total population	000	31,718	33,101	34,003	0.7%
Population aged 0-39	000	21,900	22,608	23,665	2.0%
Inflation rate	%	1	(1)	(2)	
Available income per capita	SAR	31,352	32,212	34,049	1.8%
Consumer spending	SAR billion	1,073	1,150	1,245	1.8%
Spending on food and beverages	SAR billion	211	227	245	2.7%
Spending on clothing and footwear	SAR billion	62	57	54	(3.8%)
Spending on entertainment and amusement	SAR billion	33	37	42	3.4%
Government revenues	SAR billion	715	890	975	3.1%
Government spending	SAR billion	736	631	709	0.4%
Government deficit/surplus	SAR billion	(389)	(239)	(227)	(13.6%)
Total working population	000		12,355	13,629	-
% of working women	%		14	14	-

Source: Euromonitor International estimates from the United Nations, the World Bank, the International Monetary Fund, the General Authority for Statistics and the Saudi Central Bank.

3.5.2 Overview of Cities in Saudi Arabia

A. Riyadh

Riyadh had a population of 6.9 million in 2019G. The capital is the largest city in Saudi Arabia, representing 20.2% of the total population in the same year. The city is also a legislative, financial, diplomatic and commercial center for the Kingdom of Saudi Arabia, with its GDP (SAR 575 billion) representing 19.3% of the country's GDP for the same year. Population growth in Riyadh exceeded the growth rate in the Kingdom during the period covered by this report (2015G-2020G), with a CAGR of 1%, compared to a CAGR of 0.7% for the Kingdom of Saudi Arabia. Moreover, Riyadh recently laid out a USD 800 billion plan to double its size to accommodate about 15 million residents. The city also features a well-developed telecommunications network, as 93% of its households have access to the Internet, in addition to high income levels, with 4.7% of Riyadh households having an annual income of USD 150,000 or more. As one of the three major cities in the Kingdom rated as entertainment destinations, the capital city will benefit from a significant government focus on the sector under the Quality of Life Program.

Table No. (3.2): Demographic and Economic Indicators for Riyadh 2015G-2020G

Indicator	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
GDP	SAR billion	485	501	575	0.9%
Real GDP growth	%	3	(2)	0	
Population	'000	6,326	6,650	6,868	1.0%
Consumer spending	SAR billion	2019	232	250	1.5%
Spending on food and non-alcoholic beverages	SAR billion	39	45	49	3.3%
Spending on clothing and footwear	SAR billion	11	10	9	(4.8%)
Spending on entertainment	SAR billion	7	7	7	0.9%

Source: Euromonitor International estimates from the United Nations, the World Bank, the International Monetary Fund, the General Authority for Statistics and the Saudi Central Bank.

B. Dammam

Dammam had a population of 2.5 million in 2019G. The city is the third largest city in Saudi Arabia, representing 7.2% of the total population in such year. The city's population grew at a CAGR of 0.7% during 2015G-2020G, which is the same growth rate of the Kingdom's total population during such period, but slightly lower than the growth rate of Riyadh (1%). Meanwhile, Dammam's GDP amounted to 8.1% of the Kingdom's GDP in 2019G, achieving a growth of 0.8% for the same period, prior to the coronavirus (COVID-19) pandemic. This growth in both population and GDP is attributed to the expansion of the oil sector in the Kingdom, which was also behind Dammam's large high income base. The average income of 6.5% of households in the city is USD 150,000 or more per year.

Table No. (3.3): Demographic and Economic Indicators for Dammam 2015G-2020G

Indicator	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
GDP	SAR billion	232	233	242	0.8%
Real GDP growth	%	6	1	0	
Population	'000	2,348	2,402	2,451	0.7%
Consumer spending	SAR billion	83	93	101	3.6%
Spending on food and non-alcoholic beverages	SAR billion	16	15	16	(0.4%)
Spending on clothing and footwear	SAR billion	6	4	4	(7.2%)
Spending on entertainment and amusement	SAR billion	3,234	4,159	4,759	7.4%

Source: Euromonitor International estimates from the United Nations, the World Bank, the International Monetary Fund, the General Authority for Statistics and the Saudi Central Bank.

C. Buraidah

Buraidah, the capital of Qassim region, enjoys a strategic location between the Red Sea and the Arabian Gulf. It has witnessed a significant growth in population and GDP during the period covered by this report (2015G-2020G), at 4% and 16%, respectively. The city is an important agricultural area. Dates, citrus fruits and other basic foodstuffs are the main source of income in Saudi Arabia while trade and public services are key sectors in the Kingdom's GDP. Within the Saudi Economic Cities Program, Buraidah focuses on financial and administrative decentralization in its urban and sustainable development projects, as well as on strengthening its economic relations with Riyadh in the south, Medina in the west and Hafr Al-Batin in the east. Similarly, the city plans to take advantage of its relatively young population (51% of the population is under the age of 30) to invest heavily in housing, education, public services and utilities, as well as infrastructure. Such investments will include building a regionally integrated metro and light rail network which will connect Buraidah with economic growth areas in the neighboring cities and regions.

Table No. (3.4): Demographic and Economic Indicators for Buraidah 2015G-2020G

Indicator	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
GDP	SAR billion	47	50	56	16%
Real GDP growth	%	8	2	1	
Population	'000	720	753	775	4%
Consumer spending	SAR billion	21,827	24,446	26,742	16%
Spending on food and non-alcoholic beverages	SAR billion	4,274	4,891	5,349	23%
Spending on clothing and footwear	SAR billion	1,142	1,258	1,266	8%
Spending on entertainment and amusement	SAR billion	0	1	1	52%

Source: Euromonitor International estimates from the United Nations, the World Bank, the International Monetary Fund, the General Authority for Statistics and the Saudi Central Bank.

D. Hofuf

Hofuf is an important city in Saudi Arabia and represents the commercial heart of the Al-Ahsa region with a population of 1.3 million in 2019G. It expanded at a CAGR of 3% during 2015G-2020G. Like Buraidah, Hofuf is well known for its agricultural sector. In 2019G, the city contributed 3.8% of Saudi Arabia's GDP, equivalent to SAR 111.1 billion, i.e., nearly double that of Buraidah. It achieved a growth rate of 3% during the period from 2015G-2020G covered by this report. Hofuf Municipality recently witnessed several important investment projects, including the smart parking program and a bridge construction project worth SAR 106 million. The development of the storm water drainage network continues, with SAR 243 million spent on eight infrastructure projects in Hofuf and throughout the region, which were completed in 2018G. Moreover, investments of more than SAR 2 billion have been planned in Al-Ahsa region within the sustainable development ambitions of Vision 2030, with a focus on quality of life through world-class infrastructure.

Table No. (3.5): Demographic and Economic Indicators for Hofuf 2015G-2020G

Indicator	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
GDP	SAR billion	105	108	113	3%
Real GDP growth	%	6	0	1	-
Population	'000	1,234	1,285	1,318	3%
Consumer spending	SAR billion	40	43	47	12%
Spending on food and non-alcoholic beverages	SAR billion	7	6	7	0%
Spending on clothing and footwear	SAR billion	2.6	2.0	1.8	(32%)
Spending on entertainment and amusement	SAR billion	2	2	2	34%

Source: Euromonitor International estimates from the United Nations, the World Bank, the International Monetary Fund, the General Authority for Statistics and the Saudi Central Bank.

E. Hail

The city of Hail is the capital of Hail region. Historically, the city has established itself as a commercial center and a route for pilgrims heading to Mecca from Syria and Iraq. Its population, amounting to 0.47 million in 2019G, grew at a CAGR of 2% during the period 2015G-2020G covered by this report. Agriculture, especially the production of wheat, dates, grains and fruits, also contributes significantly to the city's GDP, which amounted to SAR 29 billion in 2019G. The industrial sector is also a major contributor to the GDP of the city of Hail. The city includes 45 factories representing 7% of the total factories in the Kingdom. It also contributes to the mining, quarrying and trade sectors.

The city of Hail's sustainable development plans focus in particular on the tourism sector, taking advantage of its historical and cultural heritage. The industrial sector is active in the southeastern part of the region. The agricultural technology sector is being developed and the public transport network is being expanded.

Table No. (3.6): Demographic and Economic Indicators for Hail 2015G-2020G

Indicator	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
GDP	SAR billion	31	29	29	-8%
Real GDP growth	%	4.7	(0.3)	1.7	-
Population	'000	469	486	497	2%
Consumer spending	SAR billion	13	13	14	3%
Spending on food and non-alcoholic beverages	SAR billion	3	3	3	21%
Spending on clothing and footwear	SAR billion	0.7	0.8	0.8	23%
Spending on entertainment and amusement	SAR billion	1	(4)	0	(500%)

Source: Euromonitor International estimates from the United Nations, the World Bank, the International Monetary Fund, the General Authority for Statistics and the Saudi Central Bank.

3.6 Leasing Shopping Malls in the Kingdom of Saudi Arabia

3.6.1 Overview

The number of shopping malls in the Kingdom of Saudi Arabia expanded during the period 2015G-2020G covered by this report at a CAGR of 5.5%, reaching about 264 malls last year. The increasing supply of retail space, which reached more than 10.33 million square meters of leasable space in 2020G and expanded at a CAGR of 5.5% during the period from 2015G-2020G, was covered by the increased demand for such spaces in the Kingdom. Encouraged by the Kingdom's economic liberalization and diversification plans, global brands have turned their attention to untapped opportunities represented in young Saudi brand-conscious shoppers with high individual income potential.

Investments by mall owners and operators, along with government plans to improve the standard of living in smaller cities under the Kingdom's Quality of Life Program, has led to the proliferation of smaller sized shopping centers such as small and local malls, which achieved a CAGR of 4% and 6.2% during 2015G-2020G, representing 31.8% and 36.3% of the total shopping malls in 2020G, respectively. This means that shopping malls in complexes and neighborhoods alone represent more than two-thirds of the Saudi mall market.

The total retail space in the Kingdom's capital city alone is expected to reach 2.7 million square meters by the end of 2021G. Good infrastructure, the emergence of financial districts, high population concentration and better connectivity to other areas made the central region the most attractive area for the establishment of retail projects. As Saudi Arabia continues to execute its mega projects in the entertainment and tourism sectors, major cities (Riyadh and Jeddah) will continue to transform into world-class retail destinations. Riyadh alone recently laid out a USD 800 billion plan to double its size to accommodate about 15 million residents. With the ambitions of the Kingdom's Vision 2030 to drive fair and sustainable growth across its territory and outside the hub cities, particularly in the local entertainment and tourism sector, the focus is slowly shifting towards smaller cities such as Buraidah, Hofuf, Hail, Unaizah and Hafr Al-Batin, where public and private investments in infrastructure and entertainment are increasing. In 2020G, such cities represented 7.6% (20 malls) of the total malls in Saudi Arabia, a figure which grew at a CAGR of 5.9% between 2015G and 2020G. Buraidah is home to three malls (Al Nakheel Plaza Mall, Al Othaim Mall - Buraidah and Avenue Mall), while Unaizah has two malls. It is a low concentration which presents strong opportunities for growth.

The most notable upcoming projects include Al Marwa Plaza Mall expansion project the second expansion of the Red Sea Mall, and Marina Avenue in Jeddah, where Jeddah Park and King Avenue Mall. Other projects under construction include Obhur Mall, Atelier La vie, Sunset Avenue, Al Othaim Mall – Hafr Al-Batin, Cordoba Boulevard, Al Diriyah Festival City Mall, City Centre Ishbiliyah, Al Othaim Mall - Al-Khafji and Mall of Saudi. In 2021G, the regional retail group, Majid Al Futtaim, appointed the infrastructure company AECOM as the lead advisor for the SAR 16 billion (USD 4.26 billion) Mall of Saudi project, which will feature 600 stores on 300,000 leasable square meters.

On the other hand, the Kingdom's decision issued in June 2020G to raise the value-added tax from 5% to 15% also applies to commercial lease agreements, which puts pressures on developers' profitability, and thus on landlords as well, and creates a financially difficult environment. As a result of this financial pressure, many projects are expected to be postponed, which will involve paying vacant land taxes on vacant commercial space. However, in the long run, the increased supply and demand for entertainment will help mitigate these push and pull forces for leasing commercial spaces in the Kingdom, as the cost increases associated with VAT are offset by an overall contraction in prices against the increased supply in the Kingdom's market.

In August 2021G, Saudi Arabia reopened the doors to foreign travelers who have been vaccinated against the coronavirus (COVID-19), after the suspension of international tourism for 18 months. This decision coincides with the launch of Saudi Arabia's summer seasonal campaign for 2021G, which focuses on the return of large-scale entertainment events in June 2020G. The "Saudi Summer" campaign achieved a 33% increase in spending on hotels, restaurants and entertainment and cultural activities compared to the previous year.

Table No. (3.7): Gross Leasable Area in Shopping Malls, 2015G-2020G

Data	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
Gross leasable area in shopping malls	m^2	7,895,382	8,671,831	10,064,010	5.50%

Source: Euromonitor estimates from desk research and business interviews with major mall owners and operators.

Table No. (3.8): Number of Commercial Malls by Type, 2015G-2020G

Data	Unit	2015G	2017G	2019G	CAGR 2015G-2020G
Gross leasable area in shopping malls	m^2	7,895,382	8,671,831	10,064,010	5.50%
Major shopping malls	Units	16	18	18	2.40%
Medium shopping malls	Units	45	54	61	6.60%
Small malls	Units	69	80	81	4.00%
Local malls	Units	71	90	96	6.20%
Medium shopping malls	Units	3	4	5	5.90%
Total	**Units**	**204**	**246**	**261**	**5.30%**
Shopping malls in Jeddah, Riyadh and Dammam/Khobar (tier 1 cities)	Units	78	107	116	8.40%
Shopping malls in Buraidah, Unaizah, Hofuf and Hail (tier 2 cities)	Units	15	17	19	5.90%
Shopping malls in the rest of the Kingdom (other cities and rural areas)	Units	111	122	126	2.70%
Total	**Units**	**204**	**246**	**261**	**5.30%**

Source: Euromonitor estimates from desk research and business interviews with major mall owners and operators.

3.6.2 Shopping Malls in Emerging Cities

Saudi Arabia is home to many medium and small cities and towns that do not have the same level of shopping mall penetration as the first tier cities. Historically, large developers tend to prefer focusing on major cities such as Riyadh, Jeddah and Dammam where they can easily attract international brands, as well as high-end consumer segments of the local population and international and local tourists. International brands have a good reputation among retail developers known for their on-time payment and large rental spaces. They also often attract other international brands and reflect an upscale image of the shopping mall.

However, the medium and small regions of Saudi Arabia offer both brand and mall operators higher potential for diversification and expansion, driven by rising consumer spending and local tourism investments. The increased influence of social media on young consumers across the Kingdom, as well as increasing social interactions among young people residing in cities against the major developments in domestic tourism in previously isolated regions in the Kingdom, will present a two-way growth opportunity for retailers and mall operators. On the one hand, the Kingdom's efforts to standardize social, cultural and entertainment growth across its territories will extend to "shopping mall culture," a concern for reputation and even a penchant for spending on luxury brands and items in major and small cities. On the other hand, efforts to attract more local tourism to these previously isolated and underserved areas will expand the customer base and attract mall operators and retailers. This in turn will stimulate investments in new developments and expansions of existing developments. Saudi young people in cities are also showing interest in entertainment activities found in malls. Shopping experiences in malls are inspired by social media and experiences during shopping trips to Riyadh, Jeddah, Bahrain and Dubai.

Such investments require taking risks resulting from a head start in investment, an in-depth knowledge of this new area as well as a thorough understanding of the characteristics and needs of such cities. While such areas often negotiate lower rental rates to attract major operators and global brands, the market will slowly and steadily adapt to more acceptable prices as such cities expand and attract more local and international visitors. Medium-sized cities such as Buraidah, Hofuf, Unaizah and Hail have been largely neglected by retail developers despite offering promising prospects for the future of the Kingdom's shopping mall leasing sector.

There were 20 malls in Buraidah, Hofuf, Hail, Unaizah and Hafr Al-Batin (7.6% of the total malls in Saudi Arabia) in 2020G. This number grew at a CAGR of 5.9% during 2015G and 2020G. Buraidah is home to three shopping malls (Al Othaim Mall, Avenue Mall and Al Nakheel Plaza). In 2020G, Saudi Entertainment Ventures (SEVEN), a subsidiary of the Saudi Public Investment Fund (PIF), announced that it would establish entertainment complexes in Buraidah, Abha and Khamis Mushait in the southern region of Saudi Arabia, in the coastal city of Jazan and on the Red Sea in Tabuk, Hamra and Al Nahda. Nakheel Plaza Center in Buraidah also witnessed the launch of Muvi Nakheel Plaza in June 2021G, a six-screen cinema complex under the Saudi cinema brand Muvi. It is considered the first complex to be opened in the Saudi province of Qassim.

3.6.3 Competitive Environment

About 70% to 90% of new shopping mall projects across Saudi Arabia have been halted due to the coronavirus (COVID-19) pandemic according to sector experts. This figure is even higher in Riyadh, where mall developers and operators are facing cash flow scarcity as a result of the pandemic. This is combined with pressures arising from market monopolization practices by some major retailers, such as the decision of Arabian Centers Company (Al-Marakez), the owner Al Hokair Group, to close many of its retail stores in malls not owned and operated by ACC, leaving many mall operators suffering from decreased leasable space occupancy during 2020G to 2021G. Moreover, Saudization measures in the retail sector are forcing a sensitive transition to skills development and talent rehabilitation to fill the gap left by qualified employees in areas such as brand management, merchandising and user experience. The third challenge is that until 2017G, investments in large shopping malls in the Kingdom were directed to follow standards and forms commensurate with global trends, neglecting the needs and specificities of the local market.

The coronavirus (COVID-19) pandemic has forced mall operators to rapidly address such challenges, reorganizing their structures, prioritizing tenant diversification and strategically tackling the vertical expansion of their portfolios, with a heavy focus on investment opportunities in indoor and outdoor leisure facilities. In 2020G and 2021G, many of their investments were directed toward enriching the shopping and entertainment experience, especially through the development and launch of cinemas in Saudi malls.

Al-Marakez Company, which specializes in luxury real estate property within major cities, captured 12% of the market's gross leasable area in 2020G. The company's shopping malls are home to well-known international brands, as the operator has moved away from local brands or brands which are not well known in the market. Therefore, the company is expected to increase its investments in major cities and develop its investment portfolio to meet the requirements of local consumers who are interested in luxury market, as well as domestic and international tourists. Al-Marakez is unlikely to expand its geographical presence to small and medium-sized cities which offer a significant opportunity for growth. In the past three years, much of Al-Marakez's focus has been on increasing the number of cinemas in its existing malls, diversifying its tenants (including the recent acquisition of the Alshaya portfolio), securing management contracts for other major malls (such as Jeddah Park Shopping Mall) and launching outdoor shopping destinations (Boulevard U Walk and U Walk Center).

Asala Holding Company, which operates shopping malls through its subsidiary Hamat Property Company, acquired a portfolio representing 6% of the gross leasable area in 2020G, and is expanding its entertainment portfolio through cinemas. It signed a partnership agreement with Saudi Entertainment Ventures (SEVEN) in January 2019G to launch cinemas in its malls. In November of the same year, Asala Holding Company also acquired Alandalus Property Company's remaining stake in Hamat Property Company.

Meanwhile, Al Othaim Investment Co., which acquired 6% of the gross leasable area in 2020G, has a leadership advantage to explore the opportunities inherent in the target cities. Buraidah, Hail, Al-Ahsa, Arar and Unaizah, among others, accounted for more than half of the Company's gross leasable area (more than 333,000 square meters) in 2019G, placing Al Othaim at the forefront of the market in meeting the Kingdom's needs for gradual expansion of domestic tourism and the entertainment sector to include areas with few services or low investment. Since its establishment, the focus of Al Othaim Investment Co. has been on the daily needs of the surrounding communities. Today, it owns and operates nine large shopping malls with over 600,000 square meters of retail space and more than 2,500 stores, which receive more than 30 million visitors annually. Although Asala Holding Company is interested in expanding into small and medium-sized cities, it also focuses on developing medium-sized malls offering a wide range of fashion, accessories and entertainment facilities. Also, it does not operate any commercial malls in Buraidah, Hofuf or Hail at this stage. Consequently, Al Othaim Investment Co. has little or no competition from other operators in the market outside the major cities, such as Riyadh and Dammam. Unified Real Estate Development Company, which owns three market shares in terms of leased area, has begun to expand in regions such as Buraidah, Hail and Unaizah, but the area it acquires only represents 28,054 square meters.

Kinan International Real Estate Development Company, which comes in fourth in the market in terms of the gross leasable area it owns, with a market share of 4% of the gross leasable area in 2020G, has expanded its business to shopping malls as a way to enrich its residential real estate projects. The company develops integrated community projects ranging from residential facilities to small shopping malls. The company is expected to continue this strategy, which targets several local communities through small malls. It is currently unlikely to expand to major and medium shopping malls to reach a wider segment of consumers.

Alandalus Property Company, which acquired 3% of the market in terms of the gross leasable area in 2020G, focuses on three cities: Riyadh, Jeddah and Dammam, with malls in each of these cities. Its portfolio covers two large malls, two medium malls and several small malls. The company is expected to continue to focus more on such major cities and is unlikely to expand to other regions at this stage. Instead, its recent focus has been on major shopping malls and outdoor entertainment complexes, with four projects currently in its portfolio. In addition, there are negotiations to launch cinemas in its malls. The company recently sold its stake in Hamat Property Company to its competitor Asala Holding Company, which already owns the remaining shares in the company, in a step that it claims aims to focus on its strategic expansion.

Table No. (3.9): Market Share of Major Operators (Gross Leasable Area), 2019G-2020G

Developer	Unit	2019G	2020G
Arabian Centers Company	%	11%	12%
Asala Holding/Hamat Property	%	6%	6%
Abdullah Al Othaim Investment Company	%	6%	6%
Kinan International Real Estate Development Co.	%	4%	4%
Unified Real Estate Development Co.	%	3%	3%
Alandalus Property Co.	%	3%	3%
Others	%	68%	67%
Total	**%**	**100**	**100**

Source: Euromonitor estimates based on desk research and business interviews with major mall owners and operators, in addition to the related commercial establishments in the Kingdom of Saudi Arabia.

3.6.4 E-commerce in the Kingdom of Saudi Arabia

E-commerce sales in 2019G in Saudi Arabia accounted for less than 3% of total retail sales. Despite this rather modest contribution, the Kingdom's e-commerce sector, which is the second largest in the MENA region after the UAE, has seen steady growth in recent years, backed by the widespread penetration of the internet and mobile phones in the country, with one of the most successful 5G launches in the world. In addition, the Kingdom has a young, tech-savvy population and national ambition for achieving successful digital transformation at various levels. Within Vision 2030 and the National Transformation Program emanating from it, the Kingdom aims to increase the contribution of modern commerce and e-commerce to 80% of the retail sector, and electronic payments to 70% of total payments by 2030G. It plans to pump more than SAR 375 billion (USD 100 billion) into the country's logistical infrastructure to support the growth of e-commerce. E-commerce is also one of the central sectors participating in the booming merger and acquisition activities in the Kingdom, which is expected to reach SAR 23 billion in 2021G.

Table No. (3.10): Volume of the E-Commerce Market in the Kingdom, 2015G-2020G

Indicator	Units	2015G	2017G	2019G	CAGR 2015G-2020G
Market size (E-retail value)	SAR million	3,963	6,945	12,447	38.60%
Clothing and footwear (e-retail value)	SAR million	680	938	1,973	37.10%
Share of clothing and footwear (% of total e-commerce sales)	%	-	13.50%	15.90%	-

Source: Euromonitor International estimates based on business interviews and published sources.

3.7 Family Entertainment Centers in the Kingdom of Saudi Arabia

3.7.1 Overview

The General Entertainment Authority (GEA) was established in 2016G in line with Vision 2030, with a plan to invest USD 64 billion. The General Entertainment Authority is part of the Quality of Life sub-program within Vision 2030, which aims to improve lifestyle by increasing entertainment and cultural dissemination media. The Kingdom of Saudi Arabia is already home to a large market of family entertainment centers located in malls, which are dominated by local and regional companies. The market is currently led by Al Hokair Group. In second place is Abdullah Al Othaim Entertainment Co., which specializes in the entertainment sector and the management of entertainment centers and cities. It is a subsidiary of Abdullah Al Othaim Investment Company, and it owns seven brands and operates more than 30 theme parks which attract more than 3 million visitors each year.

New competition for Saudi companies is now emerging from neighboring regional countries such as the UAE, where Majid Al Futtaim and Landmark Group have entered the Saudi market in recent years. Most of family entertainment centers are concentrated in tier 1 cities, with a limited presence in tier 2 and tier 3 cities. Family entertainment centers in Saudi Arabia are divided according to the age structure of their visitors and the size of the facility. Accordingly, the market is divided into young people between 19 and 25 years old, adults who are over 25 and families with children and teenagers. The market is mainly dominated by teenagers due to the increasing popularity of entertainment centers thanks to extensive marketing efforts made through films and major operators. Major operators spend huge sums to improve the entertainment experience in such centers. There is also a growing demand for arcade, VR and AR games and action and adventure experiences, all in one place.

The sector was negatively affected by the outbreak of the coronavirus (COVID-19) in early 2020G, which is still ongoing. However, as conditions in the world started to normalize again during the last months of 2020G and economies began to recover in 2021G, the Government announced the resumption of entertainment activities which were previously suspended as part of the measures taken to limit the spread of the coronavirus (COVID-19).

Al Hokair Company, which is one of the leaders in the family entertainment center market in the region, closed a number of family entertainment centers in 2020G. However, Abdullah Al Othaim Investment Company was able to keep all existing family entertainment centers open during the pandemic through effective cost reduction and strategic management. Entertainment has become an integral part of the lifestyle in the Kingdom of Saudi Arabia over the years, and the family entertainment center market is expected to recover to pre-pandemic levels in terms of spending and market size by 2023G.

Table No. (3.11): Entertainment in the Kingdom of Saudi Arabia, 2015G-2020G

Indicator	Units	2015G	2017G	2019G	CAGR 2015G-2020G
Family entertainment centers	No. of branches	142	159	174	3.70%
Family entertainment centers	Retail value (SAR billion)	1.09	1.18	1.22	(7.80%)

Source: Euromonitor International estimates based on desk research and business interviews with leading entertainment companies and related associations.

* Note: Family entertainment centers with an area of less than 1,000 square meters are excluded.

3.7.2 Family Entertainment Centers in Tier 2 and Tier 3 Cities

The implementation of Vision 2030 is expected to promote the Kingdom of Saudi Arabia's tier 1 and tier 2 cities in particular. Riyadh is one of the fastest growing cities in the Kingdom. It leads the country in terms of consumer spending on entertainment. Dammam is also the third largest city in the Kingdom of Saudi Arabia and the most important economic center in the Eastern Province. Although consumer spending in Dammam is significantly lower than in Riyadh, Dammam is set to benefit from a strong set of investment projects in the field of entertainment facilities targeting the Eastern Province. As for tier 2 cities, consumer spending on entertainment in Buraidah and Hail is expected to exceed that of Riyadh, Dammam and Hofuf, indicating a promising future for family entertainment centers, shopping malls and theme parks.

Water Parks

Water parks are important activities which have attracted the attention of tourists and citizens alike in the Kingdom of Saudi Arabia. Water parks are currently located in four (4) cities in the Kingdom of Saudi Arabia: Riyadh (such as Al Yamamah Pools and Resorts), Jeddah (such as the Water Village), Dammam (such as Splash Island) and Taif (such as the Water Park). The three largest cities, Dammam, Jeddah and Riyadh, are among the fastest growing cities in the country.

Recent government initiatives are expected to drive the outdoor entertainment sector, especially with the expected entry of Six Flags Co., the world's largest theme park company, into the Saudi market soon. A major boost is expected for this sector as Six Flags has announced plans to establish a large theme park in Qiddiya. The city will also be home to a large entertainment complex in 2022G, (including a theme park and a water park), and it is expected to attract both domestic and international tourists. While the entry of Six Flags will increase competition and impact on existing facilities, it is also expected that awareness of and interest in the concept of outdoor theme parks will increase significantly. In recent years, consumers have been increasingly choosing indoor theme parks as compared to outdoor facilities.

3.7.3 Competitive Environment

Abdul Mohsin Al Hokair Group, Abdullah Al Othaim Investment Company, Mantech, Abdullah Fouad Group, Landmark Group and Majid Al Futtaim are the top six operators in the family entertainment sector.

In addition to the existing competition, new competition is emerging in the market, from entertainment centers in neighboring countries. As the entertainment segment has been identified as a key area for promising economic growth, opportunities and investments in it are expected to increase. Notable new additions to this market segment are Landmark Group through Fun City and Al Futtaim Group through Magic Planet. Both companies have expanded from the neighboring UAE into the family entertainment center market in Saudi Arabia. However, the success of all operators in this field will be determined by their ability to adapt to changing consumer choices and to include new consumer segments, as the entertainment sector expands into new territories. Family entertainment also centers need to include attractions and activities for different age groups, women and entire families. Al Othaim is in a good strategic position to meet such requirements, given its portfolio consisting of strong brands targeting a diverse client base.

Table No. (3.12): Number of Branches and Gross Leasable Area for Family Entertainment Center Operators in the Kingdom, 2019G-2020G

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Saudi Arabia	Abdullah Al Othaim Investment Company	No. of branches	20	20
Saudi Arabia	Abdullah Al Othaim Investment Company	Gross leasable area m^2	81,335	81,335
Saudi Arabia	Abdul Mohsin Al Hokair Group	No. of branches	54	44
Saudi Arabia	Abdul Mohsin Al Hokair Group	Gross leasable area m^2	378,000	308,000

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Saudi Arabia	Mantech Ltd., Abdullah Fouad Group	No. of branches	7	7
Saudi Arabia	Mantech Ltd., Abdullah Fouad Group	Gross leasable area m²	25,236	25,236
Saudi Arabia	Landmark Group	No. of branches	4	4
Saudi Arabia	Landmark Group	Gross leasable area m²	9,536	9,536
Saudi Arabia	Majid Al Futtaim	No. of branches	2	3
Saudi Arabia	Majid Al Futtaim	Gross leasable area m²	13,251	19,877
Saudi Arabia	Others	No. of branches	77	83
Saudi Arabia	Others	Gross leasable area m²	184,800	199,200
Saudi Arabia	Total	No. of branches	173	170
Saudi Arabia	Total	Gross leasable area m²	692,158	643,184

Source: From Euromonitor International's research and commercial interviews.

Table No. (3.13): Market Share of Family Entertainment Center Operators in the Kingdom by Number of Branches and Gross Leasable Area 2019G-2020G

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Saudi Arabia	Abdullah Al Othaim Investment Company	No. of branches	17%	17%
Saudi Arabia	Abdullah Al Othaim Investment Company	Gross leasable area m²	12%	13%
Saudi Arabia	Abdul Mohsin Al Hokair Group	No. of branches	31%	26%
Saudi Arabia	Abdul Mohsin Al Hokair Group	Gross leasable area m²	55%	48%
Saudi Arabia	Mantech Ltd., Abdullah Fouad Group	No. of branches	4%	4%
Saudi Arabia	Mantech Ltd., Abdullah Fouad Group	Gross leasable area m²	4%	4%
Saudi Arabia	Landmark Group	No. of branches	2%	2%
Saudi Arabia	Landmark Group	Gross leasable area m²	1%	1%
Saudi Arabia	Majid Al Futtaim	No. of branches	1%	2%
Saudi Arabia	Majid Al Futtaim	Gross leasable area m²	2%	3%
Saudi Arabia	Others	No. of branches	45%	29%
Saudi Arabia	Others	Gross leasable area m²	27%	31%
Saudi Arabia	Total	No. of branches	100%	100%
Saudi Arabia	Total	Gross leasable area m²	100%	100%

Source: From Euromonitor International's research and commercial interviews.

3.8 Family Entertainment Centers in the UAE, Oman, Qatar and Egypt

3.8.1 Overview

The popularity of family entertainment centers is steadily increasing across the Middle East. A comparison between the various countries in the Middle East reveals the extent of the diversity and development of the entertainment sector across the region. This sector has been developed in the UAE, where Dubai has established a world-class infrastructure for commercial entertainment facilities, including water parks, theme parks and family entertainment centers. On the other hand, Oman and Egypt are developing their own entertainment sector. Both countries enjoy a growing mall culture, which has automatically led to an increased availability of family entertainment centers. As the locals have become accustomed to such commercial entertainment facilities, both countries have great potential and future opportunities

Table No. (3.14): Gross Leasable Area and Number of Family Entertainment Centers in Egypt, Oman, Qatar and the UAE

Family Entertainment Centers	Unit	2019G	2020G	Growth 2019G-2020G
Egypt*	No. of branches	31	30	(3.2%)
Egypt*	Gross leasable area m^2	91,992	88,992	(3.3%)
Oman	No. of branches	34	29	(14.7%)
Oman	Gross leasable area m^2	37,266	35,160	(5.7%)
Qatar	No. of branches	29	28	(3.4%)
Qatar	Gross leasable area m^2	49,005	47,505	(3.1%)
UAE	No. of branches	86	84	(2.3%)
UAE	Gross leasable area m^2	211,052	205,664	(2.6%)

Source: Euromonitor International, based on desk research or official sources or both (company websites, the Egyptian Ministry of Tourism, the Omani Ministry of Tourism, International Association of Amusement Parks and Attractions (IAAPA).

* Note: The environment of family entertainment centers in Egypt is fragmented and consists of many small independent branches which are estimated at more than 150 branches.

The table includes only chain and brand outlets with a total area of more than 1,000 square meters.

Table No. (3.15): Number of Branches by Major Operator in the UAE, Oman, Qatar and Egypt in 2020G

Operator	Unit	UAE	Oman	Qatar	Egypt
Abdul Mohsin Al Hokair Group	No. of branches	11	0	0	1
Al Othaim Investment Co	No. of branches	8	3	1	5
Mantech Ltd., Abdullah Fouad Group	No. of branches	0	0	0	0
Landmark Group	No. of branches	22	6	7	0
Majid Al Futtaim	No. of branches	19	3	0	7

Source: Euromonitor International, from business press, company research and commercial interviews.

UAE

The UAE has the most developed entertainment infrastructure in the region. Dubai in particular has built a developed infrastructure of theme parks and family entertainment centers over the years to attract international, regional and local tourists. Moreover, Dubai is a pioneer in the field of shopping, as most of the malls have many entertainment options.

Abdullah Al Othaim Entertainment Co. also opened the first branch of Faby Land family entertainment center in the UAE in March 2015G. The space is 17,500 square meters, and includes four large rides, a trampoline, slides and jumps, an area for young children and more than 50 coin-operated games. The opening of the family entertainment center destination in Sharjah is a milestone for Al Othaim Company in the UAE. Despite the restrictions imposed by the pandemic, the Group's operations will take into account the need to apply health, safety and hygiene measures so that all guests can participate in leisure and recreational activities without any hassle.

Table No. (3.16): Market Share of Family Entertainment Center Operators in the UAE by Number of Branches and Gross Leasable Area 2019G-2020G

Country	Family Entertainment Center Operator	Unit	2019G	2020G
UAE	Abdullah Al Othaim Investment Company	No. of branches	9%	10%
UAE	Abdullah Al Othaim Investment Company	Gross leasable area m^2	13%	14%
UAE	Abdul Mohsin Al Hokair Group	No. of branches	13%	13%
UAE	Abdul Mohsin Al Hokair Group	Gross leasable area m^2	15%	15%
UAE	Mantech Ltd., Abdullah Fouad Group	No. of branches	0%	0%
UAE	Mantech Ltd., Abdullah Fouad Group	Gross leasable area m^2	0%	0%
UAE	Landmark Group	No. of branches	26%	26%
UAE	Landmark Group	Gross leasable area m^2	28%	29%
UAE	Majid Al Futtaim	No. of branches	24%	23%
UAE	Majid Al Futtaim	Gross leasable area m^2	27%	25%
UAE	Others	No. of branches	28%	29%
UAE	Others	Gross leasable area m^2	17%	18%
UAE	Total	No. of branches	100%	100%
UAE	Total	Gross leasable area m^2	100%	100%

Source: From Euromonitor International's research and commercial interviews.

Oman

Family entertainment activity and the culture of malls in Oman are relatively new in contrast to other mature markets in the region which have an integrated infrastructure of commercial entertainment facilities. However, recent years have seen the development of a wider network of malls, which have become destinations for visitors as leisure sites suitable for family entertainment.

In 2019G, Al Othaim opened its family entertainment center Faby Land and Extreme Zone in Muscat, Oman. Both entertainment centers feature a wide range of exciting rides and attractions for all age groups, which are designed not only for entertainment but also with the intention engaging in physical exercise. Faby Land includes several games such as a horse carousel, bumper cars, Twist and Drop, Race Coaster, Speedway along with Mini Tea Cup and Mini Tagada. It also includes other high-tech attractions such as Cyber Jumper and Wave Rider. There is also a 5D cinema and Happy and Family Swing. Extreme Zone spans over 30,000 square feet and features a trampoline area of up to 15,000 square feet with multiple activities, including a ninja area, basketball area and a foam pit, as well as more than 50 interconnected trampolines.

Table No. (3.17): Market Share of Family Entertainment Center Operators in Oman by Number of Branches and Gross Leasable Area 2019G- 2020G

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Oman	Abdullah Al Othaim Investment Company	No. of branches	6%	10%
Oman	Abdullah Al Othaim Investment Company	Gross leasable area m^2	20%	31%
Oman	Abdul Mohsin Al Hokair Group	No. of branches	0%	0%
Oman	Abdul Mohsin Al Hokair Group	Gross leasable area m^2	0%	0%
Oman	Mantech Ltd., Abdullah Fouad Group	No. of branches	0%	0%

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Oman	Mantech Ltd., Abdullah Fouad Group	Gross leasable area m^2	0%	0%
Oman	Landmark Group	No. of branches	18%	21%
Oman	Landmark Group	Gross leasable area m^2	13%	13%
Oman	Majid Al Futtaim	No. of branches	15%	10%
Oman	Majid Al Futtaim	Gross leasable area m^2	11%	7%
Oman	Others	No. of branches	62%	59%
Oman	Others	Gross leasable area m^2	56%	48%
Oman	Total	No. of branches	100%	100%
Oman	Total	Gross leasable area m^2	100%	100%

Source: From Euromonitor International's research and commercial interviews.

Egypt

Egypt has attracted many mall developers after it opened up to foreign retail brands. Thus, competition in this market within the family entertainment sector is expected to develop in the coming years, but the shape of this competition may be determined by the mall developers and their brands. City Center Almaza is a new five-star mall being developed in Egypt by Majid Al Futtaim. It is also an urban development project to create a five-star shopping mall with a range of retail points and attractions, as well as entertainment facilities. This will enhance Majid Al Futtaim's position in shopping malls in both the Kingdom and the United Arab Emirates, where the Company usually supplies its malls with one of its own brands such as Magic Planet.

In 2019G, Al Othaim launched its first Snow City in Egypt. It is considered the fifth Al Othaim project in Egypt, with investments estimated at EGP 500 million (SAR 199.5 million). It extends over an area of 60,000 square feet with a temperature of -5 degrees C.

Table No. (3.18): Market Share of Family Entertainment Center Operators in Egypt by Number of Branches and Gross Leasable Area 2019G-2020G

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Egypt	Abdullah Al Othaim Investment Company	No. of branches	16%	17%
Egypt	Abdullah Al Othaim Investment Company	Gross leasable area m^2	15%	15%
Egypt	Abdul Mohsin Al Hokair Group	No. of branches	3%	3%
Egypt	Abdul Mohsin Al Hokair Group	Gross leasable area m^2	7%	7%
Egypt	Mantech Ltd., Abdullah Fouad Group	No. of branches	0%	0%
Egypt	Mantech Ltd., Abdullah Fouad Group	Gross leasable area m^2	0%	0%
Egypt	Landmark Group	No. of branches	0%	0%
Egypt	Landmark Group	Gross leasable area m^2	0%	0%
Egypt	Majid Al Futtaim	No. of branches	19%	23%
Egypt	Majid Al Futtaim	Gross leasable area m^2	23%	26%
Egypt	Others	No. of branches	61%	57%
Egypt	Others	Gross leasable area m^2	56%	52%
Egypt	Total	No. of branches	100%	100%
Egypt	Total	Gross leasable area m^2	100%	100%

Source: From Euromonitor International's research and commercial interviews.

Qatar

Qatar's economy mainly depends on its natural resources of petrol and natural gas, which represent nearly 60% of the country's GDP. However, Qatar has started to encourage private investment and diversification within other sectors, including the entertainment sector. The growing interest in Qatar's tourism and entertainment sector is due, in large part, to winning the bid to host the FIFA World Cup 2022G. Doha aims to create a legacy of economic diversification and sustainable development beyond the world championship. Qatar National Vision 2030 also places a lot of weight on the country's economic diversification in the non-oil sectors, supporting the growth of the country's entertainment and tourism sectors, with plans to invest up to USD 45 billion in tourism and related projects. It is also working on many mega projects, such as Lusail City, in addition to the 2022G FIFA World Cup stadiums, which open up horizons of opportunities for large entertainment and retail projects. By 2030G, Qatar expects tourism spending to reach USD 17.8 billion and the number of tourists to reach 10 million tourists annually.

However, most of the major operators are not located in Qatar with the exception of Landmark, which has seven (7) branches. Abdullah Al Othaim Company has a presence in the country, with one branch of Extreme Land.

Table No. (3.19): Market Share of Family Entertainment Center Operators in Qatar by Number of Branches and Gross Leasable Area 2019G-2020G

Country	Family Entertainment Center Operator	Unit	2019G	2020G
Qatar	Abdullah Al Othaim Investment Company	No. of branches	3%	4%
Qatar	Abdullah Al Othaim Investment Company	Gross leasable area m^2	12%	12%
Qatar	Abdul Mohsin Al Hokair Group	No. of branches	0%	0%
Qatar	Abdul Mohsin Al Hokair Group	Gross leasable area m^2	0%	0%
Qatar	Mantech Ltd., Abdullah Fouad Group	No. of branches	0%	0%
Qatar	Mantech Ltd., Abdullah Fouad Group	Gross leasable area m^2	0%	0%
Qatar	Landmark Group	No. of branches	24%	25%
Qatar	Landmark Group	Gross leasable area m^2	24%	25%
Qatar	Majid Al Futtaim	No. of branches	0%	0%
Qatar	Majid Al Futtaim	Gross leasable area m^2	0%	0%
Qatar	Others	No. of branches	72%	71%
Qatar	Others	Gross leasable area m^2	64%	63%
Qatar	Total	No. of branches	100%	100%
Qatar	Total	Gross leasable area m^2	100%	100%

Source: From Euromonitor International's research and commercial interviews.

3.9 Fashion Trade in the Kingdom of Saudi Arabia

3.9.1 Overview

The fashion market in the Kingdom of Saudi Arabia is undergoing dynamic transformations. The Kingdom is investing heavily in creating a thriving cultural environment to attract locals and visitors alike. Consumers in the Kingdom of Saudi Arabia also tend to keep up with the latest international fashion trends, supported by the high internet penetration in the country. This has increased competition among affordable brands in terms of the models offered, and has created opportunities for global value-focused brands to enter the market such as OVS and Kiabi. Moreover, while women still wear abayas in public places, recent changes in dress guidelines and the move towards opening the country to tourism present a powerful opportunity for modern fashion.

Table No. (3.20): Fashion Retail in Saudi Arabia, 2015G-2020G

Data	Units	2015G	2017G	2019G	CAGR 2015G-2020G
Specialty Clothing and Footwear	No. of Outlets	13,335	13,802	13,714	(1.70%)
Specialty Clothing and Footwear	Retail value excluding VAT, SAR million	50,441	51,893	48,618	(7.10%)
Sales spaces	Thousand m^2	5,417.3	4,730.6	4,981.7	(3.0%)

Source: Euromonitor data, Retail (2021G issue), and Clothing and Footwear (2021G issue)

Table No. (3.21): Fashion Retail in Saudi Arabia by Category, 2015G-2020G

Data	Units	2015G	2017G	2019G	CAGR 2015G-2020G
General Clothing	Retail value, SAR million	57,171	58,566	58,707	(3.10%)
Women's clothing	Retail value, SAR million	36,513	38,151	38,153	(3.60%)
Men's clothing	Retail value, SAR million	16,038	15,732	15,781	(4.30%)
Children's clothing	Retail value, SAR million	3,274	3,299	3,387	6.40%
Clothing and accessories	Retail value, SAR million	57,171	58,566	58,707	(3.10%)

Source: Euromonitor data, Retail (2021G issue), and Clothing and Footwear (2021G issue)

3.9.2 Affordable quality clothing (Value for money)

The affordable quality clothing category was valued at SAR 10.4 billion in 2019G. This category includes affordable regional or international clothing brands that are perceived as being of good quality and having reasonable prices. The quality offered by these brands is considered to be higher than that offered in the market stores that do not carry a well-known brand. Max and Splash are two leading brands in the field of quality and affordable clothing in the Kingdom of Saudi Arabia. These brands are usually found in malls or sometimes in a few independent outlets. Overall, consumers in Saudi Arabia increasingly tend towards affordable clothing brands and are showing a higher interest in promotions and 'special offers'. However, this does not negatively affect their continued interest in quality, which creates an increasing need for the category of affordable quality clothing.

The increase in value-added tax has increased consumer sensitivity to prices, and this has clearly begun to increase the demand for affordable quality clothing in the country.

Landmark is a major retailer in this category with its brands Max, Splash and Babyshop. Al Othaim is also present in this category through the brands OVS and Kiabi. It plans to expand the presence of its existing brands in this category to second-tier cities.

Table No. (3.22): Affordable Quality Clothing Market Size 2020G-2025G

Indicator	Units	2015G	2017G	2019G	CAGR 2015G-2020G	CAGR 2020G-2025G
Affordable quality clothing	SAR million	10,000	10,352	10,404	(1.0%)	3.10%

Source: From Euromonitor International's research and commercial interviews.

3.9.3 Competitive Environment

The fashion retail environment in Saudi Arabia is rewarding and highly competitive. This competitive structure is often characterized by the presence of a large number of local designers and brands of limited size. For example, within the general clothing category, a large share of the market still belongs to retailers specialized in traditional clothing such as thobes, bishts (traditional men's wear) and abayas, as well as clothing accessories, which are sold in unbranded stores in malls/bazaars/open markets, where there are plenty of stalls offering styles and designs similar to those offered by international brands at low prices.

Among the leading retail companies in the field of fashion are Landmark Group, Fawaz Abdul Aziz Al Hokair & Partners, Abdullah Al Othaim Fashion Co., MH Alshaya, BMA International and Kamal Osman Jamjoom Group LLC.

Abdullah Al Othaim Fashion Co. owns global franchises of clothing, children's clothing, women's underwear, sleepwear and accessories, including OVS, Orchestra, Boux Avenue and Parfois as well as Kiabi and Tally Weijl, a Swiss brand for girls that offers modern and elegant clothing. Similar to Landmark Group and BMA International, one of Al Othaim's competitive advantages is providing quality and affordable international brands such as OVS and Kiabi. Kiabi offers trendy designs for the whole family at affordable prices without compromising on quality, including a wide range of women's clothing products, including maternity wear, and everyday wear for teens and kids. Kiabi targets the middle-income segment of consumers and offers them fashionable designs for all daily occasions in various sizes. Al Othaim plans to operate a separate platform for Kiabi that will be launched by the end of 2021G. The company has a relatively wide range of commercial agencies. However, the company currently has a share of less than 2% of the total Saudi fashion retail market by value.

Table No. (3.23): Market Size of Al Othaim Brands, 2020G

Al Othaim Brand	Category	Units	2020G	Market share (%)	No. of outlets 2020G
Kiabi	Quality affordable clothing	SAR million	62	0.7%	9
OVS	Quality affordable clothing	SAR million	32	0.3%	14
Tally Weijl	Women's clothing	SAR million	7	0.0%	8
Orchestra	Children's clothing	SAR million	7	0.1%	3
Parfois	Clothing and accessories	SAR million	5	0.1%	3
Du Pareil au meme	Children's clothing	SAR million	3	0.02%	1
Boux Avenue	Women's underwear	SAR million	3	0.2%	3
Outlet/warehouse	General clothing	SAR million	2	0.0%	2

Source: From Euromonitor International's research and commercial interviews.

3.10 Food and Beverage Services in Saudi Arabia

3.10.1 Overview

The food and beverage service sector in Saudi Arabia has witnessed a massive shift towards restaurants that offer unique dining experiences. This growth in volume has been boosted in part by the expansion plans of restaurant chain operators outside major cities such as Riyadh, Jeddah, Mecca and Medina, and the opening of new hotels. Although the food and beverage service sector in Saudi Arabia is still dominated by independent restaurants, international and local restaurant chains have continued to expand more rapidly than independent operators in recent years.

To keep pace with market maturity and pressures on consumer spending that resulted from Saudi Arabia's economic diversification efforts after 2015G, the introduction of value-added tax in 2018G, and the coronavirus (COVID-19) pandemic, catering service operators in the country have been heavily engaged in promotional activities and improving food menus to increase footfall and maintain consumer interest. In 2019G, the restaurant sector accounted for 79.2% of the food and beverage service market in terms of value, while the home delivery sector significantly increased its market share from 5.5% in 2015G to 9.5%.

The restaurant market in Saudi Arabia remains largely concentrated in the limited-service and full-service restaurant sectors, whose growth has been driven by increasingly crowded and urban lifestyles and increased price awareness and value-seeking behavior, as well as exposure to western food concepts and brand names among young Saudi consumers through social media.

Table No. (3.24): Cafés, Specialty Tea Shops and Food Services in the Kingdom (Market Size) 2015G-2020G

Category	Units	2015G	2017G	2019G	CAGR 2015G-2020G
Cafés and specialty tea shops and coffee shops	SAR million	4,384	5,217	6,052	(2.60%)
Cafés	SAR million	2,979	3,549	4,203	(1.00%)
Specialty tea shops and coffee shops	SAR million	1,405	1,668	1,848	(6.30%)
Juice shops/fresh juice shops	SAR million	317	404	542	2.30%
Full service restaurants	SAR million	41,454	45,651	47,749	(7.00%)
Limited service restaurants	SAR million	22,008	25,237	27,003	(3.30%)
Self-service cefeterias	SAR million	62	79	84	(2.70%)
Stalls/street kiosks	SAR million	269	303	324	(2.90%)

Source: Euromonitor International, from business press, company research and commercial interviews.

Table No. (3.25): Cafés, Specialty Tea Shops and Food Services in the Kingdom (Number of Outlets) 2015G-2020G

Category	Units	2015G	2017G	2019G	CAGR 2015G-2020G
Cafés and specialty tea shops and coffee shops	Outlets	2,955	3,190	3,503	3.40%
Cafés	Outlets	2,127	2,212	2,316	1.30%
Specialty tea shops and coffee shops	Outlets	828	978	1,187	8.20%
Juice shops/fresh juice shops	Outlets	220	282	363	8.70%
Full service restaurants	Outlets	14,280	14,903	15,220	0.70%
Limited service restaurants	Outlets	14,839	16,026	16,327	1.10%
Self-service cafeterias	Outlets	20	23	24	(2.10%)
Stalls/street kiosks	Outlets	748	828	872	1.80%

Source: Euromonitor International, from business press, company research and commercial interviews.

3.10.2 Specialty chocolate cafés

The former segment largely dominates the market. In this segment both Molten Chocolate Café and DipnDip stand out. Currently, most chocolate cafés in the Kingdom do not import their own chocolate or the parent company's chocolate, but rather "liquid" chocolate (cocoa powder diluted in liquid) or Nutella on most of their menus. As a result, cafés in the Kingdom with at least 80% of their menus dedicated to chocolate-based items are now known as specialty chocolate cafés, regardless of whether they manufacture or use their own chocolate products or not.

However, this category is expected to witness further development and specialization in the coming years. With the developing taste of Saudi consumers and their increased interest in taste and quality, the Saudi food and beverage sector is expanding its high-quality local products, especially in light of the Kingdom's entertainment sector's ambitious goals to promote international and domestic tourism.

It is expected in the coming period that many operators will invest in producing their own chocolate types and sourcing luxury chocolate products from markets such as Belgium to cater to this growing category.

Table No. (3.26): Number of Specialty Chocolate Café Outlets 2019G-2020G

Category	Units	2019G	2020G	CAGR 2019G-2020G
Specialty chocolate cafés	No. of outlets	90	82	(8.9%)

Source: Euromonitor International, from business press, company research and commercial interviews.

Table No. (3.27): Number of Specialty Chocolate Café Outlets by Brand

Brand	Brand Owner	Unit	2019G	2020G
Molten Chocolate Café	Food Gate Group	No. of outlets	37	37
DipnDip	Saud Madaj Group	No. of outlets	29	21
Dip n fly	Dipnfly Co.	No. of outlets	10	10
Chocolate Sarayi		No. of outlets	8	8
Oliver Brown	Saray Bisküvi ve Gıda San	No. of outlets	4	5
Butlers Chocolate Café	Al Othaim	No. of outlets	1	1
Total		**No. of outlets**	**90**	**82**

Source: Euromonitor International, from business press, company research and commercial interviews

3.10.3 Competitive Environment

While the food and beverage services market in Saudi Arabia showed a highly stimulating competitive landscape a few years ago, with no single operator controlling more than 3% of sales value or 2% of outlets in 2018G, it has grown increasingly and orderly in 2019G and 2020G, especially in the wake of the coronavirus (COVID-19) pandemic that prompted many food service operators to restructure and refocus their operations. The segmentation of the food and beverage services market in Saudi Arabia is largely attributed to the lower market entry barriers and large target population that has allowed Saudi culinary pioneers to venture into the market with limited funds and tried and tested concepts – such as US-inspired food trucks, which have been well received by Saudi consumers in the last years.

In 2020G, McDonald's captured the largest share of the Saudi food services market in terms of value, with 8.2%, followed by Harvey's 4.2%, KFC 3.2%, Kudu 3%, and AlBaik Foods 2.9%. These shares indicate the strong dominance of global fast food chains in the market, despite the growing importance of local brands and new restaurant ideas in the Kingdom. Inflationary pressures on consumer spending caused by the coronavirus (COVID-19) pandemic have given these global operators an advantage over local operators, especially because they offer high quality products at an affordable price, and receive logistical support from global parent companies in the process of rapid transition to Internet services for home delivery.

Table No. (3.28): Market Share of Abdullah Al Othaim Investment Company in Cafés and Specialty Tea Shops and Coffee Shops

Data	Unit	2019G	2020G
Cafés and specialty tea shops and coffee shops	SAR million	5,898	3,698
Al Othaim's sales value in cafés and cafés specializing in coffee and tea	SAR million	21	13
Abdullah Al Othaim Investment Company's share in cafés and cafés specializing in coffee and tea	%	0.36%	0.34%

Source: Euromonitor International, from business press, company research and commercial interviews.

Table No. (3.29): Revenue of Abdullah Al Othaim Investment Company by Brand, 2019G-2020G

Abdullah Al Othaim Investment Company Brand	Category	Ownership	Units	2019G	2020G	Units	2019G	2020G
Oliver Brown	Café/bakery	Owned	SAR million	7.14	4.31	No. of outlets	5	5
Dallah	Café/bakery	Owned	SAR million	6.27	3.85	No. of outlets	5	5
Moka & More	Café/bakery	Franchise	SAR million	5.53	3.24	No. of outlets	7	7
Kabablaky - take away only	Grilled meat	Owned	SAR million	3.15	1.76	No. of outlets	5	5
Roti Mum	Café/bakery	Franchise	SAR million	2.03	1.14	No. of outlets	4	4
Just Orange	Juice	Franchise	SAR million	0.32	0.16	No. of outlets	3	2
Chester's	Fast food	Franchise	SAR million	0.22	0.1	No. of outlets	1	1
Café Frappe	Café/bakery	Owned	SAR million	0.052	-	No. of outlets	1	0
Total			**SAR million**	**24.73**	**14.6**	**No. of outlets**	**31**	**29**

Source: Data provided by Abdullah Al Othaim Investment Group.

3.11 Cinema in Saudi Arabia

3.11.1 Overview

In 2018G, Saudi Arabia ended a 35-year ban on cinemas, with plans to launch 50-100 cinemas by 2030G. This is a step launched by the Kingdom's Development, Investment and Entertainment Company (DIEC), backed by an investment budget of SAR 10 billion (USD 2.67 billion), stimulating the growth of the cinema sector in the country. The Kingdom has the capacity to accommodate up to 2,600 screens and will require about 370 cinemas for such capacity, which will potentially generate 60 to 70 million tickets by 2030G. Preliminary expectations indicate that the cinema market in the Kingdom will generate revenues of up to SAR 4.63 billion (USD 1.5 billion) for the same year. Since then, the market has kept pace with these ambitious estimates, despite some challenges caused by the coronavirus (COVID-19) pandemic in 2020G until 2021G.

All companies wishing to open a cinema in Saudi Arabia are required to obtain a three-year license from the General Commission for Audio-Visual Media (GCAM). GCAM imposes fees on operating the cinema, in addition to collecting 25% of ticket sales. While the license is obtained at the time of opening, cinemas are also required to obtain a No Objection Certificate (NOC) at the start of the planning and construction phases.

As of the summer of 2021G, cinemas were allowed to sell only 50% of their capacity, while adhering to the requirements on social distancing between seats and points of sale, in addition to longer periods between shows to ensure sterilization procedures, which adds more complications and operational costs to their business. In parallel, many high-budget international movies and productions have suffered from delays or shutdowns altogether, which in turn limited the availability of entertainment content suitable for moviegoers, whether inside or outside the Kingdom In response to such pressures on sales and profitability, AMC turned to regional productions from Egypt and Saudi Arabia, as well as other products that would resonate with expatriate audiences such as Filipinos, Indians and Pakistanis, to diversify its offering. In parallel, it is also searching for a mixed-use model for its cinemas in the Kingdom beyond the cinema sector, so that theaters could accommodate concerts, sports and gaming events. Similarly, in February 2021G Muvi announced a partnership with Riyadh-based digital content company Telfaz11 to produce Arabic feature films for theaters. These partnerships indicate a long-term trend to localize original content and production in the Kingdom to meet growing consumer demand for cinematic entertainment, within the framework of the Quality of Life Program in Saudi Arabia to develop the local cinema sector. It also represents a strategic expansion and growth opportunity for cinema operators in the Kingdom as they seek to secure their own shows and content in light of the global production shortage caused by the pandemic, and diversify it towards more profitable and cost-effective growth methods.

On this front, the food and beverage sector will play a major role in increasing revenue streams for cinema operators, and is expected to contribute to 35% to 50% of their annual revenues, as total per capita spending is estimated at around SAR 100 per visit. In 2019G, cinema operators in the Kingdom estimated that food and beverage revenue through cinemas amounted to SAR 110 million. Other opportunities are emerging in this area, including dining experiences, snacks and premium health products. However, some mall operators may choose to give up selling food and beverages in cinemas if they are located in close proximity to restaurants and outlets – particularly in malls where operators face significant challenges in redesigning their layouts and buildings to provide the minimum space required for cinema licensing.

Table No. (3.30): Number of Cinemas and Screens in the Kingdom in 2018G-2020G

Data	2018G	2019G	2020G	By 2021G
No. of cinemas	2	15	32	45
No. of screens	5	150	302	424

Source: Euromonitor International, from business press, company research and commercial interviews.

Table No. (3.31): Size of the Cinema Market in the Kingdom in 2018G-2020G

Data	Units	2018G	2019G	2020G	By 2021G
Ticket revenues	SAR million	16	274	157	740
No. of tickets sold	No.	260,000	4,000,000	2,360,502	11,205,000

Source: Euromonitor International, from business press, company research and commercial interviews.

3.11.2 Competitive Environment

In 2019G, the General Commission for Audiovisual Media (GCAM) announced an investment of USD 35 billion (SAR 131 billion), with the aim of launching 2,500 screens and 300 cinemas in the Kingdom by 2030G. However, even with these aspirations, the sector is in its infancy and remains fragmented and competitive.

Of the 11 malls near Abdullah Al Othaim Investment Company malls, six are planning to launch cinemas by 2020G- most of which are in the final construction stages and awaiting GCAM licensing approvals. This includes a seven-screen cinema in Hail's Garden Mall - where the cinema operator is expected to be among the leading operators (i.e., VOX, AMC and Muvi). Meanwhile, the Consolidated Real Estate Development Company (Hail Square) project announced the opening of the first cinema in Hail operated by VOX Cinemas, comprising 10 screens with a total of 1,309 seats. While it is located on the outskirts of Hail, Hail Square is close to the luxurious Danube supermarket, and therefore in close proximity to a high footfall of potential customers.

Meanwhile, Arabian Centers Company (ACC) is preparing to launch its 22-screen cinema complexes in Jubail Mall, Al-Ahsa Mall and Haifa Mall, with plans to launch an additional 13 cinemas in August 2021G. Nakheel Plaza in Buraidah has also obtained a license from GCAM, and closed many local stores to accommodate a 3,000-square-meter cinema that will provide moviegoers with a "deluxe cinema" experience, including dining services and cutting-edge technologies, at a price of SAR 140 (USD 37) per ticket. The company had signed an agreement with Muvi in August 2019G to open multiple complexes in four of its malls, the first of which was launched in the Mall of Arabia in Jeddah. The company is also anticipating launching cinemas with 250 screens in ten additional malls operated by ACC in eight cities in the Kingdom of Saudi Arabia

Abdullah Al Othaim Investment Company

As an early investor in the Saudi cinema market, Abdullah Al Othaim Investment Company, through its associate Wamda, will capitalize on the existing momentum in the sector to gain a leading edge in prime and untapped cities. In the northern region of the Kingdom, the Company will launch two cinemas in Al Othaim Mall - Hail and Al Othaim Mall - Arar during the fourth quarter of 2021G. The launching of Abdullah Al Othaim Investment Company's remaining seven cinemas in Riyadh, Al-Ahsa, Dammam, Unaizah, Khafji and Hafr Al-Batin was initially scheduled for 2020G and has been postponed due to the pandemic and will be implemented in phases between 2022G-2023G. The next leading project of Abdullah Al Othaim Investment Company, Al Othaim Mall - Hafr Al-Batin, extends over an area of 225,876 square meters and is a strong attraction for shoppers due to its proximity to the airport and downtown, and represents the second cinema experience in the region.

Wamda owns the exclusive franchise rights to the brand, Empire Cinema, a subsidiary of Al Rashid Company operates in the field of real estate development and has a proven track record in the MENA region. Empire Cinemas has made a strong name for itself by bringing high-tech and high-end offerings to the market, such as virtual reality technology, the premium Sphera concept and interactive cinema. The partnership with Empire Cinemas, through the malls and Abdullah Al Othaim Investment Company's mix of lessees who often are associated with value-for-money brands, will open up prospects for expanding the client base and attracting high-income audiences in the Kingdom.

Table No. (3.32): Cinemas Affiliated to Abdullah Al-Othaim Investment Co.

City	Mall	No. of Screens	Expected Opening Year
Riyadh	Al Othaim Mall - Al-Rabwah	10	Q1 of 2023G
Riyadh	Al Othaim Mall - Khurais	10	Q2 of 2022G
Dammam	Al Othaim Mall - Dammam	10	Q3 of 2023G
Al-Ahsa	Al Othaim Mall - Al-Ahsa	8	Q4 of 2022G

City	Mall	No. of Screens	Expected Opening Year
Hail	Al Othaim Mall - Hail	8	Q4 of 2021G
Arar	Al Othaim Maill - Arar	7	Q1 of 2022G
Unaizah	Al Othaim Mall - Unaizah	3	Q4 of 2023G
Hafr Al-Batin	Al Othaim Mall - Hafr Al-Batin	4	Q1 of 2023G
Khafji	Al Othaim Mall – Khafji	3	Q4 of 2023G

Source: Official data of Abdullah Al Othaim Investment Company

3.12 SWOT Analysis of Al Othaim

Strengths

- Al Othaim is the second largest operator in the entertainment sector in terms of number of branches and leased area.
- Al Othaim is based in Riyadh, Dammam, Buraidah, Hofuf and Hail, which are the fastest growing cities in the Kingdom.
- Al Othaim is active in the fast-growing quality and affordable clothing category through its brands (e.g., OVS and Kiabi). The Company's pricing strategy gives it a comparative advantage that makes it affordable and fast-selling.
- Al Othaim is experienced in fashion due to the number of brands it owns. The Company employs a high percentage of Saudi employees, which facilitates its growth and investment in line with the goals of Vision 2030.
- The Company has a presence in second tier cities and plans to capitalize on their untapped potential by expanding their "quality and affordable" brands in second tier cities.
- Al Othaim invested in several cities and opened malls in Unaizah and Arar earlier in 2016G. Since then, it has witnessed steady growth in demand in these areas
- As part of the Company's expansion strategy during the next five years, several malls will be opened in many cities of the Kingdom, most notably Khafji, Hafr Al-Batin, Riyadh, Dammam, Buraydah, Al-Mithnab, Al-Kharj and Abha.

Weaknesses

- Mecca is witnessing some of the largest investments in Saudi Arabia, led by private and government operators. However, Al Othaim has not revealed any investment plans for the city.
- Increasing dependence on Internet games for entertainment has a negative impact on the consumption pattern in entertainment centers.
- The increase in the value-added tax rate during 2020G has put pressure on its sales volume and customer purchasing power.

Opportunities

- As a result of easing the restrictions on non-religious tourist visas in Saudi Arabia, inbound travel to the Kingdom is expected to grow, creating opportunities for the Company and
- increasing Al Othaim's opportunities to venture into international markets through family entertainment centers, particularly in Egypt and the UAE.
- Outdoor amusement parks are currently very limited in Saudi Arabia and other countries in the region. Although Al Othaim operates only one water park in the Kingdom, there is room for expansion due to the increasing demand for these theme parks.
- The Saudization rate in the Company is high, which makes it easier for it to grow and invest in line with the objectives of Vision 2030.
- The recent lifting of the ban on cinemas created opportunities to offer cinemas in Al Othaim malls, which in turn drew brands such as Vox, AMC and SEVEN to create cinemas.

Threats

- The investment plans proposed by the key operators looking to establish more malls in Saudi Arabia will create a challenging environment.
- The entry of international operators such as Majid Al Futtaim and others into the family entertainment center business may create competition in terms of footfall.
- Al Othaim was scheduled to open seven cinemas in Riyadh, Al-Ahsa, Dammam and Unaizah, this was initially scheduled to be in 2020G but was postponed due to the pandemic and will be implemented in phases throughout 2022G.
- Growth in online retail may negatively affect retail sales through outlets located in malls.

4. Overview of the Company and Nature of its Business

4.1 Overview of the Company

Abdullah Al Othaim Investment Company is a Saudi closed joint stock company incorporated pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G), with Commercial Registration No. 1010213454 dated 19/09/1426H (corresponding to 10/22/2005G). As per its Commercial Registration, the Company's Head Office is located in Al-Rawabi District, Eastern Ring Road, Riyadh, with its registered address being at P.O. 28090, Zip Code 11437.

The Company was established as a limited liability company on 19/09/1426H (corresponding to 10/22/2005G) under the name "Othaim Real Estate Investment and Development Company," with a fully paid-up capital of one million Saudi Riyals (SAR 1,000,000) divided into ten thousand (10,000) cash shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share. On 15/04/1427H (corresponding to 05/13/2006G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into six hundred twenty-two thousand, five hundred thirty-five (622,535) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share through capitalization of the Shareholders' current account. On 22/10/1429H (corresponding to 10/22/2008G), the Company was converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G) announcing the conversion of the Company. Following conversion, the Company's capital was six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into sixty-two million, two hundred fifty-three thousand, five hundred (62,253,500) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. On 25/08/1437H (corresponding to 06/01/2016G), the Company's Extraordinary General Assembly approved the increase of the Company's capital from six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) to one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through capitalization of ninety-one million, six hundred fifty-one thousand, one hundred seventy-one Saudi Riyals (SAR 91,651,171) from the Company's statutory reserve and two hundred eighty-five million, eight hundred thirteen thousand, eight hundred twenty-nine Saudi Riyals (SAR 285,813,829) from the Company's retained earnings account. On 09/07/1439H (corresponding to 03/26/2018G), the Extraordinary General Assembly approved the change of the Company's name to "Abdullah Al Othaim Investment Company". The Company's current capital is one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per share (for further details on the Company's history, see Section 4.1.2 "**Corporate History and Capital Development**" of this Prospectus).

According to its commercial register, the main activities of the Company include construction of all types of residential buildings. As of the date of this Prospectus, the Company has ten (10) existing malls:

- **Al Othaim Mall - Al-Rabwah,** a mall located on land with an area of two hundred twenty-five thousand, eight hundred seventy-six(225,876) square meters and a leasable area of eighty thousand, five hundred seventy-two (80,572) square meters, which is expected to be opened in Q3 of 2022G.
- **Al Othaim Mall - Khurais,** a mall with a built-up area of one hundred one thousand, eight hundred two (101,802) square meters and a total leasable area of sixty-eight thousand, five hundred sixty (68,560) square meters, located on Khurais Road, Riyadh.
- **Al Othaim Mall - Buraidah,** a mall with a built-up area of sixty-two thousand, nine hundred forty-one (62,941) square meters and a total leasable area of fifty-two thousand, six hundred sixty (52,660) square meters, located at the intersection of Ali Bin Abi Talib Street and Othman Bin Affan Street, Buraidah.
- **Akirsha Mall,** a mall with a built-up area of fifteen thousand, four hundred thirty-five (15,435) square meters and a total leasable area of seven thousand, three hundred twenty (7,320) square meters, located in Akirsha District, Buraidah.
- **Al Othaim Mall - Unaizah,** a mall with a built-up area of sixty thousand (60,000) square meters and a total leasable area of forty-three thousand, one hundred twenty-nine (43,129) square meters, located on King Saud Road, Al-Muntazah District, Unaizah Governorate.
- **Al Othaim Mall - Dammam,** a mall with a built-up area of one hundred sixty-nine thousand, three hundred fifty-eight (169,358) square meters and a total leasable area of ninety-one thousand, seven hundred seventy (91,770) square meters, located along Prince Muhammad bin Fahd bin Abdulaziz Road, Abdullah Fouad District, Dammam.
- **Al Othaim Mall - Al-Ahsa,** a mall with a built-up area of one hundred three thousand, seven hundred ninety-four (103,794) square meters and a total leasable area of eighty-five thousand, two hundred thirty-seven (85,237) square meters, located in Al-Mubarraz District, Al-Ahsa Governorate.
- **Al Othaim Mall - Hail,** a mall with a built-up area of ninety thousand, four hundred sixty-two (90,462) square meters and a total leasable area of seventy-nine thousand, eight hundred ninety-four (79,894) square meters, located on King Saud Road, Al-Naqrah District, Hail.
- **Al Othaim Mall - Arar,** a mall with a built-up area of seventy five thousand, eighty two (75,082) square meters and a total leasable area of sixty six thousand, one hundred eighty-five (66,185) square meters, located on King Abdulaziz Road and Skaka Arar International Road, Arar.

- **Dar Al Waha Mall** is a mall with a built-up area of fifty thousand (50,000) square meters and a total leasable area of thirty-five thousand, nine hundred ninety-seven (35,997) square meters. It is located on King Fahd Road in Al-Rass Governorate.

In addition, the Company has eight (8) new projects under development, two (2) of which are under construction and six (6) projects are in the stage of study, design and selection, namely:

- **Al Othaim Mall – Hafr Al-Batin,** a mall located on land with an area of two hundred twenty-five thousand, eight hundred seventy-six (225,876) square meters and a leasable area of eighty thousand, five hundred seventy-two (80,572) square meters, which is expected to be opened in Q3 of 2022G.
- **Al Othaim Mall – Al-Khafji,** a mall located on land with an area of one hundred twenty thousand (120,000) square meters and a leasable area of forty nine thousand, five hundred (49,500) square meters. It is located in Al-Khafji Governorate and is expected to be opened in Q2 of 2023G.
- **Dammam Land Development Project,** a multi-service project located on land with an area of two hundred fifty-five thousand, six hundred (255,600) square meters and a leasable area of one hundred four thousand, eight hundred forty-one (104,841) square meters, located in the city of Dammam, which is expected to be opened in Q2 of 2028G.
- **Al-Kharj Governorate Land Development Project,** a project located on land with an area of two hundred eighty-six thousand, eight hundred two (286,802) square meters, located along King Abdullah Road in Al-Mansoura District, Al-Kharj Governorate. A study is underway to ensure the best use of the project land so that it is an integrated project serving a wide segment of the population of Al-Kharj and its surroundings.
- **Riyadh Land Development Project,** a multi-service project located on land with an area of one hundred fourteen thousand (114,000) square meters and a leasable area of around three hundred ninety thousand (390,000) square meters for the mall and commercial towers only. It is located in Al-Olaya District on King Fahd Road in the city of Riyadh and is expected to be opened in Q3 of 2029G.
- **Buraidah Land Development Project,** a project under study located in Al-Yarmouk on King Abdulaziz Road and Riyadh Road, Buraidah, on land with an area of one hundred sixty-nine thousand, eighteen (169,018) square meters.
- **Al Othaim Mall Project - Abha,** a mall located on land with an area of thirteen thousand, three hundred fifty-four (13,354) square meters and a leasable area of eleven thousand, seven hundred fifty (11,750) square meters. It is on the Abha - Al-Soudah Road and is expected to be opened in Q1 of 2024G.
- **Al Othaim Mall Project - Al-Mithnab Governorate,** a mall located on land with an area of thirty-seven thousand (37,000) square meters and a leasable area of twenty-five thousand (25,000) square meters. It is located in Al-Salam District on King Fahd and Prince Sultan Roads in Al-Mithnab Governorate and is expected to be opened in Q1 of 2024G.

Furthermore, the Company, through its Material Subsidiaries (for further details about the Material Subsidiaries, see Section 4.1.6 "**Overview of Material Subsidiaries**" of this Prospectus), carries out activities that support and complement its malls, including:

- Managing and operating family entertainment cities and centers through Abdullah Al Othaim Entertainment Co., represented by several brands, including nine (9) core brands, as of the date of this Prospectus: Saffori Land, Faby Land, Snow City, Action Zone, My Town, Xtreme Land and Xtreme Zone.
- Managing and operating fashion retail spaces through Abdullah Al Othaim Fashion Co., represented by several brands, including four (4) core global brands as of the date of this Prospectus: Kiabi, OVS, Tally Weijl and Parfois.
- Managing and operating restaurants and cafés through Abdullah Al Othaim Food Co., represented by several brands, including seven (7) core local and international brands, as of the date of this Prospectus: Moka and More Café, Oliver Brown Chocolate Café, Dallah Café, Roti Mum, Just Orange, Kabablaky and Chester`s.

The Directors declare that there is no intention to materially change the nature of the Company' activities.

4.1.1 Ownership Structure

The current capital of the Company is one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The table below shows the current ownership structure of the Company:

Table No. (4.1): Ownership Structure of the Company as of the Date of this Prospectus

#	Shareholders	Pre-Offering			Post-Offering		
		No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
1	Al Othaim Holding Company	60,346,150	603,461,500	60.35%	60,346,150	603,461,500	60.35%
2	Abdullah Al Othaim Markets Company	13,653,850	136,538,500	13.65%	-	-	-
3	Abdullah Saleh Ali Al Othaim*	26,000,000	260,000,000	26%	9,653,850	96,538,500	9.65%
4	Public	-	-	-	30,000,000	300,000,000	30%
Total		**100,000,000**	**1,000,000,000**	**100%**	**100,000,000**	**1,000,000,000**	**100%**

* The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's Shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company Co., which holds 60.35% of the Company's Shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's Shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company Co. (prior to the Offering).

Source: The Company

The following table sets out the Company's Substantial Shareholders according to their direct ownership as of the date of this Prospectus:

Table No. (4.2): The Company's Direct Substantial Shareholders as of the Date of this Prospectus

#	Shareholders	Pre-Offering			Post-Offering		
		No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
1	Al Othaim Holding Company	60,346,150	603,461,500	60.35%	60,346,150	603,461,500	60.35%
2	Abdullah Al Othaim Markets Company	13,653,850	136,538,500	13.65%	-	-	-
3	Abdullah Saleh Ali Al Othaim*	26,000,000	260,000,000	26.00%	9,653,850	96,538,500	9.65%
Total		**100,000,000**	**1,000,000,000**	**100%**	**70,000,000**	**700,000,000**	**70.00%**

* The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's Shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company Co., which holds 60.35% of the Company's Shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's Shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company Co. (prior to the Offering).

Source: The Company

The following table sets out the Company's direct and indirect Substantial Shareholders, as of the date of this Prospectus (for further details, see Section 4.1.4 "**Overview of the Company's Shareholders**" of this Prospectus):

Table No. (4.3): Company's Direct and Indirect Substantial Shareholders, as of the Date of this Prospectus

#	Shareholder	Pre-Offering			Post- Offering		
		No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
1	Abdullah Saleh Ali Al Othaim*	90,944,590	909,445,900	90.95%	70,000,000	700,000,000	70.00%

* The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's Shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company Co., which holds 60.35% of the Company's Shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's Shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company Co. (prior to the Offering).

Source: The Company

4.1.2 Corporate History and Evolution of Capital

A. Incorporation (2005G)

The Company was established as a limited liability company on 19/09/1426H (corresponding to 10/22/2005G) under the name "Al Othaim Real Estate Investment & Development Co.," with a fully paid-up capital of one million Saudi Riyals (SAR 1,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share. The table below sets out the Company's ownership structure upon incorporation:

Table No. (4.4): Company's Ownership Structure upon Incorporation

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	9,500	100	950,000	95.00%
2	Al Othaim Malls	500	100	50,000	5.00%
Total		**10,000**	**-**	**1,000,000**	**100%**

Source: The Company

B. Change of Ownership (2005G)

On 10/11/1426H (corresponding to 12/12/2005G), Al Othaim Malls sold its shares in the Company, which amounted to five hundred (500) shares with a nominal value of fifty thousand Saudi Riyals (SAR 50,000), to Abdullah Saleh Ali Al Othaim. The following table sets out the ownership structure of the Company following this change in capital:

Table No. (4.5): The Company's Ownership Structure as of 10/11/1426H (Corresponding to 12/12/2005G)

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	9,500	100	950,000	95.00%
2	Abdullah Saleh Ali Al Othaim	500	100	50,000	5.00%
Total		**10,000**	**-**	**1,000,000**	**100%**

Source: The Company

C. Capital Increase and Ownership Change (2006G)

On 15/04/1427H (corresponding to 05/13/2006G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into six hundred twenty-two thousand, five hundred thirty-five (622,535) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share through capitalization of the Shareholders' current account. This capital increase coincided with admission of Abdullah Al Othaim Markets Company as a new partner in the Company. The following table sets out the ownership structure of the Company following this capital increase:

Table No. (4.6): The Company's Ownership Structure as of 15/04/1427H (Corresponding to 05/13/2006G)

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	506,408	1,000	506,408,000	81.35%
2	Abdullah Al Othaim Markets Company	85,000	1,000	85,000,000	13.65%
3	Abdullah Saleh Ali Al Othaim	31,127	1,000	31,127,000	5.00%
Total		**622,535**	**-**	**622,535,000**	**100%**

Source: The Company

D. Conversion of the Company from a Limited Liability Company into a Saudi Closed Joint Stock Company and Change of Ownership (2008G)

On 22/10/1429H (corresponding to 10/22/2008G), the Company was converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G) announcing the conversion of the Company. Following conversion, the Company's capital was six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into sixty-two million, two hundred fifty-three thousand, five hundred (62,253,500) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The table below sets out the Company's ownership structure upon conversion:

Table No. (4.7): The Company's Ownership Structure as of 22/10/1429H (Corresponding to 10/22/2008G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	49,395,755	10	493,957,550	79.33353%
2	Abdullah Al Othaim Markets Company	8,500,000	10	85,000,000	13.65
3	Abdullah Saleh Ali Al Othaim	3,112,675	10	31,126,750	5.00%
4	Fahad Abdullah Saleh Al Othaim	622,535	10	6,225,350	1.00%
5	Saleh Abdullah Saleh Al Othaim	622,535	10	6,225,350	1.00%
Total		**62,253,500**	**-**	**622,535,000**	**100%**

Source: The Company

E. Capital Increase (2016G)

On 25/08/1437H (corresponding to 06/01/2016G), the Company's Extraordinary General Assembly approved the increase of the Company's capital from six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) to one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through capitalization of ninety-one million, six hundred fifty-one thousand, one hundred seventy-one Saudi Riyals (SAR 91,651,171) from the Company's statutory reserve and two hundred eighty-five million, eight hundred thirteen thousand, eight hundred twenty-nine Saudi Riyals (SAR 285,813,829) from the Company's retained earnings account. The following table sets out the ownership structure of the Company following this capital increase:

Table No. (4.8): The Company's Ownership Structure as of 25/08/1437H (corresponding to 06/01/2016G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	79,346,150	10	793,461,500	79.35%
2	Abdullah Al Othaim Markets Company	13,653,850	10	136,538,500	13.65%
3	Abdullah Saleh Ali Al Othaim	5,000,000	10	50,000,000	5%

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
4	Fahad Abdullah Saleh Al Othaim	1,000,000	10	10,000,000	1%
5	Saleh Abdullah Saleh Al Othaim	1,000,000	10	10,000,000	1%
Total		**100,000,000**	**-**	**1,000,000,000**	**100%**

Source: The Company

F. Change of Ownership (2018G)

On 15/05/1439H (corresponding to 2/1/2018G), Abdullah Saleh Ali Al Othaim, Fahad Abdullah Saleh Al Othaim and Saleh Abdullah Saleh Al Othaim sold their shares in the Company amounting to seven million (7,000,000) shares with a nominal value of seventy million Saudi Riyals (SAR 70,000,000) to Al Othaim Holding Company. The following table sets out the ownership structure of the Company following this change in capital:

Table No. (4.9): The Company's Ownership Structure as of 15/05/1439H (corresponding to 02/01/2018G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	86,346,150	10	863,461,500	86.35%
2	Abdullah Al Othaim Markets Company	13,653,850	10	136,538,500	13.65%
Total		**100,000,000**	**-**	**1,000,000,000**	**100%**

Source: The Company

G. Change of the Company's Name (2018G)

On 09/07/1439H (corresponding to 03/26/2018G), the Extraordinary General Assembly approved the change of the Company's name from "Othaim Real Estate Investment and Development Company" to "Abdullah Al Othaim Investment Company".

H. Change of Ownership (2019G)

On 29/12/1440H (corresponding to 09/01/2019G), Al Othaim Holding Company sold 26,000,000 of its shares in the Company amounting to eighty-six million, three hundred forty-six thousand, one hundred fifty (86,346,150) shares with a nominal value of two hundred sixty million Saudi Riyals (SAR 260,000,000) to Abdullah Saleh Ali Al Othaim. The following table sets out the ownership structure of the Company following this change in capital:

Table No. (4.10): The Company's Ownership Structure as of 29/12/1440H (corresponding to 09/01/2019G)

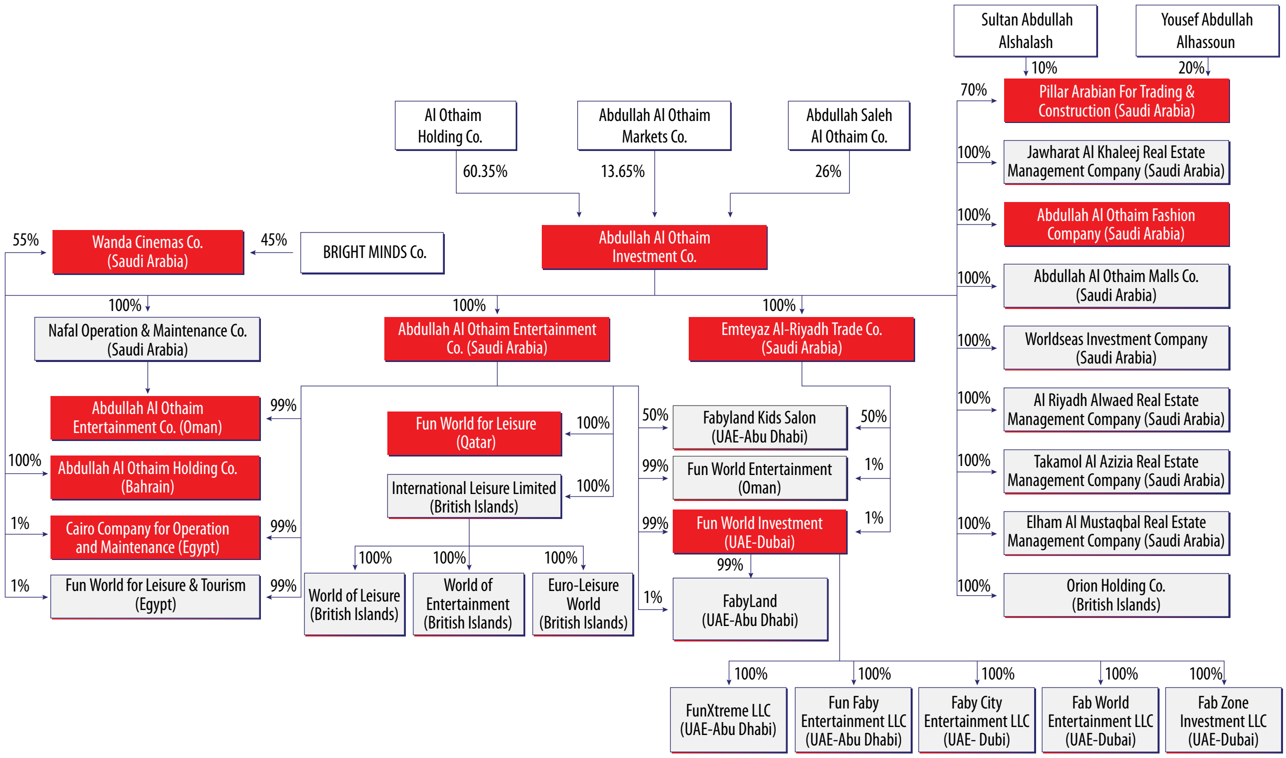
#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1.	Al Othaim Holding Company	60,346,150	10	603,461,500	60.35%
2.	Abdullah Al Othaim Markets Company	13,653,850	10	136,538,500	13.65%
3.	Abdullah Saleh Ali Al Othaim	26,000,000	10	260,000,000	26.00%
Total		**100,000,000**	**-**	**1,000,000,000**	**100%**

Source: The Company

4.1.3 Organizational Structure

The following chart shows the organizational structure of the Company within the Group:

Figure No. (1): Organizational Structure of the Company



* The registered owner of Fun World for Leisure (Qatar) is Fahad Abdullah Saleh Al Othaim. However, the Company is the beneficial owner of this company due to the restrictions which were placed on the registration of corporate ownership of foreign companies in Qatar, and Abdullah Al Othaim Entertainment Co. is currently working on transferring it to it.

Source: The Company

4.1.4 Overview of the Company's Shareholders

A. Al Othaim Holding Company

Al Othaim Holding Company is a one-person limited liability company established on 05/07/1426H (corresponding to 08/10/2005G) in Riyadh under Commercial Registration No. 1010211748. Al Othaim Holding Company manages its subsidiaries, invests its capital in equities, owns properties and movables and holds and leases industrial property rights, concessions and other rights to its subsidiaries. The capital of Al Othaim Holding Company is one billion Saudi Riyals (SAR 1,000,000,000), divided into ten million (10,000,000) cash shares having an equal value of one hundred Saudi Riyals (SAR 100) per share. The following table illustrates the ownership structure of Al Othaim Holding Company as of the date of this Prospectus:

Table No. (4.11): Ownership Structure of Al Othaim Holding Company as of the date of this Prospectus

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Abdullah Saleh Ali Al Othaim	10,000,000	100	1,000,000,000	100%
Total		**10,000,000**	**100**	**1,000,000,000**	**100%**

Source: The Company

B. Abdullah Al Othaim Markets Company

Abdullah Al Othaim Markets Company is a public joint stock company established on 07/07/1400H (corresponding to 05/21/1980G) in Riyadh under Commercial Registration No. 1010031185. It is an extension of Saleh Al Othaim Trading Establishment founded in 1376H (corresponding to 1957G), and operates in the food retail sector, with activities including wholesale and retail trade of food and non-food items, fish, meat and household items. The capital of Abdullah Al Othaim Markets Company is nine hundred million Saudi Riyals (SAR 900,000,000) divided into ninety million (90,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The shares of Abdullah Al Othaim Markets Company were listed on Tadawul on 11/07/1429H (corresponding to 07/14/2008G). The following table sets out the ownership structure of the Substantial Shareholders in Abdullah Al Othaim Markets Company according to the latest update on Tadawul's website on 20/11/1442H (corresponding to 06/30/2021G):

Table No. (4.12): Substantial Shareholders of Abdullah Al Othaim Markets Company as of 23/2/1443H (corresponding to 09/30/2021G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	Al Othaim Holding Company	2,489,400	10	24,894,000	27.66%
2	Abdullah Saleh Ali Al Othaim	540,000	10	5,400,000	6%
Total		**3,029,400**	**-**	**30,294,000**	**33.66%**

Source: The Company

4.1.5 Company Branches

The Company has ten (10) registered branches in the Kingdom, consisting of the Company's malls and administrative offices. The following table sets out the Company's branches (for further details on the licenses obtained by the Company's branches, see Section 12.3 "**Material Licenses**" of this Prospectus):

Table No. (4.13): Company Branches

#	City	Location	Property Type	Commercial Registration No.
1	Riyadh	Khurais Mall	Mall	1010263310
2	Riyadh	Al-Rabwah District (1)	Mall	1010218374
3	Riyadh	Al-Rabwah District (2)	Security services office	1010263061
4	Riyadh	Eastern Ring Road (2)	General administrative building	1010289509
5	Riyadh	Eastern Ring Road (4)	Public construction office	1010452601
6	Buraidah	Al-Iskan District	Mall	1131026422
7	Dammam	Abdullah Fouad District	Mall	2050075153
8	Al-Ahsa	Al-Mubarraz District	Mall	2252038435
9	Hail	King Saud Road	Mall	3350044573
10	Arar	Al-Jawharah District	Mall	3450174266

Source: The Company

4.1.6 Overview of Material Subsidiaries

For the purpose of measuring the significance of the Company's subsidiaries, the Company and the Financial Advisor have taken into consideration their impact on the decision to invest in the Company's securities and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities. Accordingly, the Company has four (4) Material Subsidiaries, as follows:

A. Abdullah Al Othaim Entertainment Co.

Abdullah Al Othaim Entertainment Co. is a one-person limited liability company incorporated in Riyadh under Commercial Registration No. 1010371062 dated 07/06/1434H (corresponding to 04/17/2013G). Abdullah Al Othaim Entertainment Co. was originally established under the name "Abdullah Al Othaim Entertainment and Tourism Company," and this name was changed on 29/02/1436H (corresponding to 02/26/2017G) to "Fun World International for Investment." This name was then changed to "Leader Leisure Company for Investment" on 12/03/1440H (corresponding to 11/20/2018G). Finally, the company's name was changed to "Abdullah Al Othaim Entertainment Co." on 22/11/1440H (corresponding to 07/25/2019G). Abdullah Al Othaim Entertainment Co., directly and through its subsidiaries, establishes and operates entertainment centers inside and outside the Kingdom (for further details on Abdullah Al Othaim Entertainment Co.'s business, see Section 4.5.1 "**Abdullah Al Othaim Entertainment Co.**" of this Prospectus).

The capital of Abdullah Al Othaim Entertainment Co. is one hundred fifty million Saudi Riyals (SAR 150,000,000) divided into fifteen million (15,000,000) cash shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The following table shows the ownership structure of Abdullah Al Othaim Entertainment Co. as of the date of this Prospectus:

Table No. (4.14): Ownership Structure of Abdullah Al Othaim Entertainment Co. as of the date of this Prospectus

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	The Company	15,000,000	10	150,000,000	100%
Total		**15,000,000**	**-**	**150,000,000**	**100%**

Source: The Company

B. Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. is a one-person limited liability company incorporated in Riyadh under Commercial Registration No. 1010228886 dated 06/02/1428H (corresponding to 2/24/2007G). Abdullah Al Othaim Fashion Co. was originally established under the name "Nahj AlKhayal Trading Co." and then its name was changed to "Abdullah Al Othaim Fashion Co." on 23/01/1441H (corresponding to 9/22/2019G). Abdullah Al Othaim Fashion Co. manages and operates fashion retail spaces and has a number of exclusive trade concessions in the Kingdom with a number of international fashion brands (for further details about Abdullah Al Othaim Fashion Co.'s business, see Section 4.9.3 "**Abdullah Al Othaim Fashion Co.**" of this Prospectus).

The capital of Abdullah Al Othaim Fashion Co. is one hundred thousand Saudi Riyals (SAR 100,000) divided into ten thousand (10,000) cash shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The following table shows the ownership structure of Abdullah Al Othaim Fashion Co. as of the date of this Prospectus:

Table No. (4.15): Ownership Structure of Abdullah Al Othaim Fashion Co. as of the date of this Prospectus

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	The Company	10,000	10	100,000	100%
Total		**10,000**	**-**	**100,000**	**100%**

Source: The Company

C. Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. is a one-person limited liability company incorporated in Riyadh under Commercial Registration No. 1010228837 dated 06/02/1428H (corresponding to 02/24/2007G). Abdullah Al Othaim Food Co. was originally established under the name "Emteyaz Al-Riyadh Co." and its name was changed to "Abdullah Al Othaim Food Co." on 29/02/1443H (corresponding to 10/06/2021G). Abdullah Al Othaim Food Co. operates a number of restaurants and cafés and has a number of exclusive trade concessions in the Kingdom with a number of food and beverages brands, and it also operates its own local brands (for further details on the businesses of Abdullah Al Othaim Food Co., see Section 4.5.3 "**Abdullah Al Othaim Food Co.**" of this Prospectus). The capital of Abdullah Al Othaim Food Co. is five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The following table shows the ownership structure of Abdullah Al Othaim Food Co. as of the date of this Prospectus.

Table No. (4.16): Ownership Structure of Abdullah Al Othaim Food Co. as of the date of this Prospectus

#	Shareholder	No. of Shares	Nominal Value of Shares (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1	The Company	500	1,000	500,000	100%
Total		**500**	**-**	**500,000**	**100%**

Source: The Company

4.2 Company's Vision and Prospects

4.2.1 Vision

To be the leading Company in the development, management and operation of malls and entertainment centers by applying innovative concepts of entertainment and shopping and to make its malls and entertainment centers the ideal and preferred destination for families by providing integrated services in entertainment, fashion, hospitality and cinema, and an incubator for entertainment, cultural and social programs and events.

4.2.2 Mission

To provide our customers with new and innovative experiences and enhance the Company's cooperation with its subsidiaries to offer an enjoyable and safe entertainment and shopping experience, and spread happiness to all.

4.2.3 Strengths and Competitive Advantages

The Company believes that it has a number of competitive advantages, including:

A. Diversified Revenue Sources

The Company and its Material Subsidiaries have four (4) sources of revenue: (1) rental income earned from the operation of the Company's malls, (2) revenue from the operation of the entertainment centers of Abdullah Al Othaim Entertainment Co., (3) revenue from the sales of the fashion retail spaces of Abdullah Al Othaim Fashion Co. and (4) operating income from the restaurants and cafés of Abdullah Al Othaim Food Co.

1. The total revenues of the Company and its subsidiaries as of December 31, 2019G amounted to SAR 1,008.7 million, 54.7% of which was generated from rental revenue earned from operating the Company's malls, which amounted to SAR 551.9 million as of December 31, 2019G. In collecting rental income, the Company relies on anchor tenants, namely: (1) Alshaya International Trading Company, which contributed 10.6% of the Company's revenues as of December 31, 2019G, (2) Landmark Arabia Company, which contributed 10.2% of the Company's revenues as of December 31, 2019G, (3) Abdullah Al Othaim Entertainment Co., which contributed 5.4% of the Company's revenues as of December 31, 2019G, (4) Abdullah Al Othaim Fashion Co., which contributed 3% of the Company's revenues as of December 31, 2019G, (5) Abdullah Al Othaim Markets Company, which contributed 3% of the Company's revenues as of December 31, 2019G, and (6) Sky Island Fashion Company Limited, which contributed 2.9% of the Company's revenues as of December 31, 2019G. Except for the above tenants, no other tenant has solely contributed more than 3% of the Company's revenues. The Company believes that diversification of the supply of products and retail spaces in the Company's malls gives it a competitive advantage in attracting customers, and the diversity of the Company's consumers and tenants allows the Company to maintain sustainable profits.
2. The total revenues of the Company and its subsidiaries as of December 31, 2020G amounted to 761,9 million Saudi Riyals, 65.2% of which was generated from the rental revenues earned from operating the Company's malls, which amounted to 496,7 million Saudi Riyals as of December 31, 2020G. In collecting rental income, the Company relies on anchor tenants, namely: (1) Alshaya International Trading Company, which contributed 12.3% of the Company's revenues as of December 31, 2020G, (2) Landmark Arabia Company, which contributed 8.4% of the Company's revenues as of December 31, 2020G, (3) Abdullah Al Othaim Entertainment Co., which contributed 5.5% of the Company's revenues as of December 31, 2020G, (4) Abdullah Al Othaim Fashion Co., which contributed 3% of the Company's revenues as of December 31, 2020G, and (5) Abdullah Al Othaim Markets Company, which contributed 4.4% of the Company's revenues as of December 31, 2020G, and (6) Sky Island Fashion Company Limited, which contributed 3.0% of the Company's revenues as of December 31, 2020G. Except for the above tenants, no other tenant has solely contributed more than 3% of the Company's revenues. The Company believes that diversification of the supply of products and retail spaces in the Company's malls gives it a competitive advantage in attracting customers, and the diversity of the Company's consumers and tenants allows the Company to maintain sustainable profits.
3. The total revenues of the Company and its subsidiaries as of September 30, 2021G were SAR 608.7 million , of which 50% were attributed to the rental income earned from operation of the Company's malls, which amounted to SAR 304.4 million as of September 30, 2021G. In collecting rental income, the Company relies on anchor tenants, namely:

(1) Landmark Arabia Company, which contributed 9.4% of the Company's total revenues as of September 30, 2021G, (2) Alshaya International Trading Company, which contributed 7.6% of the Company's total revenues as of September 30, 2021G and (3) Sky Island Fashion Company Limited, which contributed 2.8% of the Company's total revenues as of the financial period ended September 30, 2021G. Except for the above tenants, no other tenant has solely contributed more than 3% of the Company's revenues. The Company believes that diversification of the supply of products and retail spaces in the Company's malls gives it a competitive advantage in attracting customers, and the diversity of the Company's consumers and tenants allows the Company to maintain sustainable profits.

B. Experience, Reputation and Knowledge

The Company has been running a large number of malls inside the Kingdom for fifteen (15) years, which has allowed the Company to establish strong relationships with the Government, financiers, retailers and clients. The Company's malls recorded a turnout of approximately 48.9 million visitors per year in 2018G, an average of approximately 48.8 million visitors per year in 2019G, an average of approximately 33.2 million visitors per year in 2020G, and an average of approximately 22.5 million visitors per year for the financial period ended September 30, 2021G. The entertainment centers of Abdullah Al Othaim Entertainment Co. witnessed a turnout of approximately 3.8 million visitors annually, which is a strong indicator of the success of the Company and Abdullah Al Othaim Entertainment Co. in attracting visitors. The Company believes that its reputation with Government agencies, financiers, retailers and customers in responding to the needs of malls distinguishes it from its competitors in the market.

C. Highly Experienced Management Team

In addition to the Directors' long-standing experience in business, the Company has a professional management with long experience in business development in the area of mall development and management and entertainment, trade and real estate sectors. Abdullah Saleh Ali Al Othaim (the Company's Chairman) and Meshaal Ibrahim Mutaib Al Otaibi (the Company's CEO and Director) have knowledge and experience managing listed companies, and Abdullah Saleh Ali Al Othaim holds the position of Chairman of Abdullah Al Othaim Markets Company, which has been listed on Tadawul since 2013G. The Company also sets up internal and external development programs for its employees.

D. Targeting the Largest Customer Segment

The Company and its subsidiaries aim to provide their services and products at competitive prices within the reach of middle and higher income customers. This feature enables the Company to reach the largest and most stable segment of society and makes it less vulnerable to economic volatility.

E. Business Model to Maximize the Company's Value

- ### Low Financing Cost

  In expanding its business and portfolio, the Company has adopted a rigorous and sustainable strategy, enhancing its reputation with local financiers. The Company's reputation with its local financiers and the strength of its financial position and cash flows contributed to borrowing at low interest rates, and thus savings when developing malls. The Company's debt ratios out of the total capitalization reached 38% and 42% as of December 30, 2020G and September 30, 2021G.

- ### Efficient Pricing

  In view of the Company's ability to control costs and efficiently utilize its properties, the Company can enter into lease agreements with the tenants of its malls at competitive prices compared to the prices offered by its competitors. Competitive pricing enables the Company to attract and retain tenants with global and local brands and gain their loyalty to the Company's malls. Accordingly, the Company has built strong relationships with global and local retail brand agents. The occupancy rate of the Company's malls was approximately 88.7%, 87.1%, 84.5% and 83% for the Financial Years ended December 31, 2018G, 2019G, 2020G and the financial period ended September 30, 2021G. This percentage enhances the Company's ability to provide competitive rental rates to its lessees. Abdullah Al Othaim Entertainment Co. also offers discount programs and packages to its customers, which in turn foster the exploitation of economies of scale.

  As to its pricing mechanism for its products and services, the Company relies on market studies carried out by a selection of specialized internal and external advisors and periodically analyses the sustainability of any change in the prices of products and services provided by its competitors and its impact on consumer behavior.

- ### Competitive Development and Operation Prices

  The Company and its Material Subsidiaries engineer and control the costs of their development and operation projects through a project management committee comprising several specialized administrative departments, reflecting a comprehensive conceptualization of the project from the technical, financial and operational aspects in a timely and efficient manner. The size of the Company's existing and expected assets also plays a role in the process of negotiating with suppliers for the best quality of services and competitive prices.

- Complementary Activities for Sustainable Development

  The Company's strategy focuses on delivery of integrated malls, through the establishment and utilization of a number of complementary activities. For example, brands are owned and managed by associates of the Company, such as Al Othaim Hypermarket, a brand owned and managed by Abdullah Al Othaim Markets Company, in addition to the products and services provided by the subsidiaries, such as Abdullah Al Othaim Entertainment Co., which is one of the anchor tenants of the Company's malls and retail spaces of Abdullah Al Othaim Fashion Co., as well as the restaurants and cafés of Abdullah Al Othaim Food Co., thus encouraging tenants to rent in these malls. The Company focuses on meeting the target turnout for all its businesses and that of its various subsidiaries through its malls. This focus attracts more tenants to the Company's malls and distinguishes the Company from other operators whose mall units do not include the Company's subsidiaries as tenants, thereby ensuring operational efficiency and business continuity.

- Quick Returns on Investment

  For each project, the Company relies on financial and market studies and analyses such as Internal Rate of Return (IRR) and other studies, including but not limited to, the average net leasable area per individual, the average rent per square meter, the average sales per square meter, and comparison of the Company's performance indicators with industry and business standards to improve them, with a view to maximizing the use of available resources and delivering quality services to target groups at low operating and financing costs.

F. Diversified Property Portfolio in the Kingdom's Regions

As of September 30, 2021G, the Company has a portfolio consisting of a number of developed and undeveloped properties with a total area of (3,303,214) square meters, a number of which were selected for the construction of commercial malls. The Company's properties are characterized by their distinct locations, which are a result of the Company's distinguished relations with municipal councils in various cities of the Kingdom. These relations were established as a result of the Company's reputation as a reliable developer. The Company believes that its rapid ability to utilize its properties located in prime locations across the various cities of the Kingdom enables it to seize market opportunities to build malls efficiently and effectively, thus outperforming its competitors, who must first search for and then purchase a suitable property. The market value of the Company's investments in real estate amounted to four billion, six hundred twelve million, three hundred eighty-one thousand Saudi Riyals (SAR 4,612,381,000) as of December 31, 2019G, four billion, eight hundred seventy-six million, four hundred thousand Saudi Riyals (SAR 4,876,400,000) as of December 31, 2020G and five billion, seven hundred ninety-eight million, six hundred eighty-five thousand Saudi Riyals (SAR 5,798,685,000) as of September 30, 2021G.

G. Geographical Spread Locally, Regionally and in Emerging Markets

- Local Geographical Spread:
  - Malls: The Company's malls are currently situated in eight (8) large and small cities across the Kingdom. They are located in the east in Riyadh, Al-Ahsa, Buraidah, Unaizah, Al-Rass, Arar and Hail.
  - Entertainment Centers: Nineteen (19) entertainment centers are located throughout the Kingdom, thirteen (13) of which are situated in the Company's malls and six (6) of which are located outside the Company's malls as of September 30, 2021G.
  - Fashion: Abdullah Al Othaim Fashion Co. operates through four (4) international brands, which are Kiabi, OVS, Tally Weijl and Parfois spread throughout ten (10) cities across the Kingdom, and at a total of thirty-seven (37) retail spaces as of September 30, 2021G.
  - Restaurants and Cafés: Abdullah Al Othaim Food Co. has twenty-nine (29) restaurants and cafés spread throughout a number of cities in the Kingdom as of September 30, 2021G.

- Regional Geographical Spread:

  In addition to nineteen (19) entertainment centers around the Kingdom, the Company has a regional presence through nineteen (19) entertainment centers belonging to Abdullah Al Othaim Entertainment Co. operating in the UAE, Egypt, Oman and Qatar. Abdullah Al Othaim Entertainment Co. is also opening new locations in the Arabian Gulf, the Middle East, North Africa and other countries.

- **Flexible Business Model that Evolves with Market Needs**

  The Company believes that the success of any project requires effective strategic planning and efficient project management, reflected by good planning and organization of all of the Company's financial and human resources to ensure the project is implemented so that it achieves the desired objectives. Following is a non-exhaustive overview of initiatives undertaken by the Company:

  - The Company employs an entertainment business model that depends on relatively less capital assets compared to the value of its operations, with a standard project design model based on a mechanism that suits all target groups at the highest quality and lowest cost.
  - In line with the new changes in the entertainment industry, the Company is one of the first to engage in the cinema industry in a partnership with Bright Minds Education Company. As a first stage, these cinemas will be established in the Company's malls. The Company has obtained the necessary licenses, designs have been completed and work is underway to establish cinemas.

4.2.4 Strategy and Prospects

The Company aims to ensure sustainable operations and stable profits for its Shareholders through ownership, development and management of its malls, coupled with a distinguished mix of brands in fashion, food and entertainment. The Company also seeks to achieve its objectives to further expand its brand and enhance its market position through the development of effective and unique malls. The Company's basic business development strategy involves:

- **Completion of the Company's Development and Expansion Projects in the Kingdom**

  The Company has initiated development and expansion projects for its malls in the Kingdom and plans to complete these works, which in turn will allow it to continue to provide high quality malls in the retail sector.

- **Strengthening its Market Presence through Projects Launched in Major Cities of the Kingdom**

  Through its projects in major cities, the Company seeks to maintain its market presence by developing the "Al Othaim Mall" brand, as the malls are the preferred destinations of the middle class. The Company believes that its malls need to have a strong presence in the major cities of the Kingdom. Work is underway to complete the development of Al Othaim Mall - Hafr Al-Batin, which is expected to be completed in the second quarter of 2022G. Work is underway to complete the development of Al Othaim Mall - Al-Khafji, which is expected to be completed in the second quarter of 2023G. Work is underway on an integrated, mixed-use project in the cities of Riyadh and Dammam, which are expected to be completed in 2029G and 2028G, respectively. In addition, there are two malls in Abha and Al-Mithnab, which are expected to be completed in 2024G and two other malls in Buraidah and Al-Kharj whose completion date has not been predicted.

- **Exploring New Opportunities in the Company's Target Markets**

  The Company believes that the site factor is very important to the success of the Company's business, so the Company's strategy is to grow through long-term investment in properties. Investment in and use of properties requires finding properties located in developing and densely populated areas in the cities of the Kingdom, through the following:

  - **Ongoing Search for and Acquisition of Suitable Properties**

    The development of new malls depends on securing properties in the Kingdom's major and secondary densely populated cities. Accordingly, the Company will continue to allocate a portion of its profits to the purchase of properties in the cities of the Kingdom wherever it finds an investment opportunity to develop malls. Having a number of properties in suitable locations saves the Company a lot of time and research in the development of its malls in developing regions.

  - **Supporting Presence in Secondary Cities in the Kingdom**

    The Company believes that maintaining a strong presence in the major cities of the Kingdom is an important factor for the success of the Company, and that it is also important to address the shortage of supply in malls in the secondary cities of the Kingdom. Therefore, the Company seeks to expand its brand in the Kingdom's secondary cities where infrastructure projects such as airports and train stations are available, through the development of malls in middle-class neighborhoods.

  - **Building Strong Relationships**

    The Company plans to continue building and maintaining its strategic relationships with its customers and suppliers in the retail sector and major companies in order to provide a distinct mix of tenants in its malls. Building strong relationships in the retail sector and providing a distinct mix of tenants will in turn attract smaller retail customers to rent in its malls, thus creating a diversity of stores in its malls.

- **Diversifying the Company's Revenue Sources to Increase the Share of its Complementary Business**

  In view of the short time needed to develop entertainment centers compared to the time required to develop malls, the Company intends to expand the business of its entertainment centers (through Abdullah Al Othaim Entertainment Co.) during the next five years so that these entertainment centers constitute a larger component of the Company's revenues. Mall acquisition and operation activities represent 50% of the revenues of the Company and 30% of its entertainment centers as of September 30, 2021G. However, the Company intends to increase the share of revenues from the entertainment centers business mainly, in addition to expanding in fashion retail, restaurants and cinemas over the next five (5) years.

- **Expanding to New Locations**

  The Company anticipates the continued expansion of the entertainment centers of Abdullah Al Othaim Entertainment Co. through the development of new ideas and the introduction of new games in the Kingdom. In addition, the Company intends to expand the entertainment centers of Abdullah Al Othaim Entertainment Co. outside the Kingdom by opening new locations in the Arabian Gulf, the Middle East and North Africa and other countries. It anticipates opening two entertainment centers in Cairo and Alexandria, Egypt during 2022G.

- **Diversification of Complementary Products and Services**

  The Company intends, through Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co., to become the first choice in the retail field of fashion, food and cafés in the Kingdom, as it intends to expand its products targeting children and families by offering various options while maintaining high quality standards, with five (5) fashion retail spaces opened during 2021G. Additionally, it anticipates opening the renovated Café Dallah in Al-Ahsa and an ice cream shop in Al Othaim Mall - Khurais next to the cinema during the first quarter of 2022G.

4.2.5 Awards and Certificates Obtained by the Company

Table No. (4.17): Awards and Certificates Obtained by the Company

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
1.	Award for Retail Sector Development in the Kingdom – Al Othaim Mall – Hafr Al-Batin	The Company	July 2021G	Real Estate Asia Awards 2021G
2.	Mixed-use Project Development Award - Downtown Project/Azizia Mall (formerly)	The Company	July 2021G	Real Estate Asia Awards 2021G
3.	Best Promotion Award - Al Othaim Mall	The Company	2019G	MECS+R
4.	Award for the Best Retail Brand in the MENA region - Faby Land, Dubai Festival City, UAE	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
5.	Award for the Best Retail Brand in the MENA region - Snow City, Riyadh, Saudi Arabia	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
6.	Award for the Best Retail Brand in the MENA region - Saffori Land, Riyadh, Saudi Arabia	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
7.	Retail Excellence Award - Saffori Land Al-Rabwah Riyadh, Saudi Arabia	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
8.	Design & Development Award - New Development - Xtreme Zone, Mall of Muscat, Oman	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
9.	Design & Development Award - New Development - Faby Land, Mall of Muscat, Oman	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
10.	Design & Development Award - New Development - Snow City, Cairo, Egypt	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
11.	Most Popular Retail Design of the Year Award - Faby Land	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
12.	Most Popular Retail Personality of 2019G Award - Mr. Fahad Al Othaim	The Company	2019G	MECS+R
13.	Most Popular Brand Award - Entertainment - Snow City - Riyadh	Abdullah Al Othaim Entertainment Co.	2019G	IMAGES RETAIL Me

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
14.	The Golden Award for the Best Entertainment Center, Saffori Land, Al Othaim Mall Rabwah , Riyadh	Abdullah Al Othaim Entertainment Co.	2018G	Middle East and North Africa Leisure & Attractions Council (MENALAC)
15.	Award for the Best Entertainment City in the MENA region	Abdullah Al Othaim Entertainment Co.	2018G	MECS+R
16.	Excellence Award, Faby Land, Al Rashid Mall, Abha	Abdullah Al Othaim Entertainment Co.	2018G	MECS+R
17.	Best Operating Return Award, Snow City - Al Othaim Mall - Al-Rabwah , Riyadh	Abdullah Al Othaim Entertainment Co.	2018G	MECS+R
18.	Best Mall Opening Award - Al Othaim Mall - Hail	The Company	2017G	MECS+R
19.	The Gold Award for Best Entertainment City Design - Snow City	Abdullah Al Othaim Entertainment Co.	2017G	MECS+R
20.	Tourism Excellence Award for Best Entertainment City (2017) - Snow City	Abdullah Al Othaim Entertainment Co.	2017G	Saudi Commission for Tourism and Antiquities (SCTA)
21.	Tourism Excellence Award for Best Special Shopping Event - Al Othaim Mall - Al-Rabwah	The Company	2014G	Saudi Commission for Tourism and Antiquities (SCTA)
22.	Tourism Excellence Award for Best Marketing Events - Al Othaim Mall - Al-Rabwah	The Company	2015G	Saudi Commission for Tourism and Antiquities (SCTA)
23.	Appreciation plaque for sponsoring the Riyadh Shopping Festival - Al Othaim Mall - Al-Rabwah and Al Othaim Mall - Khurais	The Company	2018G	Emirate of Riyadh Province - Riyadh Chamber of Commerce
24.	Appreciation plaque for sponsoring the Riyadh Shopping Festival - Al Othaim Mall - Al-Rabwah and Al Othaim Mall - Khurais	The Company	2016G	Emirate of Riyadh Province - Riyadh Chamber of Commerce
25.	Appreciation plaque for sponsoring the Riyadh Shopping Festival - Al Othaim Mall - Al-Rabwah and Al Othaim Mall - Khurais	The Company	2012G	Emirate of Riyadh Province - Riyadh Chamber of Commerce
26.	Appreciation plaque for sponsoring Saudi Aramco events - Al Othaim Mall - Al-Ahsa	The Company	2017G	Saudi Aramco
27.	Appreciation plaque for sponsoring several national events - Al Othaim Mall - Al-Ahsa	The Company	2015G -2019G	Emirate of Eastern Province
28.	Appreciation plaque for sponsoring several events for the Breast Cancer Awareness Exhibition - Al Othaim Mall - Al-Ahsa	The Company	2015G -2019G	Ministry of Health
29.	Appreciation plaque for sponsoring several events for Environment Week - Al Othaim Mall - Al-Ahsa	The Company	2015G -2019G	Ministry of Environment, Water and Agriculture (MEWA)
30.	Appreciation plaque for sponsoring the International Day of Persons with Disabilities event - Al Othaim Mall - Buraidah	The Company	2019G	Ministry of Education
31.	Appreciation plaque for sponsoring MOI events - Al Othaim Mall - Dammam	The Company	2019G	Ministry of Interior - Public Security
32.	Appreciation plaque for sponsoring the events of the Eastern Province Health Cluster - Al Othaim Mall - Dammam	The Company	2019G	Ministry of Health - First Health Cluster
33.	Appreciation plaque for sponsoring World Immunization Day events - Al Othaim Mall - Dammam	The Company	2019G	Ministry of Health
34.	Appreciation plaque for sponsoring Human Rights Commission events – Al Othaim Mall - Arar	The Company	2019G	Human Rights Commission - Eastern Province

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
35.	Appreciation plaque for sponsoring the Eastern Coast Clean-up Campaign - Al Othaim Mall - Dammam	The Company	2017G	Emirate of Eastern Province
36.	Appreciation plaque for sponsoring Employment Forum events – Al Othaim Mall - Unaizah	The Company	2017G	Ministry of Labor and Social Development
37.	Appreciation plaque for sponsoring the “Greate Financial Awareness campaign - Al Othaim Mall - Al-Rabwah	The Company	2019G	Saudi Arabian Monetary Authority
38.	Appreciation plaque for sponsoring several events for World Civil Defense Day - Al Othaim Mall – Hail	The Company	2017G-2020G	General Directorate of Civil Defense in Hail
39.	Appreciation plaque for sponsoring Patients Friends Committee events – Al Othaim Mall – Unaizah	The Company – Al Othaim Mall – Unaizah	2020G	Patients Friends Committee, Unaizah
40.	Appreciation plaque for sponsoring the events of the Neighborhood Clubs Festival – Al Othaim Mall – Unaizah	The Company – Al Othaim Mall – Unaizah	2020G	Neighborhood Clubs Festival, Unaizah
41.	Appreciation plaque for sponsoring the events of World Civil Defense Day – Al Othaim Mall – Unaizah	The Company – Al Othaim Mall – Unaizah	2020G	Directorate of Civil Defense, Unaizah Governorate
42.	Appreciation plaque for sponsoring road security and passenger safety events – Al Othaim Mall – Unaizah	The Company – Al Othaim Mall – Unaizah	2020G	Roads Security Special Forces, Qassim Province
43.	Appreciation plaque for sponsoring the World Arabic Language Day event – Al Othaim Mall – Buraidah	The Company- Al Othaim Mall - Buraidah	2020G	Qassim University
44.	Appreciation plaque for sponsoring road safety awareness campaign events – Al Othaim Mall - Arar	The Company	2020G	Roads Security Special Forces, Northern Border Province
45.	Appreciation plaque for sponsoring the events of World Civil Defense Day – Al Othaim Mall - Arar	The Company	2020G	General Directorate of Civil Defense, Northern Border Province
46.	Appreciation plaque for sponsoring the arts event – Al Othaim Mall - Arar	The Company	2020G	Saudi Arabian Society for Culture and Arts (SASCA), Northern Border Province
47.	Appreciation plaque for sponsoring Al-Ahsa Municipality events - Al Othaim Mall - Al-Ahsa	The Company	2015G -2019G	Al-Ahsa Municipality
48.	Appreciation plaque for sponsoring several events for the National Breast Cancer Campaign – Al Othaim Mall - Al -Ahsa	The Company	2015G -2019G	Zahra Breast Cancer Association
49.	Appreciation plaque for sponsoring several events for World Civil Defense Day - Al Othaim Mall - Al-Ahsa	The Company	2015G -2019G	General Directorate of Civil Defense
50.	Appreciation plaque for sponsoring several events for World Down Syndrome Day (WDSD) - Al Othaim Mall - Al-Ahsa	The Company	2015G -2019G	People with Disability Association
51.	Appreciation plaque for sponsoring the Your Merchants Exhibition - Al Othaim Mall - Hail	The Company	2019G	Chamber of Commerce, Hail
52.	Appreciation plaque for sponsoring the World Kidney Day event – Al Othaim Mall - Al-Ahsa	The Company	2019G	King Fahad Specialist Hospital, Buraidah

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
53.	Appreciation plaque for sponsoring the Graduation Ceremony event - Al Othaim Mall - Hail	The Company	2019G	Hail University
54.	Appreciation plaque for sponsoring the first aid and artificial respiration event – Al Othaim Mall - Hail	The Company	2019G	Saudi Red Crescent Authority branch
55.	Appreciation plaque for sponsoring the International Volunteer Day event - Al Othaim Mall - Buraidah	The Company	2019G	Saudi Red Crescent Authority
56.	Appreciation plaque for sponsoring the World Diabetes Day event - Al Othaim Mall - Buraidah	The Company	2019G	National Diabetes Association
57.	Appreciation plaque for sponsoring the World Arthritis Day event – Al Othaim Mall - Buraidah	The Company	2019G	Saudi Society for Rheumatology
58.	Appreciation plaque for sponsoring the awareness campaign «Preserving Foods» - Al Othaim Mall - Buraidah	The Company	2019G	My Food Association
59.	Appreciation plaque for sponsoring College of Medicine events – Al Othaim Mall - Unaizah	The Company	2019G	Unaizah College of Medicine and Medical Sciences
60.	Appreciation plaque for sponsoring the events of the wheat allergy awareness campaign - Al Othaim Mall - Unaizah	The Company	2019G	Prince Abdullah bin Khalid Celiac Disease Research Chair
61.	Appreciation plaque for sponsoring diabetes awareness events - Al Othaim Mall - Unaizah	The Company	2019G	Charitable Association of Diabetes, Unaizah
62.	Appreciation plaque for sponsoring the events of the International Day of Persons with Disabilities - Al Othaim Mall - Al-Ahsa	The Company	2019G	Persons with Disabilities
63.	Appreciation plaque for sponsoring the events of the College of Clinical Pharmacy - Al Othaim Mall - Dammam	The Company	2019G	Ministry of Health - College of Clinical Pharmacy
64.	Appreciation plaque for sponsoring the events of the Eastern Province Municipality - Al Othaim Mall - Dammam	The Company	2019G	Eastern Province Municipality
65.	Appreciation plaque for sponsoring the shopping festival in the Northern Border Region - Al Othaim Mall - Arar	The Company	2019G	Chamber of Commerce and Industry - Eastern Province
66.	Appreciation plaque for sponsoring the 89th Saudi National Day celebration of the Ministry of Education - Al Othaim Mall - Dammam	The Company	2019G	Ministry of Education
67.	Appreciation plaque for sponsoring the Greater Financial Awareness campaign - Al Othaim Mall - Dammam	The Company	2019G	Saudi Arabian Monetary Authority
68.	Honorary plaque for sponsoring the events of the Association for the Development and Financing of Productive Families in Riyadh (Aamal) - Al Othaim Mall - Al-Rabwah	The Company	2018G	Emirate of Riyadh Province
69.	Appreciation plaque for sponsoring the International Day of Persons with Disabilities - Al Othaim Mall - Hail	The Company	2018G	General Administration of Education in Hail, Department of Private Education
70.	Appreciation plaque for sponsoring Productive Families events – Al Othaim Mall - Hail	The Company	2018G	Branch of the Social Development Bank, Hail

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
71.	Appreciation plaque for sponsoring the events of World Teacher's Day – Al Othaim Mall - Hail	The Company	2018G	General Administration of Education
72.	Appreciation plaque for sponsoring the Unified Gulf Week for Oral and Dental Health - Al Othaim Mall - Khurais	The Company	2018G	Ministry of Health
73.	Appreciation plaque for sponsoring the Family Reform Exhibition – Al Othaim Mall - Khurais	The Company	2018G	Social Development Committee, Al-Naseem District
74.	Appreciation plaque for sponsoring an introductory corner during Ramadan month - Al Othaim Mall - Khurais	The Company	2018G	Arwa Charitable Association
75.	Appreciation plaque for sponsoring the Importance of Health Awareness Requirements and Skills Development event – Al Othaim Mall - Khurais	The Company	2018G	Eastern Health Sector Administration
76.	Appreciation plaque for sponsoring the National Week for Giftedness and Creativity - Al Othaim Mall - Khurais	The Company	2018G	Ministry of Education
77.	Appreciation plaque for sponsoring the events of the Ministry of Social Affairs - Al Othaim Mall - Al-Ahsa	The Company	2018G	Social Development Center
78.	Appreciation plaque for sponsoring the celebration of International Literacy Day - Al Othaim Mall - Al-Ahsa	The Company	2018G	Ministry of Education
79.	Appreciation plaque for sponsoring the events of World Kidney Day - Al Othaim Mall - Al-Ahsa	The Company	2018G	King Fahd Hospital
80.	Appreciation plaque for sponsoring awareness events of the students of College of Medicine – Al Othaim Mall - Unaizah	The Company	2018G	Student Club, College of Medicine, Qassim University
81.	Appreciation plaque for sponsoring the events of Unaizah Secondary School - Al Othaim Mall - Unaizah	The Company	2018G	Unaizah High School
82.	A certificate of appreciation for sponsoring University events – Al Othaim Mall - Unaizah	The Company	2018G	Qassim University
83.	Appreciation plaque for sponsoring Al-Bir Society events - Al Othaim Mall - Dammam	The Company	2018G	Al-Bir Society
84.	Appreciation plaque for sponsoring an awareness event for the Saudi Arabian Monetary Agency – Al Othaim Mall - Dammam	The Company	2018G	Saudi Arabian Monetary Authority
85.	Appreciation plaque for sponsoring Kleeja Festival - Al Othaim Mall - Hail	The Company	2017G	Klija Festival, Hail
86.	Appreciation plaque for sponsoring an awareness campaign on childhood obesity - Al Othaim Mall - Khurais	The Company	2017G	Ministry of Health
87.	Appreciation plaque for the World Breastfeeding Week event – Al Othaim Mall - Khurais	The Company	2017G	General Directorate of Health Affairs
88.	Appreciation plaque for sponsoring International Thalassemia Day events - Al Othaim Mall - Al-Ahsa	The Company	2017G	Charitable Association for the Prevention of Genetic Blood Diseases

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
89.	Appreciation plaque for sponsoring Department of Education events - Al Othaim Mall - Unaizah	The Company	2017G	Department of Education, Unaizah
90.	Appreciation plaque for sponsoring Tourism Development Committee events - Al Othaim Mall - Unaizah	The Company	2017G	Tourism Development Committee, Unaizah
91.	Appreciation plaque for sponsoring Orphans Care Charitable Foundation (Ekhaa) events – Al Othaim Mall - Dammam	The Company	2017G	Charitable Foundation for Orphans Care (Ekhaa)
92.	Appreciation plaque for sponsoring Comprehensive Rehabilitation Center events - Al Othaim Mall - Dammam	The Company	2017G	Ministry of Labor, Comprehensive Rehabilitation Center
93.	Appreciation plaque for sponsoring cancer awareness campaign events - Al Othaim Mall - Dammam	The Company	2017G	Saudi Cancer Society
94.	Honorary plaque for sponsoring the event Towards a Safe Society for World Civil Defense Day – Al Othaim Mall - Al-Rabwah	The Company	2014G	Civil Defense
95.	Appreciation plaque for sponsoring several World Civil Defense Day events	The Company - Al Othaim Mall - Hail	2017G-2020G	General Directorate of Civil Defense in Hail
96.	Appreciation plaque for sponsoring Patients Friends Committee events	The Company - Al Othaim Mall - Unaizah	2020G	Patients Friends Committee, Unaizah
97.	Appreciation plaque for sponsoring Neighborhood Clubs Festival events	The Company - Al Othaim Mall - Unaizah	2020G	Neighborhood Clubs Festival, Unaizah
98.	Appreciation plaque for sponsoring World Civil Defense Day Events	The Company - Al Othaim Mall - Unaizah	2020G	Directorate of Civil Defense, Unaizah Governorate
99.	Appreciation plaque for sponsoring road and passenger safety events	The Company - Al Othaim Mall - Unaizah	2020G	Roads Security Special Forces, Qassim Province
100.	Appreciation plaque for sponsoring the International Day of the Arabic Language event	The Company - Al Othaim Mall - Buraidah	2020G	Qassim University
101.	Appreciation plaque for sponsoring the road safety awareness campaign events	The Company - Al Othaim Mall - Arar	2020G	Roads Security Special Forces, Northern Border Province
102.	Appreciation plaque for sponsoring World Civil Defense Day events	The Company - Al Othaim Mall - Arar	2020G	General Directorate of Civil Defense, Northern Border Province
103	Appreciation plaque for sponsoring the arts event	The Company - Al Othaim Mall - Arar	2020G	Saudi Arabian Society for Culture and Arts (SASCA), Northern Border Province
104.	Appreciation plaque for sponsoring several national events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	Emirate of Eastern Province
105.	Appreciation plaque for sponsoring Al-Ahsa Municipality events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	Al-Ahsa Municipality
106.	Appreciation plaque for sponsoring several National Breast Cancer Campaign events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	Zahra Breast Cancer Association
107.	Appreciation plaque for sponsoring several World Civil Defence Day events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	General Directorate of Civil Defense

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
108.	Appreciation plaque for sponsoring several World Down Syndrome Day events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	People with Disabilities Association
109.	Appreciation plaque for sponsoring several Breast Cancer Awareness Exhibition events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	Ministry of Health
110.	Appreciation plaque for sponsoring several Environment Week events	The Company, Othaim Mall - Al-Ahsa	2015G-2019G	Ministry of Environment, Water and Agriculture (MEWA)
111.	Best Promotion Award - Al Othaim Mall	The Company - Al Othaim Mall	2019G	MECS+R
112.	Award for the Best Retail Brand in the MENA region - Faby Land, Dubai Festival City, UAE	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
113.	Award for the Best Retail Brand in the MENA region - Snow City, Riyadh, Saudi Arabia	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
114.	Award for the Best Retail Brand in the MENA region - Saffori Land, Riyadh, Saudi Arabia	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
115.	Retail Excellence Award - Saffori Land Al-Rabwah Riyadh, Saudi Arabia	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
116.	Design & Development Award - New Development - Xtreme Zone, Mall of Muscat, Oman	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
117.	Design & Development Award - New Development - Faby Land, Mall of Muscat, Oman	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
118.	Design & Development Award - New Development - Snow City, Cairo, Egypt	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
119.	Most Popular Retail Design of the Year Award - Faby Land	Abdullah Al Othaim Entertainment Co.	2019G	MECS+R
120.	Most Popular Retail Personality of 2019G Award - Mr. Fahad Al Othaim	The Company	2019G	MECS+R
121.	Most Popular Brand Award - Entertainment - Snow City - Riyadh	Abdullah Al Othaim Entertainment Co.	2019G	IMAGES RETAIL Me
122.	Honorary plaque for sponsoring the Greater Financial Awareness campaign	The Company - Al Othaim Mall - Al-Rabwah	2019G	Saudi Arabian Monetary Authority
123.	Appreciation plaque for sponsoring the Your Merchants Exhibition	The Company - Al Othaim Mall - Hail	2019G	Chamber of Commerce, Hail
124.	Appreciation plaque for sponsoring World Kidney Day	The Company - Al Othaim Mall - Buraidah	2019G	King Fahad Specialist Hospital, Buraidah
125.	Appreciation plaque for sponsoring the Graduation Ceremony event	The Company - Al Othaim Mall - Hail	2019G	Hail University
126.	Appreciation plaque for sponsoring the First Aid and Artificial Respiration event	The Company - Al Othaim Mall - Hail	2019G	Saudi Red Crescent Authority branch
127.	Appreciation plaque for sponsoring the International Day of Persons with Disabilities	The Company - Al Othaim Mall - Buraidah	2019G	Ministry of Education
128.	Appreciation plaque for sponsoring the International Volunteer Day event	The Company - Al Othaim Mall - Buraidah	2019G	Saudi Red Crescent Authority

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
129.	Appreciation plaque for sponsoring the World Diabetes Day event	The Company - Al Othaim Mall - Buraidah	2019G	National Diabetes Association
130.	Appreciation plaque for sponsoring the World Arthritis Day event	The Company - Al Othaim Mall - Buraidah	2019G	Saudi Society for Rheumatology
131.	Appreciation plaque for sponsoring the awareness campaign Preserving Foods	The Company - Al Othaim Mall - Buraidah	2019G	My Food Association
132.	Appreciation plaque for sponsoring College of Medicine events	The Company - Al Othaim Mall - Unaizah	2019G	Unaizah College of Medicine and Medical Sciences
133.	Appreciation plaque for sponsoring wheat allergy awareness campaign events	The Company - Al Othaim Mall - Unaizah	2019G	Prince Abdullah bin Khalid Celiac Disease Research Chair
134.	Appreciation plaque for sponsoring Diabetes awareness events	The Company - Al Othaim Mall - Unaizah	2019G	Charitable Association of Diabetes, Unaizah
135.	Appreciation plaque for sponsoring Ministry of Interior events	The Company - Al Othaim Mall - Dammam	2019G	Ministry of Interior - Public Security
136.	Appreciation plaque for sponsoring the events of the Health Cluster in the Eastern Province Municipality	The Company - Al Othaim Mall - Dammam	2019G	Ministry of Health - First Health Cluster
137.	Appreciation plaque for sponsoring World Immunization Day events	The Company - Al Othaim Mall - Dammam	2019G	Ministry of Health
138.	Appreciation plaque for sponsoring Human Rights Commission events	The Company - Al Othaim Mall - Arar	2019G	Human Rights Commission - Eastern Province
139.	Appreciation plaque for sponsoring the events of the International Day of Persons with Disabilities	The Company, Othaim Mall - Al-Ahsa	2019G	Persons with Disabilities
140.	Appreciation plaque for sponsoring the College of Clinical Pharmacy events	The Company - Al Othaim Mall - Dammam	2019G	Ministry of Health - College of Clinical Pharmacy
141.	Appreciation plaque for sponsoring Eastern Province Municipality events	The Company - Al Othaim Mall - Dammam	2019G	Eastern Province Municipality
142.	Appreciation plaque for sponsoring the shopping festival in the Northern Border Region	The Company - Al Othaim Mall - Arar	2019G	Chamber of Commerce and Industry - Eastern Province
143.	Appreciation plaque for sponsoring the 89th Saudi National Day celebration of the Ministry of Education	The Company - Al Othaim Mall - Dammam	2019G	Ministry of Education
144.	Appreciation plaque for sponsoring the «Greater Financial Awareness" campaign	The Company - Al Othaim Mall - Dammam	2019G	Saudi Arabian Monetary Authority
145.	Appreciation plaque for sponsoring the Riyadh Shopping Festival	The Company - Al Othaim Mall - Al-Rabwah - Al Othaim Mall - Khurais	2018G	Emirate of Riyadh Province - Riyadh Chamber of Commerce
146.	Honorary plaque for sponsoring the events of the Association for the Development and Financing of Productive Families in Riyadh (Aamal)	The Company - Al Othaim Mall - Riyadh	2018G	Emirate of Riyadh Province

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
147.	Appreciation plaque for sponsoring the International Day of Persons with Disabilities	The Company - Al Othaim Mall - Hail	2018G	General Administration of Education in Hail, Department of Private Education
148.	Appreciation plaque for sponsoring Productive Families events	The Company - Al Othaim Mall - Hail	2018G	Branch of the Social Development Bank, Hail
149.	Appreciation plaque for sponsoring World Teachers' Day	The Company - Al Othaim Mall - Hail	2018G	General Administration of Education
150.	Appreciation plaque for sponsoring the Unified Gulf Week for Oral and Dental Health	The Company - Al Othaim Mall - Khurais	2018G	Ministry of Health
151.	Appreciation plaque for sponsoring the Family Reform Exhibition	The Company - Al Othaim Mall - Khurais	2018G	Social Development Committee, Al-Naseem District
152.	Appreciation plaque for sponsoring an introductory corner during the month of Ramadan	The Company - Al Othaim Mall - Khurais	2018G	Arwa Charitable Association
153.	Appreciation plaque for sponsoring the Importance of Health Awareness Requirements and Skills Development event	The Company - Al Othaim Mall - Khurais	2018G	Eastern Health Sector Administration
154.	Appreciation plaque for sponsoring the National Week for Giftedness and Creativity	The Company - Al Othaim Mall - Khurais	2018G	Ministry of Education
155.	Appreciation plaque for sponsoring Ministry of Social Affairs events	The Company, Othaim Mall - Al-Ahsa	2018G	Social Development Center
156.	Appreciation plaque for sponsoring the celebration of the International Literacy Day	The Company, Othaim Mall - Al-Ahsa	2018G	Ministry of Education
157.	Appreciation plaque for sponsoring World Kidney Day events	The Company, Othaim Mall - Al-Ahsa	2018G	King Fahd Hospital
158.	Appreciation plaque for sponsoring the awareness events of the students of College of Medicine	The Company - Al Othaim Mall - Unaizah	2018G	Student Club, College of Medicine, Qassim University
159.	Appreciation plaque for sponsoring Onaizah Secondary School events	The Company - Al Othaim Mall - Unaizah	2018G	Unaizah High School
160.	A certificate of appreciation for sponsoring the University's events	The Company - Al Othaim Mall - Unaizah	2018G	Qassim University
161.	Appreciation plaque for sponsoring the events of Al-Bir Society	The Company - Al Othaim Mall - Dammam	2018G	Al-Bir Society
162.	Appreciation plaque for sponsoring an Saudi Arabian Monetary Agency awareness event	The Company - Al Othaim Mall - Dammam	2018G	Saudi Arabian Monetary Authority
163.	The Golden Award for the Best Entertainment Center, Saffori Land, Al Othaim Mall Rabwah , Riyadh	Abdullah Al Othaim Entertainment Co.	2018G	Middle East and North Africa Leisure & Attractions Council (MENALAC)
164.	Award for the Best Entertainment City in the MENA region	Abdullah Al Othaim Entertainment Co.	2018G	MECS+R
165.	Excellence Award, Faby Land, Al Rashid Mall, Abha	Abdullah Al Othaim Entertainment Co.	2018G	MECS+R
166.	Best Operating Return Award, Snow City - Al Othaim Mall - Al-Rabwah , Riyadh	Abdullah Al Othaim Entertainment Co.	2018G	MECS+R

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
167.	Best Mall Opening Award – Al Othaim Mall - Hail	The Company - Al Othaim Mall - Hail	2017G	MECS+R
168.	The Gold Award for Best Entertainment City Design - Snow City	Abdullah Al Othaim Entertainment Co.	2017G	MECS+R
169.	Tourism Excellence Award for Best Entertainment City (2017) – Snow City	Abdullah Al Othaim Entertainment Co.	2017G	Saudi Commission for Tourism and Antiquities (SCTA)
170.	Appreciation plaque for sponsoring the Kleeja Festival	The Company - Al Othaim Mall - Hail	2017G	Klija Festival, Hail
171.	Appreciation plaque for sponsoring an awareness campaign on childhood obesity	The Company - Al Othaim Mall - Khurais	2017G	Ministry of Health
172.	Appreciation plaque for World Breastfeeding Week events	The Company - Al Othaim Mall - Khurais	2017G	General Directorate of Health Affairs
173.	Appreciation plaque for sponsoring Saudi Aramco events	The Company, Othaim Mall - Al-Ahsa	2017G	Saudi Aramco
174.	Appreciation plaque for sponsoring International Thalassemia Day events	The Company, Othaim Mall - Al-Ahsa	2017G	Charitable Association for the Prevention of Genetic Blood Diseases
175.	Appreciation plaque for sponsoring Department of Education events	The Company - Al Othaim Mall - Unaizah	2017G	Department of Education, Unaizah
176.	Appreciation plaque for sponsoring Tourism Development Committee events	The Company - Al Othaim Mall - Unaizah	2017G	Tourism Development Committee, Unaizah
177.	Appreciation plaque for sponsoring Employment Forum events	The Company - Al Othaim Mall - Unaizah	2017G	Ministry of Labor and Social Development
178.	Appreciation plaque for sponsoring Orphans Care Charitable Foundation (Ekhaa) events	The Company - Al Othaim Mall - Dammam	2017G	Charitable Foundation for Orphans Care (Ekhaa)
179.	Appreciation plaque for sponsoring Comprehensive Rehabilitation Center events	The Company - Al Othaim Mall - Dammam	2017G	Ministry of Labor, Comprehensive Rehabilitation Center
180.	Appreciation plaque for sponsoring the cancer awareness campaign events	The Company - Al Othaim Mall - Dammam	2017G	Saudi Cancer Society
181.	Appreciation plaque for sponsoring the East Coast Cleanliness campaign	The Company - Al Othaim Mall - Dammam	2017G	Emirate of Eastern Province
182.	Appreciation plaque for sponsoring the Riyadh Shopping Festival	The Company - Al Othaim Mall - Al-Rabwah - Al Othaim Mall - Khurais	2016G	Emirate of Riyadh Province - Riyadh Chamber of Commerce
183.	Tourism Excellence Award for the Best Marketing Events	The Company - Al Othaim Mall - Al-Rabwah	2015G	Saudi Commission for Tourism and Antiquities (SCTA)
184.	Honorary plaque for sponsoring the "Towards a Safe Society" event for World Civil Defense Day	The Company - Al Othaim Mall - Al-Rabwah	2014G	Civil Defense
185.	Tourism Excellence Award – The Best Special Shopping Event	The Company - Al Othaim Mall - Al-Rabwah	2014G	Saudi Commission for Tourism and Antiquities (SCTA)

#	Award/Appreciation Plaque	Company	Award Date (G)	Awarding Body
186.	Tourism Excellence Award – The Best Entertainment Center – Saffori Land Riyadh	Abdullah Al Othaim Entertainment Co.	2014G	Saudi Commission for Tourism and Antiquities (SCTA)
187.	Appreciation plaque for sponsoring the Riyadh Shopping Festival	The Company - Al Othaim Mall - Al-Rabwah - Al Othaim Mall - Khurais	2012G	Emirate of Riyadh Province - Riyadh Chamber of Commerce

Source: The Company

4.3 Summary of the Company's Material Events Since Incorporation

The following table sets out the Company's material evens since its incorporation until the date of this Prospectus.

Table No. (4.18): The Company's Material Events

Date	Material Events
2005G	The Company was established as a limited liability company to manage Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Buraidah and Saffori Land, which is located therein, as well as an entertainment center in Suwaidi District, Riyadh, an entertainment center on King Abdullah Road, Riyadh and an entertainment center in Al-Shifa District, Riyadh.
2006G	Completion of the first expansion of Al Othaim Mall - Buraidah, with an expansion of three thousand, four hundred (3,400) square meters.
2007G	• Opening of Saffori Land for the Company in the city of Al-Mithnab in Qassim region. • Opening of Al Othaim Mall - Al-Ahsa and the opening of Saffori Land therein.
2008G	• Launch of the expansion of Al Othaim Mall - Al-Rabwah and its entertainment center. • Completion of the second expansion of Al Othaim Mall - Buraidah, with an expansion of three thousand, one hundred sixty-five (3,165) square meters. • Opening of Al Othaim Mall - Khurais and the opening of Saffori Land therein.
2009G	Completion of the third expansion of Al Othaim Mall - Buraidah, with an expansion of eleven thousand (11,000) square meters.
2010G	Opening of Al Othaim Mall - Dammam and the opening of Saffori Land and Splash therein.
2011G	Opening of Akirshah Mall in Qassim.
2012G	Opening of Al Othaim Mall - Unaizah in Qassim and the opening of Saffori Land therein.
2013G	• Opening of the entertainment center "Action Zone" in Al Othaim Mall - Al-Ahsa and Al Othaim Mall - Dammam. • Expansion of the Company's business to the UAE by taking over the management of an entertainment center in Abu Dhabi. • Opening of the first branch of the OVS Kids brand. • Opening of the first branch of the Tally Weijl brand.
2014G	• Expansion of the Company's business to include restaurants and cafés in malls by attracting new brands. • Expansion of the Company's business to Egypt by establishing Fun World for Tourism & Entertainment, 99% owned by Abdullah Al Othaim Entertainment Co., to manage entertainment projects in Egypt.
2015G	• Opening of the first branch of the Kiabi brand. • Opening of the first branch of the Parfois brand.
2016G	• Opening of the first Snow City in the Kingdom in Al Othaim Mall - Al-Rabwah. • Launch of the expansion of Al Othaim Mall - Unaizah and its entertainment center with an expansion of twenty-seven thousand, eight hundred (27,800) square meters. • Opening of Al Othaim Mall - Arar and the opening of Saffori Land there. • Opening of Al Othaim Mall - Hail and the opening of Saffori Land there.
2017G	Opening of the first branch of the OVS Family brand.
2018G	• Acquisition of Abdullah Al Othaim Fashion Co. (Formerly Nahj AlKhayal Trading Co.) • Opening of the first branch of the Orchestra brand.

Date	Material Events
2019G	• Opening of Faby Land and Xtreme Zone in Muscat Mall in the Sultanate of Oman. • Opening of Snow City in the Republic of Egypt in City Stars Mall on an area of five thousand, five hundred (5,500) square meters. • Opening of Faby Land in Tabuk Park.
2020G	• Completion of the development work of Al Othaim Mall - Hafr Al-Batin, which is expected to be completed in the second quarter of 2022G and commence operations in the third quarter of 2022G. Work is underway to complete the development of Al Othaim Mall - Al-Khafji, which is expected to commence operations in the second quarter of 2023G. • Acquisition of a real estate deal, which is the Azizia Mall project, located in the north of Riyadh, on an area of one hundred fourteen thousand (114,000) square meters. • Work on opening cinemas in Al Othaim Mall - Hail in the fourth quarter of 2021G and Al Othaim Mall - Arar during the first quarter of 2022G. • Opening of Oliver Brown Chocolate Café in Al Othaim Mall - Al-Ahsa. • Development of Moka and More Café and reopening in Al Othaim Mall - Al-Rabwah. • Continued construction works to develop cinemas in malls.
2021G	• Opening of the cinema hall in Al Othaim Mall - Hail in the fourth quarter of 2021G. • Continued construction works to develop cinemas in malls.
2022G	The Company acquired Dar Al Waha Mall located in Al-Rass Governorate.

Source: The Company

4.4 Company's Business

As of the date of this Prospectus, the Company's main activities include the development and operation of major malls within the Kingdom. The Company achieves most of its revenues from the rental of spaces within its malls, which include a wide variety of global, regional and local brands that suit the desires of the targeted visitors in each mall. The Company undertakes constant market studies to identify new market trends. Therefore, the Company believes that the diversity of brand activities in its malls distinguishes it from other competitors for the same segment of the Kingdom's population.

4.4.1 The Company's Operating Metrics

The following table sets out the Company's operating metrics, which the Board of Directors considers key indicators of its performance in the past three Financial Years.

Table No. (4.19): The Company's Operating Metrics - Independent

KPI	FY 2019G	FY 2020G	FY Ended September 30, 2021G
Number of malls at the end of the year	9	9	9
Total Leasable Area (square meters)	601,580	601,580	601,580
Weighted average occupancy rate	87.1%	84.5%	83%
Number of vacant stores	1,792	1,751	1,641
Number of visitors*	48,817,042	33,150,304	22,547,870
Revenues (SAR million)	551,910,502	496,745,619	329,771,560
Revenue growth rate	3%	-10%	12.6%
Income before deducting rent allowances for the lands on which some malls are built and EBITDA (SAR)	398,829,565	264,144,834	202,195,640
Net cash from operating activities (SAR)	222,889,406	144,882,017	324,713,886
Profit for the year (SAR)	232,612,209	116,261,822	173,053,959

* Since Akirshah Mall is located within the neighbourhood, it is smaller in size compared to other Company malls and therefore does not include a system for calculating its number of visitors. Accordingly, the number of visitors indicator in the above table does not include the number of visitors to Akirshah Mall.

Source: The Company

4.4.2 Operational Malls

As of the date of this Prospectus, the Company has ten (10) operational malls, two (2) of which are located in Riyadh, Al Othaim Mall - Al-Rabwah and Al Othaim Mall - Khurais, four (4) in Qassim Province, Al Othaim Mall - Buraidah, Al Othaim Mall - Unaizah and Akirshah Mall - Buraidah and Dar Al Waha Mall in Al-Rass Governorate, two (2) in the Eastern Province, Al Othaim Mall - Dammam and Al Othaim Mall - Al-Ahsa, one (1) in Hail, Al Othaim Mall - Hail, and one (1) in Arar, Al Othaim Mall - Arar. As of September 30, 2021G, the Company has a total rental area of six hundred one thousand, five hundred eighty (601,580) square meters and an occupancy rate of 83%. The fair value of the Company's malls, based on an independent expert report, is five billion, five hundred eighty-seven million, five hundred fourty-two thousand, two hundred thirty-four Saudi Riyals (SAR 5,587,542,234).

It should be noted that the Company operates all of its malls under the brand "Al Othaim Mall," with the exception of Dar Al Waha Mall. However, the Company is currently working on changing the name of the mall to "Al Othaim Mall". The Company does not own "Al Othaim Mall" brand but uses it under a license agreement with Al Othaim Holding Company (for further details about this agreement, see Section 12.6.2(f) "**Trademark License Contract with Al Othaim Holding Company**" of this Prospectus).

The following table sets out key information and statistics for each mall (classified per total leasable area).

Table No. (4.20): Overview of the Company's Malls

Mall	Ownership Status	Opening Date	Total Leasable Area as of September 30, 2021G (square meters)	Built-up Area (square meters)	Occupancy rate as of September 30, 2021G (%)	Number of Floors	Parking Capacity (No. of Cars)	Contribution to the Company's Revenues (%)		
								FY 2019G	FY 2020G	Financial Period Ended September 30
Al Othaim Mall - Al-Rabwah	Partially owned	2001G	107,825	198,730	83	4	1.370	22.5%	22.7%	20.2%
Al Othaim Mall - Khurais	Owned	2008G	68,560	101,802	94	3	850	10%	10.06%	12.2%
Al Othaim Mall - Buraidah	Leased	2000G	52,660	62,941	92	2	518	10%	9.9%	10.8%
Akirshah Mall	Owned	2011G	7,320	15,435	91	1	242	0.4%	0.5%	0.5%
Al Othaim Mall - Unaizah	Leased	2012G	43,070	60,000	68	1	750	6%	5.6%	3.7%
Al Othaim Mall - Dammam	Leased	2010G	91,770	169.358	84	4	1.110	16%	16%	15.6%
Othaim Mall - Al-Ahsa	Owned	2007G	85,237	103,794	91	3	950	17%	17.5%	18.7%
Al Othaim Mall - Hail	Owned	2016G	79,894	90,462	83	2	925	11%	11.6%	11.7%
Al Othaim Mall - Arar	Owned	2016G	66,185	75,082	69	1	1.020	7%	7.6%	6.5%
Dar Al Waha Mall*	Owned	2016G	35,997	50,000	79	2	1,200	-	-	-

* The Company did not record any revenues from the Dar Al Waha Mall for the Financial Years ended 2018G, 2019G, 2020G and September 30, 2021G, knowing that its ownership was transferred to the company on 28/05/1443H (corresponding to 01/01/2022G).

Source: The Company

The target group segments for each mall are determined by the population segments of the area in which the concerned mall is located. The following table sets out an overview of the market position per mall.

Table No. (4.21): Overview of the Market Position per Mall

Mall	Target Segment Group	Medium Priced Brands	Medium to High Priced Brands	Key Shopping Offers			
				Hypermarket	Restaurants Area	Moderately Priced Restaurants	Entertainment Centers
Al Othaim Mall – Rabwah	Middle to upper class families and individuals	✓	✓	✓	✓	✓	✓
Al Othaim Mall – Khurais	Middle class families and individuals	✓	✓	✓	✓	✓	✓
Al Othaim Mall – Buraidah	Middle class families and individuals	✓	✓	✓	✓	✓	✓
Akirshah Mall	Middle class families and individuals	✓	×	✓	×	×	×
Al Othaim Mall – Unaizah	Middle class families and individuals	✓	✓	✓	✓	✓	✓
Al Othaim Mall – Dammam	Middle to upper class families and individuals	✓	✓	✓	✓	✓	✓
Othaim Mall - Al-Ahsa	Middle to upper class families and individuals	✓	✓	✓	✓	✓	✓
Al Othaim Mall – Hail	Middle class families and individuals	✓	✓	✓	✓	✓	✓
Al Othaim Mall – Arar	Low to middle class families and individuals	✓	✓	✓	✓	✓	✓
Dar Al Waha Mall	Low to middle class families and individuals	✓	✓	✓	✓	✓	✓

Source: The Company

The classifications in the above table have the following meanings:

- The 'middle to upper' target segment refers to the category of consumers who mostly shop at retail spaces offering medium to high priced brands.
- The 'middle' target segment refers to the category of consumers who mostly shop at retail spaces offering medium priced brands.
- The 'middle to low' target segment refers to the category of consumers who mostly shop at retail spaces offering the lowest tier of popular brands and low-cost brands.

The brands are also categorized as follows:

- "Medium to high priced brands" refers to luxury brands that include luxury goods at affordable prices.
- "Medium priced brands" refers to brands that are sold in an average market and include goods at affordable prices.

Following is an overview of each of the Company's malls:

A. Al Othaim Mall - Al-Rabwah

Al Othaim Mall - Al-Rabwah is a mall with an area of one hundred ninety-eight thousand, seven hundred thirty (198,730) square meters, established on land with an area of approximately seventy-six thousand, four hundred sixty-four (76,464) square meters and a leasable area of one hundred seven thousand, eight hundred twenty-five (107,825) square meters as of September 30, 2021G. It is located on the Eastern Ring Road between Exit 14 and Exit 15 in Rabwah District, Riyadh and is surrounded by a number of residential neighborhoods in Riyadh, including Al-Jazirah in the south, Ar-Rawabi in the east, Al-Malaz in the west and Riyadh Air Base. The Company owns the northern part of the land on which Al Othaim Mall - Al-Rabwah is located, and the other part is leased by the Company.

Al Othaim Mall - Al-Rabwah targets upper and middle class visitors. Al Othaim Mall - Al-Rabwah is made up of four (4) floors and includes a ground floor for parking that can accommodate approximately one thousand, three hundred seventy (1,370) cars. Al Othaim Mall - Al-Rabwah includes seven hundred twelve (712) rental units, of which twenty (20) are dedicated to anchor tenants. It also includes a restaurant area with twenty-four (24) rental units, an entertainment city with a total area of eighteen thousand, sixty (18,060) square meters, a hypermarket with a total area of one thousand, seven hundred thirty-six (1,736) square meters, and Snow City, which is the first snow city in the Kingdom. The turnout rate of Al Othaim Mall - Al-Rabwah was 4.4 million visitors per year as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Al-Rabwah amounted to 25% in FY 2018G, 24% in FY 2019G, 23% in FY 2020G and 27% during the nine-month period ended September 30, 2021G. Also, development works will be undertaken in Al Othaim Mall - Al-Rabwah to prepare the mall to open a cinema with an area of two thousand, nine hundred eighty-seven (2,987) square meters during the first quarter of 2023G. As of the date of this Prospectus, the Company is in the process of obtaining a municipal license to modify the building, in addition to selecting the contractor to initiate the project works.

The anchor tenants of Al Othaim Mall - Al-Rabwah include Abdullah Al Othaim Markets Company, Kiabi, Centrepoint, H&M, Max, Sun & Sports, RedTag, Saffori Land and Snow City belonging to Abdullah Al Othaim Entertainment Co. and Kutayba Yusuf Alghanim & Partners (X-Cite).

It should be noted that the Company is currently working on the comprehensive development of Al Othaim Mall - Al-Rabwah, by developing the interior design of the mall, adding an area for the cinema, upgrading restaurant yards, outdoor and indoor seating areas, restrooms, dressing rooms, visitor reception areas and the information office and adding technical maps.

The following table sets out an overview of tenant categories in Al Othaim Mall - Al-Rabwah:

Table No. (4.22): Overview of Tenant Categories in Al Othaim Mall - Al-Rabwah

#	Tenant Category	Rental Revenue				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	FY Ended September 30, 2021G	
1	Apparel, shoes and accessories	74,998,832	70,336,425	59,097,967	47,778,702	54%
2	Health & personal care products	13,259,756	13,331,798	14,342,224	10,788,910	12%
3	Food and beverage	20,702,565	19,577,367	18,511,433	12,088,837	14%
4	Sports & leisure	2,478,987	2,547,300	2,578,257	1,984,849	2%
5	Entertainment	8,376,636	8,345,044	8,295,058	6,496,141	7%
6	Furniture and home	3,943,255	3,454,855	4,131,863	2,752,000	3%
7	Hypermarket/supermarket	1,057,631	1,051,878	1,038,747	766,598	1%
8	Home electronics and appliances	2,271,201	2,855,170	2,818,314	2,280,966	3%
9	Service stores	1,511,992	1,438,964	1,353,328	767,767	1%
10	Other	3,900,437	9,818,595	2,421,687	2,439,469	3%
Total		**132,501,292**	**132,757,397**	**114,588,904**	**88,144,239**	**100%**

Source: The Company

B. Al Othaim Mall - Khurais

Al Othaim Mall - Khurais is a mall with an area of one hundred one thousand, eight hundred two (101,802) square meters, established on land with an area of fifty-two thousand, nine hundred eighty (52,980) square meters and a leasable area of sixty-eight thousand, five hundred sixty (68,560) square meters as of September 30, 2021G. It is located on Khurais Road in Al-Naseem Al-Sharqi District in Riyadh, a middle-class district, fifteen (15) kilometers from the center of the business area of Riyadh. Al Othaim Mall - Khurais is classified as a regional mall. It was opened in 2008G. The Company owns the full property on which Al Othaim Mall - Khurais is located.

Al Othaim Mall - Khurais targets middle-class visitors. Al Othaim Mall - Khurais is made up of three (3) floors and a ground floor that includes open and closed parking lots that can accommodate approximately one thousand, four hundred ninety-five (1,495) cars. Al Othaim Mall - Khurais includes two hundred ten (210) rental units, of which ten (10) are dedicated to anchor tenants. It also includes a restaurant area with fifteen (15) rental units, an entertainment city with a total area of eight thousand, fifty-nine (8,059) square meters, a hypermarket with a total area of five thousand, seventy-two (5,072) square meters and a cinema with a total area of three thousand, three hundred two (3,302) square meters expected to open during the second quarter of 2022G. The turnout rate of Al Othaim Mall - Khurais was 3 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Khurais amounted to 11% in FY 2018G, 11% in FY 2019G, 12% in FY 2020G and 14% during the financial period ended September 30, 2021G.

The anchor tenants of Al Othaim Mall - Khurais include Abdullah Al Othaim Markets, Kiabi, Centrepoint, H&M, Max, RedTag, and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.

The following table sets out an overview of tenant categories in Al Othaim Mall - Khurais:

Table No. (4.23): Overview of Tenant Categories in Al Othaim Mall - Khurais

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	33,874,723	31,930,047	33,700,050	24,051,911	42%
2	Health & personal care products	6,728,623	7,290,358	7,742,347	5,868,543	13%
3	Food & beverages	6,187,105	5,815,960	5,555,054	4,071,627	9%
4	Sports & leisure	0	264,678	744,966	427,200	1%
5	Entertainment	4,637,811	4,637,811	4,637,811	5,025,536	11%
6	Furniture and home	1,168,730	1,262,315	1,457,791	1,082,209	2%
7	Hypermarket/supermarket	2,348,881	2,340,338	2,080,696	1,694,554	4%
8	Home electronics and appliances	421,468	713,271	884,240	454,294	1%
9	Service stores	2,169,974	2,216,346	1,776,318	1,598,525	3%
10	Other	2,867,195	5,918,004	2,338,432	1,931,821	4%
Total		**60,404,510**	**62,389,128**	**60,917,705**	**46,206,221**	**100%**

Source: The Company

C. Al Othaim Mall - Buraidah

Al Othaim Mall - Buraidah is a mall with an area of sixty-two thousand, nine hundred forty-one (62,941) square meters, established on land with an area of fifty thousand, eight hundred fifty-five (50,855) square meters and a leasable area of fifty-two thousand, six hundred sixty (52,660) square meters as of September 30, 2020G. It is located at the intersection of Ali Bin Abi Talib St and Othman Bin Affan St, Al-Iskan, Buraidah, one of the largest cities in Qassim Province, which is two hundred fifty (250) kilometers from Riyadh. Al Othaim Mall - Buraidah was opened in 2000G, and is classified as a regional mall. The Company leases the land on which Al Othaim Mall - Buraidah is located from Buraidah Municipality under a lease agreement expiring on 25/12/1445H (corresponding to 07/01/2024G) (for further details on the lease agreement with Buraidah Municipality, see Section 12.5.5 (a) "**Lease Agreement for Al Othaim Mall - Buraidah**" of this Prospectus).

Al Othaim Mall - Buraidah targets middle-class visitors. Al Othaim Mall - Buraidah is made up of two floors and has parking spaces that can accommodate approximately one thousand, two hundred eighteen (1,218) cars. Al Othaim Mall - Buraidah includes two hundred eighty eight (288) rental units, of which eight (8) are dedicated to anchor tenants. It also includes a restaurant area with thirteen (13) rental units, an entertainment city with a total area of three thousand, nine hundred thirty-nine (3,939) square meters, and a hypermarket with a total area of three thousand, eight hundred seventy (3,870) square meters. The turnout rate of Al Othaim Mall - Buraidah was 2.2 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Buraidah amounted to 10% in FY 2018G, 11% in FY 2019G, 11% in FY 2020G and 12% during the nine-month period ended September 30, 2021G.

The anchor tenants of Al Othaim Mall - Buraidah include Abdullah Al Othaim Markets, Kiabi, Centrepoint, Home Centre, RedTag, and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.

The following table sets out an overview of tenant categories in Al Othaim Mall - Buraidah:

Table No. (4.24): Overview of Tenant Categories in Al Othaim Mall - Buraidah

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	33,996,179	33,380,352	33,096,834	22,176,047	55%
2	Health & personal care products	5,463,478	6,347,655	7,659,992	6,070,021	15%
3	Food & beverages	6,178,943	5,903,410	5,035,955	3,577,368	9%
4	Sports & leisure	0	0	0	0	0
5	Entertainment	2,530,766	2,530,766	2,530,766	1,898,075	5%
6	Furniture and home	254,137	8,450,455	3,311,039	2,679,181	7
7	Hypermarket/supermarket	1,329,048	1,328,490	1,317,231	977,482	2%
8	Home electronics and appliances	1,233,239	1,037,293	930,065	898,781	2%
9	Service stores	1,823,266	1,790,925	1,539,556	1,505,907	4%
10	Other	2,432,619	1,134,529	1,103,783	854,699	2%
Total		**55,241,676**	**61,903,874**	**56,525,221**	**40,637,561**	**100%**

Source: The Company

D. Akirshah Mall

Akirshah Mall is a mall with an area of fifteen thousand, four hundred thirty-five (15,435) square meters, established on land with an area of fifteen thousand, six hundred fifty-five point sixty-three (15,655.63) square meters and a leasable area of seven thousand, three hundred twenty (7,320) square meters as of September 30, 2021G. It is located on King Khaled Road, Akirshah, Buraidah. Akirshah Mall is classified as being located within residential neighborhoods. It was opened in 2011G. The Company owns the full property on which Akirshah Mall is located.

Akirshah Mall targets middle class visitors. It consists of one floor, and includes outdoor parking spaces for approximately seventy (70) cars. Akirshah Mall includes twelve (12) rental units, of which one thousand, four hundred seventy-five (1,475) square meters are dedicated to anchor tenants. It also includes a hypermarket with a total area of three thousand, six hundred twenty (3,620) square meters.

The Company's revenues from Akirshah Mall amounted to 0.5% in FY 2018G, 0.5% in FY 2019G, 0.5% in FY 2020G and 0.6% during the nine-month period ended September 30, 2021G.

The anchor tenants of Akirshah Mall include Abdullah Al Othaim Markets, Max, Arabian Oud for Oriental Perfumes Trading Co. and Samba Financial Group.

The following table sets out an overview of tenant categories in Akirshah Mall:

Table No. (4.25): Overview of Tenant Categories in Akirshah Mall

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	1,409,300	1,373,561	1,375,909	1,027,238	53%
2	Health & personal care products	183,632	49,931	50,069	37,363	2%
3	Hypermarket/supermarket	1,086,000	1,086,000	1,086,000	814,500	42%
4	Service stores	35,000	65,874	85,085	63,647	3%
5	Other	3,021	24,492	4,508	3,336	0%
Total		**2,716,953**	**2,599,858**	**2,601,571**	**1,946,084**	**100%**

Source: The Company

E. Al Othaim Mall - Unaizah

Al Othaim Mall - Unaizah is a mall with an area of sixty thousand (60,000) square meters, established on land with an area of forty three thousand, one hundred twenty-nine (43,129) square meters and a leasable area of forty three thousand, seventy (43,070) square meters as of September 30, 2021G. It is located on King Saud Road, Al-Muntazah District, Unaizah Governorate. Al Othaim Mall - Unaizah is classified as a regional mall. It was opened in 2012G. The Company leases the land on which Al Othaim Mall - Unaizah is located from Unaizah Municipality under a lease agreement expiring on 01/11/1445H (corresponding to 05/09/2024G) (for further details on the lease agreement with Unaizah Municipality, see Section 12.5.5 (b) "**Al Othaim Mall - Unaizah Lease Agreement**" of this Prospectus).

Al Othaim Mall - Unaizah targets middle-class visitors. It consists of one floor, and includes outdoor parking spaces that can accommodate approximately one thousand, three hundred forty-six (1,346) cars. Al Othaim Mall - Unaizah includes one hundred thirty-five (135) rental units, of which nine (9) are dedicated to anchor tenants. It also includes a restaurant area with seven (7) rental units, an entertainment city with a total area of three thousand, two hundred sixty-seven (3,267) square meters, a hypermarket with a total area of two thousand, four hundred thirty (2,430) square meters, and a cinema with a total area of one thousand, seven hundred forty-five (1,745) square meters, which is expected to open during the fourth quarter of 2023G. The turnout rate of Al Othaim Mall - Unaizah was 1.9 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Unaizah amounted to 5.6% in FY 2018G, 6% in FY 2019G, 6% in FY 2020G and 5.5% during the nine-month period ended September 30, 2021G.

The anchor tenants of Al Othaim Mall - Unaizah include Abdullah Al Othaim Markets, Kiabi, RedTag, and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.

The following table sets out an overview of tenant categories in Al Othaim Mall - Unaizah:

Table No. (4.26): Overview of Tenant Categories in Al Othaim Mall - Unaizah

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	18,880,563	18,367,219	16,650,176	9,300,410	51%
2	Health & personal care products	4,033,515	4,036,119	4,698,375	2,840,307	16%
3	Food & beverages	2,729,137	3,136,012	2,589,681	1,633,354	9%
4	Sports & leisure	880,437	1,348,172	2,427,552	1,489,911	8%
5	Entertainment	1,331,268	1,331,268	1,359,837	996,546	6%
6	Furniture and home	2,749,886	2,752,193	2,752,663	944,155	5%
7	Hypermarket/supermarket	731,583	730,043	733,154	546,791	3%
8	Home electronics and appliances	137,364	38,743	0	0	0
9	Service stores	720,394	575,518	539,731	186,711	1%
10	Other	1,165,564	508,939	405,393	156,700	1%
Total		**33,359,711**	**32,824,226**	**32,156,562**	**18,094,885**	**100%**

Source: The Company

F. Al Othaim Mall - Dammam

Al Othaim Mall - Dammam is a mall with an area of one hundred sixty-nine thousand, three hundred fifty-eight (169,358) square meters on a ninety one thousand, seven hundred seventy (91,770) square meter land and a leasable area of ninety-one thousand, seven hundred seventy (91,770) square meters as of September 30, 2021G. It is located along Prince Muhammad bin Fahd bin Abdulaziz Road, Abdullah Fouad District, Dammam, near King Fahd Park, Al-Basatin District. The mall is four (4) kilometers from the center of Dammam and approximately twelve (12) kilometers from Al-Khobar, surrounded by a number of vacant lands and middle-class residential complexes. Al Othaim Mall - Dammam is classified as a large regional mall. It was opened in 2010G. Abdullah Al Othaim Markets Company owns the land and facilities of Al Othaim Mall - Dammam. The Company leases the mall from the latter for the purpose of operating and managing it and receives all revenues resulting from its management and operation under a lease agreement expiring on 14/01/1450H (corresponding to 06/07/2028G) (for further details on the lease agreement with Abdullah Al Othaim Markets Company, see Section 12.5.5 (e) "**Lease Agreement for Al Othaim Mall - Dammam**" of this Prospectus).

Al Othaim Mall - Dammam targets middle-class visitors. It consists of four (4) floors and includes a ground floor for closed car parking that can accommodate approximately one thousand, seven hundred ninety-six (1,796) cars. Al Othaim Mall - Dammam includes three hundred twenty-nine (329) rental units, of which twelve (12) are dedicated to anchor tenants. It also includes a restaurant area with twenty-seven (27) rental units, an entertainment city with a total area of ten thousand, three hundred forty-five (10,345) square meters, a hypermarket with a total area of five thousand, four hundred forty-six (5,446) square meters and a cinema with a total area of seven thousand, one hundred (7,100) square meters expected to open during the third quarter of 2023G. The turnout rate of Al Othaim Mall - Dammam was 3.2 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Dammam amounted to 17 in FY 2018G, 17% in FY 2019G, 19% in FY 2020G and 20% during the nine-month period ended September 30, 2021G.

The anchor tenants of Al Othaim Mall - Dammam include Abdullah Al Othaim Markets, Kiabi, Centrepoint, H&M, Max, Nasser Sports Center, RedTag, and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.).

The following table sets out an overview of tenant categories in Al Othaim Mall - Dammam:

Table No. (4.27): Overview of Tenant Categories in Al Othaim Mall - Dammam

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	49,495,742	48,134,436	51,346,021	34,636,761	54%
2	Health & personal care products	9,984,429	10,021,103	8,684,647	6,703,285	10%
3	Food & beverages	14,074,465	13,325,759	13,396,564	8,724,731	13%
4	Sports & leisure	129,544	0	-	-	0%
5	Entertainment	5,405,074	5,349,837	4,955,283	3,715,481	6%
6	Furniture and home	2,602,868	3,981,449	4,944,866	2,687,009	4%
7	Hypermarket/supermarket	3,213,609	3,237,264	1,305,452	2,848,309	4%
8	Home electronics and appliances	1,407,496	1,248,425	1,624,214	1,380,414	2%
9	Service stores	3,641,978	3,720,700	3,704,776	2,658,503	4%
10	Other	3,863,611	2,976,443	2,539,319	1,760,875	3%
Total		**93,818,816**	**91,995,416**	**92,501,142**	**65,115,368**	**100%**

Source: The Company

G. Othaim Mall - Al-Ahsa

Othaim Mall - Al-Ahsa is a mall with an area of one hundred three thousand, seven hundred ninety-four (103,794) square meters, established on land with an area of seventy-eight thousand, nine hundred twenty-seven (78,927) square meters and a leasable area of eighty-five thousand, two hundred thirty-seven (85,237) square meters as of September 30, 2021G. The mall is located between King Khalid Road and the Chamber of Commerce Road in Al-Qadsiah District, Al-Ahsa, between the two main areas of Hofuf and Al-Mubarraz. Othaim Mall - Al-Ahsa is classified as a regional mall. It was opened in 2007G and was expanded in 2016G. The Company owns the full property on which Othaim Mall - Al-Ahsa is located.

Othaim Mall - Al-Ahsa targets middle-class visitors. It consists of three (3) floors and includes a ground floor and parking spaces that can accommodate approximately one thousand, seven hundred thirty-six (1,736) cars. Othaim Mall - Al-Ahsa includes three hundred sixty-two (362) rental units, of which eight (8) are dedicated to anchor tenants. It also includes a restaurant area with twenty-six (26) rental units, an entertainment city with a total area of nine thousand, nine hundred sixty-nine (9,969) square meters, a hypermarket with a total area of six thousand, five hundred forty-five (6,545) square meters and a cinema with a total area of two thousand, nine hundred fifty (2,950) square meters expected to open during the fourth quarter of 2022G. The turnout rate of Al Othaim Mall - Al-Ahsa was 4.2 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Al-Ahsa amounted to 19% in FY 2018G, 18% in FY 2019G, 20% in FY 2020G and 21% during the nine-month period ended September 30, 2021G.

The anchor tenants of Othaim Mall - Al-Ahsa include Abdullah Al Othaim Markets, H&M, RedTag and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.

The following table sets out an overview of tenant categories in Othaim Mall - Al-Ahsa:

Table No. (4.28): Overview of Tenant Categories in Othaim Mall - Al-Ahsa

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	57,897,780	56,459,958	53,755,171	36,204,702	51%
2	Health & personal care products	11,576,270	11,700,178	15,754,699	10,707,329	15%
3	Food & beverages	13,385,679	12,513,860	12,249,966	9,064,071	13%
4	Sports & leisure	2,628,373	2,605,420	3,180,268	2,327,755	3%
5	Entertainment	5,812,462	5,812,160	5,812,765	5,095,756	7%
6	Furniture and home	1,997,973	1,948,628	1,995,473	1,460,800	2%
7	Hypermarket/supermarket	2,780,250	2,766,393	1,598,709	2,065,275	3%
8	Home electronics and appliances	1,622,779	1,763,254	1,658,670	1,386,192	2%
9	Service stores	1,998,484	1,990,692	2,014,959	1,394,649	2%
10	Other	1,847,442	2,341,193	1,681,606	1,182,796	3%
Total		**101,547,492**	**99,901,735**	**99,702,286**	**70,889,326**	**100%**

Source: The Company

H. Al Othaim Mall - Hail

Al Othaim Mall - Hail is a mall with an area of ninety thousand, four hundred sixty-two (90,462) square meters, established on land with an area of sixty thousand, seven hundred ninety-eight (60,798) square meters and a leasable area of seventy-nine thousand, eight hundred ninety-four (79,894) square meters as of September 30, 2021G. It is located on King Saud Road, Al Naqrah District, Hail, and is surrounded by a number of residential neighborhoods near Hail International Airport. Al Othaim Mall - Hail is classified as a regional mall. Al Othaim Mall - Hail was opened in 2016G. The Company owns the full property on which Al Othaim Mall - Hail is located.

Al Othaim Mall - Hail targets middle-class visitors. Al Othaim Mall - Hail is made up of two floors, and includes parking spaces for approximately one thousand, eight hundred eighty-four (1,884) cars. Al Othaim Mall - Hail includes two hundred eighty (280) rental units, twelve (12) of which are dedicated to anchor tenants. It also includes a restaurant area with twenty (20) rental units, an entertainment city with a total area of four thousand, eight hundred fifty-two (4,852) square meters, a hypermarket with a total area of three thousand, eight hundred eleven (3,811) square meters, and a cinema with a total area of two thousand, nine hundred (2,900) square meters, which was = opened in the last quarter of 2021G. The turnout rate of Al Othaim Mall - Hail was 1.8 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall - Al Hail amounted to 12% in FY 2018G, 12% in FY 2019G, 14% in FY 2020G and 15% during the nine-month period ended September 30, 2021G.

The anchor tenants of Al Othaim Mall - Hail include Abdullah Al Othaim Markets Company, Home Box, H&M, Max, RedTag and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.

The following table sets out an overview of tenant categories in Al Othaim Mall - Hail:

Table No. (4.29): Overview of Tenant Categories in Al Othaim Mall - Hail

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	32,390,413	34,983,641	35,549,224	25,286,055	52%
2	Health & personal care products	8,841,364	9,796,317	12,025,387	8,800,938	18%
3	Food & beverages	9,277,590	9,403,737	9,192,937	6,494,351	13%
4	Sports & leisure	545,835	559,049	555,110	753,978	2%
5	Entertainment	2,006,472	1,988,658	2,595,966	2,573,188	5%
6	Furniture and home	3,621,166	1,763,460	2,729,121	1,750,685	4%
7	Hypermarket/supermarket	3,940,189	2,645,299	2,458,111	1,491,611	3%
8	Home electronics and appliances	1,098,477	1,111,667	761,376	570,693	1%
9	Service stores	461,288	540,207	925,362	633,069	1%
10	Other	1,217,338	1,099,320	1,006,556	582,102	1%
Total		**63,400,132**	**63,891,355**	**67,799,150**	**48,936,670**	**100%**

Source: The Company

I. Al Othaim Mall - Arar

Al Othaim Mall - Arar is a mall with an area of seventy-five thousand, eighty-two (75,082) square meters, established on land with an area of one hundred twenty-four thousand, one hundred two (124,102) square meters and a leasable area of sixty-six thousand, one hundred eighty-five (66,185) square meters as of September 30, 2021G. It is located on Prince Majid bin Abdulaziz Road and Skaka Arar International Road, Al-Jawharah District, Arar, and is surrounded by a number of residential neighborhoods. Al Othaim Mall is classified as a regional mall. Al Othaim Mall was opened in 2016G. The Company owns the full property on which Al Othaim Mall - Arar is located.

Al Othaim Mall - Arar targets middle-class visitors. Al Othaim Mall - Arar consists of one floor and includes parking spaces for approximately two thousand, two hundred thirty-five (2,235) cars. Al Othaim Mall - Arar includes two hundred twenty-five (225) rental units, eight (8) of which are dedicated to anchor tenants. It also includes a restaurant area with eleven (11) rental units, an entertainment city with a total area of four thousand, five hundred ninety-seven (4,597) square meters, a hypermarket with a total area of four thousand, five hundred ninety-seven (4,597) square meters and a cinema with a total area of one thousand, nine hundred fifty-eight (1,958) square meters, which is expected to open during the first quarter of 2022G.

The turnout rate of Al Othaim Mall - Arar was 1.9 million visitors as of September 30, 2021G.

The Company's revenues from Al Othaim Mall amounted to 8% in FY 2018G, 8% in FY 2019G, 9% in FY 2020G and 9% during the nine-month period ended September 30, 2021G.

The anchor tenants of Al Othaim Mall - Arar include Abdullah Al Othaim Markets, H&M, RedTag and Saffori Land belonging to Abdullah Al Othaim Entertainment Co.

The following table sets out an overview of tenant categories in Al Othaim Mall - Arar:

Table No. (4.30): Overview of Tenant Categories in Al Othaim Mall - Arar

#	Tenant Category	Rental Income (SAR)				Percentage of Leasable Area (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30, 2021G	
1	Apparel, shoes and accessories	22,132,600	18,282,284	18,847,944	12,839,648	41%
2	Health & personal care products	6,965,638	7,675,823	8,988,886	6,414,693	21%
3	Food & beverages	5,396,782	5,510,21	5,028,324	3,208,893	10%
4	Sports & leisure	413,275	412,510	414,040	308,244	1%
5	Entertainment	1,853,502	1,853,123	2,285,846	2,111,804	7%
6	Furniture and home	3,679,859	4,053,336	3,824,553	2,842,235	9%
7	Hypermarket/supermarket	2,552,093	2,499,942	2,550,433	1,930,699	6%
8	Home electronics and appliances	811,803	895,927	786,367	561,767	2%
9	Service stores	467,557	439,432	493,189	288,428	1%
10	Other	1,584,639	1,154,889	1,092,116	321,434	2%
Total		**45,857,747**	**42,777,475**	**44,311,698**	**31,827,845**	**100%**

Source: The Company

J. Dar Al Waha Mall

Dar Al Waha Mall has an area of fifty thousand (50,000) square meters. It is located on a plot of land with an area of seventy-seven thousand, five hundred sixty-two point seventy-four (77,562.74) square meters and has a leasable area of thirty-five thousand, nine hundred ninety-seven (35,997) square meters. It is located on King Fahd Road in Al-Rass Governorate, which is four hundred ten (410) kilometers away from Riyadh. Dar Al Waha Mall was opened in 2016G and is classified as a regional mall. The Company owns the full plot of land on which Dar Al Waha Mall is located.

Dar Al Waha Mall targets middle class to low-income visitors and consists of two floors. It includes one hundred and twenty-four (124) rental units, of which nine (9) are rental spaces designated for anchor tenants. Dar Al Waha Mall also has a restaurant area that includes ten (10) rental units, an entertainment city with a total area of one thousand, eight hundred ninety (1,890) square meters and a hypermarket with a total area of four thousand, two hundred forty-seven (4,247) square meters.

The Company acquired Dar Al Waha Mall under a sale agreement dated 13/06/1443H (corresponding to 01/16/2022G) whereby all documented lease agreements for Dar Al Waha Mall were transferred to the Company as of 28/05/1443H (corresponding to 01/01/2022G) (for more information about the sale agreement, please refer to Section 12.5.10 "**Sale Agreement for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). Accordingly, the Company did not record any revenues for the Financial Years ended 2018G, 2019G and 2020G and September 30, 2021G.

Anchor tenants of Dar Al Waha Mall are Centrepoint, Home Center, Max, Home Box, H&M, Max, RedTag, R&B, Nesto Hypermarket and Fun City.

The following table sets out an overview of the tenant categories in Dar Al Waha Mall:

Table No. (4.31): Overview of Tenant Categories in Dar Al Waha Mall

#	Tenant Category	Percentage of Leasable Area (as of September 30, 2021G)
1.	Apparel, shoes and accessories	45%
2.	Health and personal care products	6%
3.	Food and beverages	3%
4.	Entertainment	7%
5.	Furniture and home	22%
6.	Hypermarket/supermarket	15%
7.	Home electronics and appliances	1%
8.	Service stores	1%
Total		**100%**

Source: The Company

4.4.3 Overview of Tenants

Each of the Company's malls includes many retail spaces, entertainment cities, restaurants and cafés, which make them preferred destinations for both visitors and companies operating in the retail sector. The Company also intends to open cinemas in all its malls during the coming period. The Company is keen to keep up with the latest developments in the malls sector in order to maintain visitor turnout, which, in turn, is reflected in the high desire of tenants to rent retail spaces in its malls.

A. Tenant Selection Criteria and Method

Tenants of the Company's malls are selected by an internal committee that meets periodically. The tenant selection committee comprises two groups, the first of which consists of the property manager, the leasing manager, the collection manager and the general manager This group makes recommendations to the second group, which includes the executive director of the malls who is in charge of the final approvals for the selections.

In selecting the tenants of the Company's malls, the internal committee takes into account several criteria:

- Whether the mall includes a mix of global and local brands.
- Whether the tenant has experience operating retail spaces in other malls.
- Whether the tenant meets the merchandise and customer service quality requirements.
- Whether the tenant has a good reputation in the market.
- Whether the requirements of the market and the needs of visitors are taken into consideration, in addition to contributing to the support of local content in accordance with Vision 2030.
- Whether the tenant is solvent.

Having reviewed the applications submitted, the Company communicates with the target tenants to understand their vision and assess their financial and operational capabilities. Each year, the Company reviews and evaluates its tenant selection criteria to improve the quality of the tenant selection process.

B. Tenant Categories

Tenants of the Company's malls are divided into three (3) main categories:

1. Anchor tenants, i.e., tenants of spaces with an area of over 500 square meters in the Company's malls.
2. Medium tenants, i.e., tenants of spaces with an area of 200-500 square meters in the Company's malls.
3. Small tenants, i.e., tenants of spaces with an area of less than 200 square meters in the Company's malls.

The following table sets out tenant details by category in all of the Company's malls in the Kingdom.

Table No. (4.32): Overview of Tenants in All of the Company's Malls by Category

#	Tenant Category	Rental Income (SAR)				Percentage of Total Leasable Area (as of September 30, 2021G)	Typical Lease Term	Average Rent per SQM (as of September 30, 2021G)
		FY 2018G	FY 2019G	FY 2020G	FY Ended September 30, 2021G			
1	Anchor tenants	397,242,123	385,475,059	374,286,046	265,339,844	65%	5-10 years	836
2	Medium tenants	58,214,689	58,162,740	63,933,539	44,976,389	11%	3-5 years	1,737
3	Small tenants	133,466,272	147,526,594	133,155,781	100,755,024	25%	1-3 years	3,149
Total		**588,923,084**	**591,164,393**	**571,375,366**	**411,071,257**	**100%**	**-**	**-**

Source: The Company

C. Lease Terms and Conditions

The Company enters into leases with the tenants of companies operating in the retail, restaurant and café sector. In general, the lease includes the following terms and conditions:

- Typical Term
  - Five (5) Gregorian years to ten (10) Gregorian years for anchor tenant leases.
  - Three (3) Gregorian years to five (5) Gregorian years for mid-range tenant leases.
  - One (1) Gregorian year to three (3) Gregorian years for small-scale tenant leases.

- Renewal Mechanism

  The lease is automatically renewed unless either party is notified of the termination of the lease ninety (90) days before the end of the original or renewed term.

- Mechanism for Determining the Rent

  The rent determination mechanism depends on the area in which the mall is located, the location of the retail space within the mall, and the tenant's activity as well as the economic situation in the Kingdom. The Company also prepares an internal study to determine rent, based on market studies, recommendations of external consulting offices and an assessment of market supply and demand. In determining the rent, the internal study also depends on several factors such as market conditions, the strength of the Company's brand in the market, the tenant's market experience, the tenant's ability to increase the turnout of visitors to the mall, the strength of the brand's presence in the market and competitors' prices. The Company periodically reviews this mechanism.

- Discount Policy

  The Company has a policy for granting discounts to its tenants. Discounts are given based on a number of factors that the Company takes into consideration for each individual case. Under the Company's discount policy, in all cases discounts may be given to tenants only after all debts related to the discount have been collected, subject, also, to the required approvals and authorizations of the Company's senior management. In granting discounts, the factors that the Company takes into account include the following:

  - Incentives for tenants for early payment of rent amounts, upon renewal, upon opening of the rental unit before the agreed date or during the rental unit preparation period; these incentives aim to retain tenants and enhance the Company's relationship with them.
  - Assessment of market conditions and turnout for the rental unit.
  - Material damages suffered by tenants in the normal course of business, such as water leaks or the like, and caused by the Company; the Company deducts these from the rent due.
  - Tenant engagement in some of the Company's marketing events, such as festivals held inside the Company's malls; the Company bears all or a portion of the value of the discounts and deducts it from the rent due.

4.4.4 Mall Operations Management

The following section provides an overview of the Company's mall operations management.

A. Leasing Units in Malls

The Company's Leasing Department manages all leases of units in its malls in coordination with the Property Department. The Leasing Department has a technical director for each mall, who undertakes leasing functions in the mall under its management. The Mall Manager acts as an intermediary between potential tenants, the Leasing Department and the Property Department. The Leasing Department and the Mall Manager communicate and negotiate with tenants regarding new tenant lease applications, while the Property Department deals with contract renewal and amendment requests for current tenants. The Property Department coordinates with the Leasing Department, the Mall Management and other internal departments of the Company with regard to lease-related processes, including the pricing policy and approval of contracts and their amendments, subject to the required approvals and authorizations at various administrative levels of the Company.

B. Relations with Tenants

The Operations Department in each mall is the first point of contact for current mall tenants, which holds regular face-to-face meetings with tenants to follow up on all of their affairs and issues, consider their needs and respond to and deal with their requests. The Operations Department also monitors tenants' compliance with the official business hours of the mall, the way merchandise is displayed, and other policies that tenants must adhere to. In addition, work is currently underway by the Company's Operations Department to set up an online tenant portal, to effectively provide various services to tenants.

C. Rent Collection

The Collection Section of the Company's Financial Department collects all receivables related to rent, services and other tenant payables, with the exception of advance payments collected by the Leasing Department. It also implements the annual and monthly collection objectives approved by the Financial Department and keeps a copy of all claims, notifications, alerts and account statements issued to tenants. The Collection Section delivers claims and notifications to tenants and receives payments from them through the Company's bank channels. It also follows up on defaulting tenants and coordinates with the Company's Management in this regard, including coordinating with the Property Department and the Legal Department with regard to the procedures for default events.

D. Marketing and Advertising Sales

The Company's Marketing Department is keen to promote its malls to be the first choice for tenants and visitors. Therefore, the Marketing Department seeks to meet the Company's objectives in general and the Company's marketing objectives in particular, by collecting information required for its functions and analyzing all competitor strategies. The Company develops short-term marketing plans - for a year - and long-term ones in line with the Company's strategies and vision, following a business case study of the malls sector so that the Company can identify appropriate marketing activities for implementation. The Marketing Department carries out all marketing-related work, but it outsources some work to external service providers, such as digital photography and digital advertising.

The Company's Marketing Department encourages diverse ideas and applications of marketing channels to achieve the desired objectives and reach the most visitors. The Company also supports e-marketing channels through official advertising and social network sites to communicate directly with tenants and visitors and obtain information about their opinions, desires and purchases in order to improve and develop the Company's malls to meet visitor expectations. Moreover, the Company's Marketing Department manages relationships with advertising sponsors and organizes and runs marketing campaigns and entertainment events within the Company's malls, which the Department ensures are of a local nature, such as holidays, Ramadan, and Saudi National Day. These campaigns aim to attract visitors, increase visitor turnout to the malls, and provide entertainment. The Company's Public Relations Department disseminates information about the Company's marketing activities, approves and drafts the press content in coordination with the Media and Publication Department and coordinates with the media outlets in line with the Company's internal policies to meet the required objectives.

Furthermore, the Company's Marketing Department manages private leasing transactions, i.e., lease transactions related to advertising leases, kiosks, food carts, bazaars and anything set up temporarily for marketing purposes. The Marketing Department coordinates with the Leasing Department and the Mall Manager concerning the details of the lease and its dates, as well as the introduction of all types of required advertising and other materials into the malls and the way they are presented.

E. Operation of Malls

The Company manages the operations of its malls through the competent Operations Department for each mall. The Operations Department of each mall acts as an intermediary between all of the mall's internal departments and general administration on the one hand and between the tenants and the mall management on the other hand. The Operations Department of a mall oversees the operational work of the mall, including supervising the day-to-day management of the mall and monitoring tenants' compliance with the operating standards related to official mall business hours, the way merchandise is displayed and discounts. As for cleaning, sterilization, security and safety works, the Company engages either its employees or external service providers under the supervision of the mall's Operations Department, which carries out regular checks and inspections of the mall's facilities, supervises the employees working in the mall and employs all relevant standards and instructions in accordance with the policies and procedures applied by the Company.

In addition, the mall's Operation Department cooperates with the Company's Maintenance Department, Engineering Department, and Tenant Coordination Department - each within its competence - to facilitate development and construction works within the malls. The Operations Department supervises the development and construction works within a mall by granting the necessary permits for these works, whether they are construction permits or permits allowing the entry and exit of materials in the mall.

The Operations Department of a mall is responsible for determining the mall's operating budget in coordination with the Company's senior management, in addition to supervising the financial and ongoing operational matters of the mall in general.

F. Customer Service

The Company has a customer service team stationed at customer service points in the malls during its official business hours. The team effectively and promptly serves the visitors of the Company's malls to ensure that high-level services are provided to all beneficiaries, including providing information to them and familiarizing them with mall facilities. The Company also has a customer service team through social network channels and it plans to operate a call center for customer service through a third party engaged to operate the service.

G. Safety and Security

The Company outsources security services to external service providers who provide security teams within each mall. The teams are determined as required by each mall and by police stations in the areas in which the mall is located. The security teams inside the Company's malls aim to protect visitors to the mall by preventing and directly and decisively responding to any accident or act that may lead to a feeling of insecurity or actually impair security in the mall, and restoring things to normal following any of these accidents and acts. Security personnel are stationed at all entrances to the malls, and security patrols are periodically conducted within the mall to assist visitors, enhance the sense of safety at all times, respond to emergencies such as missing children and help tenants if they call security. In addition, security personnel intervene when required within the mall and are also involved to resolve any possible clashes, refer people to the competent authorities and receive theft reports. Each mall has a control and monitoring room that includes CCTVs and a system for monitoring alarm systems under the supervision of security teams.

The Company also has a team of trained safety specialists who prepare and annually update an evacuation plan for the mall in times of emergency, in addition to providing relevant training to security personnel and mall staff on a quarterly basis. They also check the validity and sufficiency of fire extinguishers, as well as the fire pump room, ensuring its pressure degree is appropriate, goods are safely stored inside the warehouse and the fire-fighting systems inside the electrical rooms and other safety matters are intact.

H. Cleaning and Sterilization

In general, the Company outsources cleaning and sterilization services to external service providers who provide cleaning and sterilization services within each mall, in addition to the Company's cleaning staff. Each Company mall has a cleaning official who oversees all cleaning and sterilization works in the mall, coordinates and distributes the cleaning and sterilization work team in the mall, whether they are employees of the Company or of external service providers, and establishes a general cleaning and sterilization plan in the Company's malls that includes daily, weekly and monthly cleaning works, in addition to seasonal cleaning and sterilization works, commensurate with the operational status of the mall at the time. The Company also engages third-party service providers regarding pest and rodent control systems in the common areas of each mall.

I. Maintenance

The Company outsources maintenance services to third-party service providers performing maintenance work within each mall, in addition to the Company's maintenance team at each mall, which is supervised by the Company's Facilities Department. The Company's maintenance teams maintain simple air conditioning, plumbing and construction works undertaken by a number of specialized technical personnel. In addition, the Company outsources preventive maintenance work to third-party maintenance companies, provided that these companies are approved by Civil Defense. The Company also contracts with third-party maintenance companies regarding permanent and continuous maintenance work related to elevators and escalators, fire and alarm systems, electric gate systems, gas systems, mall management systems, gas coolers and CCTV systems. The Company's Mall Maintenance Department develops an annual preventive maintenance plan, with the Mall Maintenance Manager being in charge of communicating and coordinating with third-party maintenance companies to implement the plan.

J. Quality

The Company has a quality monitoring team for each mall, which is responsible for regular oversight of all health and safety procedures and requirements in the Company's malls, as well as a review of documents related to lease agreements, mall licenses and tenant insurance policies, thus enhancing the mall operations and promoting the efficiency of its oversight work.

4.4.5 Stages of Project Development and Construction of the Company's New Malls

The Company establishes and develops regional malls comprising thirty thousand (30,000) square meters and ninety (90,000) square meters leasable areas. The Company believes that the malls, according to these areas, earn higher revenues thanks to larger spaces including a better mix of tenants and the mall's ability to provide balanced retail spaces and options for visitors using pricing strategies that vary by tenant segment to raise revenues.

The Company aspires to maintain a balanced number of malls by building regional malls to serve the targeted visitors. As part of the Company's strategy, it focuses on developing and managing regional malls in major and secondary cities in the Kingdom. The Company also ensures that the malls are stationed in sites that are attractive to local residents, as the Company seeks to have its malls near middle-class locations. Since the Company seeks to target the middle class, it develops its malls in middle-class districts in major and secondary cities. The Company develops its malls on main roads to target neighbouring districts and offers merchandise at affordable prices for middle-income families. The design of the mall depends on the interests and desires of the communities surrounding the mall.

Since the Company acts as a mall developer, it has three (3) key asset-creation functions: business development that requires seizing opportunities and assessing their feasibility before purchasing the property, project development that requires drawing up a detailed and design action plan for each project and project management that aims to manage timely delivery of the project within the approved budget. All of the Company's development projects related to malls follow operating processes with strict standards to guarantee constant control and ensure that they are implemented in line with the Company's strategies in general and that they represent a sound economic investment. The Company's operations also ensure that its development projects add value to the Company's Shareholders and are fundable. The operations are often funded through external financing and through cash generated internally from the Company's operations and capital.

In its management of the projects under development, the Company relies on periodic and continuous follow-up of the approved budgets of the projects as well as timetables to ensure that there are no deviations in the actual data of the projects from the plan. In the event of any deviations, corrective measures are taken as soon as possible. In addition, there are plans to deal with any risks, either before they occur or as soon as they occur to mitigate their effects as much as possible.

The Company's project development undergoes eight (8) key stages:

A. Stage I: Site Identification

At this stage, a potential development site from the Company's property portfolio is first identified, as the Company seeks to have a portfolio of properties that are ready for use when needed to develop a new mall. Once the site is identified, approval is sought for the scope of the feasibility study and a budget is allocated to each site. Target markets are also identified at this stage based on the Company's strategy, which is approved by the Company's senior management and the Board of Directors.

B. Stage II: Feasibility Study

At this stage, the Company conducts a feasibility study on the site consisting of a Market Study and a technical and financial study for the project. The Market Study, prepared internally and externally by market research service providers, includes the study of the leasable areas, the expected revenues and the projected growth rate of the project, in addition to determining the geographical and economic characteristics of the project and its response to the current demand. In preparing a Market Study, several indicators are also considered, such as the current population census, the number of houses in the area, the possibility of a future competitor to the Company and potential tenants, in addition to other indicators such as an assessment of the traffic situation in the intended location and any environmental or material factors that may affect the relevant site. The results of the Market Study are then analyzed to determine the feasibility of implementing the project in light of any potential risks. Once the Market Study is completed, a technical study of the project is carried out. The technical study determines the amount of investment required to implement the project, the necessary technical requirements and the expected project completion date. Finally, the project financial study is prepared, which involves preparation of expected financial statements and financial reports, in addition to determining the project net present value and payback period. The financial study also includes setting Internal Rate of Return (IRR) expectations and projected profitability rates, along with determining the financial requirements for construction and development, the financing strategy and other financial indicators. The results of the above-mentioned studies are presented to the Board of Directors for follow-up, consideration and decision-making.

C. Stage III: Project Planning - Primary Stage

Once the feasibility study is completed, the Company proposes a project structure and prepares and approves a project completion timeline. The timeline is then circulated to all relevant departments and sections of the Company, in addition to carrying out the project marketing mix commensurate with the nature and site of the project.

D. Stage IV: Preparation of Drawings, Bills of Quantities and Material Appropriations

At this stage, a detailed technical report of the action plan is developed through preparation of the design drawings starting with proposing the initial architectural concept and selecting a proposed mix of tenants. The initial architectural concept is developed by a consulting office to be engaged—if necessary—or by the Company's Engineering Department itself, and is then approved by all departments and sections of the Company for submission to the secretariat. Also, the relevant government approvals required shall be sought.

Once the drawing is approved by the secretariat, the life cycle of design drawings begins. The drawings are circulated to all sections and departments of the Company to conclude and identify the needs of each section according to the scope of their work in the project. The third-party consulting office supervises this stage, or an internal supervisory body is formed, depending on the size and conditions of project implementation. The design drawings are then numbered and coded. Afterwards, the life cycle of the bills of quantities begins. The bill is prepared by a consulting office or the Company's Engineering Department, then numbered and coded. Its cash flow is formulated following approval of the estimated budget of the project.

Furthermore, at this stage, the commercialization of the project is initiated through marketing and contracting the units during the project development and preparation period, based on the approved marketing mix.

E. Stage V: Budgeting

At this stage, the estimated budget of the project is prepared, funding sources and the financial strategy are identified and submitted to all sections and departments of the Company and then approved and acted upon.

F. Stage VI: Qualification and Engagement of Contractors, Consultants and Suppliers

At this stage, contractors, consultants and suppliers are qualified, with priority given to those who have been dealt with in the past and whose performance was outstanding, for approval of their engagement in the project. Contractors, consultants and suppliers to whom RFPs will be submitted are first identified. They are selected through a database of pre-contractors, consultants and suppliers, which is constantly updated to include those who meet the Company's standards. A bid award committee is formed to analyze and examine the bids and select the best ones based on the Company's evaluation criteria. Once the contractor is awarded the bid, the design drawings and the bill of quantities are handed over to it for it to submit a detailed timeline for the executive and coordination plans, and the materials and supplies are approved according to the approved project timeline. The contractor also provides samples of these materials for approval by the Company.

G. Stage VII: Project Planning - Implementation Stage

At this stage, the Company develops and circulates a full detailed plan of the project implementation stage, and the project is implemented according to the plan. The contractor receives the site and implementation is monitored by the Company's Engineering Department, which coordinates with the Company's Operation and Maintenance Department to furnish it with the plans prior to approval. The Engineering Department conducts periodic meetings with consultants, if any. The Company's Engineering Department reviews and approves the invoices of contractors before submission to the Financial Department for payment. The Engineering Department also prepares and submits technical follow-up reports on the implementation of project works, compares actual completion against the timeline, identifies deviations and takes the necessary actions.

H. Stage VIII: Project Completion

At this stage, the project is completed and delivered. During this project stage, the final plans, as implemented on the ground, letters of guarantee and operation and maintenance manuals will be delivered and the Company's maintenance team will be trained on all hardware and equipment. The stage of hand-over of rental units to the tenants begins. The project is delivered to the Leasing Department, which oversees the hand-over of units to the tenants and performs technical supervision of the preparation of tenants' plans in line with the Company's policy. At this stage, the mall will also start operating in accordance with the standards approved by the Company.

The Company usually takes two (2) to three (3) years to develop a new mall from Stage I to Stage VIII. Since the Company uses its own properties, it saves a year of the period in Stage I. Stage II and Stage III are usually completed within six (6) months. Stages IV to VII are completed within one (1) to two (2) years, depending on the size of the project. The final stage is completed within six (6) months.

4.4.6 New Projects under Development

As of the date of this Prospectus, the Company has eight (8) new projects under development, two (2) of which are under construction, a mall in the city of Hafr Al-Batin called "Al Othaim Mall - Hafr Al-Batin" and a mall in Khafji Governorate called "Al Othaim Mall - Al-Khafji," and six (6) projects under development in the phase of study, design and selection, namely, the Dammam land development project in Dammam, Al-Kharj Governorate land development project in Al-Kharj Governorate, Riyadh land development project in Riyadh, Buraidah land development project in Buraidah, Al Othaim Mall Abha development project in Abha, Al Othaim Mall - Al-Mithnab Governorate development project in Al-Mithnab Governorate. The Company has allocated capital expenditures for its future projects in the amount of one billion, eight hundred million Saudi Riyals (SAR 1,800,000,000) from 2021G until 2026G. As of the date of this Prospectus, the Company affirms that it does not have significant new products or activities.

Below is an overview of each of the Company's malls under development:

A. Al Othaim Mall – Hafr Al-Batin

Al Othaim Mall – Hafr Al-Batin is located on King Abdulaziz Road and is close to the airport and the center of the governorate. Al Othaim Mall - Hafr Al-Batin is located on land with an area of two hundred twenty-five thousand, eight hundred seventy-six (225,876) square meters and a leasable area of eighty thousand, five hundred seventy-two (80,572) square meters as of September 30, 2021G. The mall accommodates more than two hundred three (203) rental units of various sizes. In addition, it includes a series of different restaurants and Saffori Land. Al Othaim Mall – Hafr Al-Batin includes Splash, with an area of three thousand (3,000) square meters, and Xtreme Zone, with a total area of two thousand, six hundred (2,600) square meters, which are entertainment centers owned by Abdullah Al Othaim Entertainment Co. in addition to a cinema with an area of two thousand eighty (2,080) square meters which is expected to be opened in the first quarter of 2023G. The mall located in Hafr Al-Batin also includes a Lulu Hypermarket with a total area of eleven thousand, eight hundred (11,800) square meters. Al Othaim Mall - Hafr Al-Batin is expected to be opened in the third quarter of 2022G.

The following table sets out further details about Al Othaim Mall - Hafr Al-Batin.

Table No. (4.33): Overview of Al Othaim Mall - Hafr Al-Batin

Item	Description
Location	Hafr Al-Batin
Project area	225,876 square meters
Total built-up area	112,337 square meters
Total leasable area	80,572 square meters
Ownership status	Leased
Development commencement date	15/12/1433H (corresponding to 10/31/2012G).
Construction completion date	Q2 of 2022G
Expected operation date	Q3 of 2022G
Total project cost (plus land cost)	SAR 281,756,171
Total project cost (less land cost)	SAR 278,475,253
Source of funding	Internal funding
Cost incurred as of September 30, 2021G	SAR 262,793,107
Residual cost as of September 30, 2021G	SAR 15,682,146
Percentage of project completion as of September 30, 2021G	95%
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	74%
Construction contractor	Hamad Al-Alawi, Premco, Al-Shaheen, Senat, Retal and Al-Hadithi Co.

Source: The Company

B. Al Othaim Mall - Al-Khafji

Al Othaim Mall - Al-Khafji is located in Al-Khafji Governorate on land with an area of one hundred twenty thousand (120,000) square meters and a leasable area of forty-nine thousand, five hundred (49,500) square meters. The mall accommodates over two hundred (200) rental spaces of different sizes and a series of distinguished restaurants, in addition to the entertainment city of Saffori Land owned by Abdullah Al Othaim Entertainment Co., with a total area of four thousand, five hundred (4,500) square meters. Al Othaim Mall - Al-Khafji also includes an Abdullah Al Othaim Markets Company hypermarket, with a total area of four thousand, four hundred (4,400) square meters in addition to a cinema with an area of one thousand, three hundred thirty-seven (1,337) square meters which is expected to be opened in the fourth quarter of 2023G. Furthermore, Al Othaim Mall – Khafji includes parking spaces for more than two thousand (2,000) cars. Al Othaim Mall - Al-Khafji is expected to be opened in Q2 of 2023G.

The following table sets out further details about Al Othaim Mall - Al-Khafji.

Table No. (4.34): Overview of Al Othaim Mall - Al-Khafji

Item	Description
Location	Al-Khafji Governorate
Project area	120,000 square meters
Total built-up area	64,792 square meters
Total leasable area	49,500 square meters
Ownership status	Owned
Development commencement date	10/05/1436H (corresponding to 03/01/2015G).
Expected construction completion date	Q4 of 2022G
Expected operation date	Q2 of 2023G

Item	Description
Total project cost (plus land cost)	SAR 195,924,293
Total project cost (less land cost)	SAR 162,997,564
Source of funding	Internal and external funding
Cost incurred as of September 30, 2021G	SAR 130,024,183
Residual cost as of September 30, 2021G	SAR 32,973,381
Completion percentage as of September 30, 2021G	80%
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	16%
Main construction contractor	Al Awad, Al Shaheen, Premco, Al Almania, Retal, Al Hadithi and Saudi Pillar for Construction Company

Source: The Company

A. Dammam Land Development Project

The Dammam Land Project is situated on King Fahd Road in Dammam and is close to the airport. The Dammam Land Project is located on land with an area of two hundred fifty-five thousand, six hundred (255,600) square meters. The Company plans to establish an integrated mixed-use project, and for this reason the Company has currently contracted with specialized consulting offices to conduct a study of the best use of the land, prepare a feasibility study for the project and execute the initial design of the project, after which the architectural idea will be developed and the execution stages of the project commenced. Based on the initial ideas proposed for the project so far, it is expected that the Dammam project will be implemented in two phases: The first phase includes the establishment of a mall with a rental area of approximately ninety thousand (90,000) square meters and the establishment of a four-star hotel consisting of three hundred (300) rooms, in addition to suites and hotel apartments consisting of one hundred and eighty-five (185) apartments with a total built-up area of approximately eighteen thousand, nine hundred (18,900) square meters, as well as residential towers consisting of three hundred seventy-two (372) apartments with a total built-up area of approximately fifty-four thousand (54,000) square meters.

The second phase includes the establishment of administrative offices with a rental area of around twelve thousand, and six hundred (12,600) square meters, in addition to the construction of residential towers consisting of three hundred and seventy-two (372) apartments with a total building area of approximately fifty-four thousand (54,000) square meters.

All of the works of the Dammam Land Development Project are expected to be completed by Q1 of 2028G.

The following table sets out further details about the Dammam Land Development Project.

Table No. (4.35): Overview of the Dammam Land Development Project

Item	Description
Location	Dammam
Land area	255,600 square meters
Total built-up area for all project phases (not including parking spaces)	301,436 square meters
Total parking area including basement	156,553 square meters
total leasable area of the mall and administrative towers	104,841 square meters
Ownership status	Owned
Development commencement date	14/11/1442H (corresponding to 06/26/2021G)
Expected construction start date	Q3 of 2022G
Expected construction completion date (Phase I)	Q1 of 2026G
Expected construction completion date (Phase II)	Q1 of 2028G
Expected operation date	Stage I: Q2 of 2026G Stage II: Q4 of 2028G
Total project cost (plus land cost)	SAR 1,973,158,054

Item	Description
Total project cost (less land cost)	SAR 1,803,158,054
Source of funding	Internal and external funding
Cost incurred as of September 30, 2021G	SAR 1,479,735
Residual cost as of September 30, 2021G	SAR 1,801,678,319
Completion percentage as of September 30, 2021G	The project has not started yet
Pre-leasing ratio as a percentage of the leasable area as of June 30, 2021G	Leasing has not started yet
Main construction contractor	N/A

Source: The Company

B. Al-Kharj Governorate Land Development Project

The land owned by the Company and located in Al-Kharj Governorate is under development with its uniquely positioned in Al-Mansoura District along King Abdullah Road, which is one of the most vital roads in Al-Kharj. The project land situated in Al-Kharj Governorate is located on land with an area of two hundred eighty-six thousand, eight hundred two (286,802) square meters, and a study is underway to ensure the best use of the project land as an integrated project serving a wide segment of the population of Al-Kharj Governorate and its surroundings.

The following table sets out further details about Al-Kharj Governorate Land Development Project.

Table No. (4.36): Overview of Al-Kharj Governorate Land Development Project

Item	Description
Location	Al-Kharj Governorate
Project area	286,802 square meters
Total built-up area	The project is being studied to choose the best alternatives
Total leasable area	The project is being studied to choose the best alternatives
Ownership status	Owned
Development commencement date	21/11/1442H (corresponding to 07/01/2021G)
Expected construction completion date	Not determined yet
Expected operation date	Not determined yet
Total project cost (plus land cost)	Approximately SAR 110,239,653 for the land
Total project cost (less land cost)	Not determined yet
Source of funding	Internal and external funding
Cost incurred as of September 30, 2021G	SAR 286,905
Residual cost as of September 30, 2021G	Not determined yet
Completion percentage as of September 30, 2021G	Not determined yet
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	N/A
Main construction contractor	N/A

Source: The Company

C. Riyadh Land Development Project

The Riyadh Land Project is located in Al-Olaya District, King Fahd Road, Riyadh and has an area of one hundred fourteen thousand (114,000) square meters. The Company plans to establish an integrated, mixed-use project, and for this reason, the Company has currently contracted with specialized consulting offices to conduct a study to determine the best use of the land, prepare a feasibility study for the project and execute the initial design of the project, after which the architectural idea will be developed and the execution stages of the project commenced in line with the vision of the Royal Commission for Riyadh City Development responsible for the urban development of the area in which the project land is located. Based on the initial ideas proposed for the project so far, the project is expected to include the establishment of a mall with a total rental area of approximately one hundred twenty thousand (120,000) square meters, administrative towers with a total leasable area of approximately two hundred seventy thousand (270,000) square meters, a five-star hotel consisting of one hundred fifty (150) rooms, a four-star hotel consisting of three hundred (300) rooms and suites and hotel apartments consisting of one hundred fifty (150) hotel apartments with a total built-up area of hotels and hotel suites of approximately sixty-five thousand (65,000) square meters. The project also includes six hundred fifty (650) apartments with a total built-up area of approximately seventy-five thousand (75,000) square meters. The project's upper and lower car parking areas can accommodate eight thousand, five hundred (8,500) cars, with a total area for the lower parking areas of three hundred fifty thousand (350,000) square meters. In addition, the project contains open green spaces with an area of approximately forty thousand (40,000) square meters, including plazas, cafés and various restaurants overlooking green spaces, a walkway and fountains. It is expected that all phases of the project will be completed by the end of the third quarter of 2029G. To date, the project is being studied and construction work has not started yet.

The following table sets out further details about the Riyadh Land Development Project.

Table No. (4.37): Overview of the Riyadh Land Development Project

Item	Description
Location	Riyadh
Land area	114,000 square meters
Total built-up area for all project phases (not including parking spaces)	660,000 square meters
Total area of parking spaces	350,000 square meters
Total leasable area of the mall and administrative towers	390,000 square meters
Ownership status	Owned
Development commencement date	Q1 2021G
Start date of construction works	Q3 of 2023G
Expected construction completion date	Q3 of 2029G
Expected operation date	Q3 2029G
Total project cost (plus land cost)	SAR 5.6 billion
Total project cost (less land cost)	SAR 5 billion
Source of funding	Internal and external funding
Cost incurred as of September 30, 2021G	SAR 1,256,903
Residual cost as of September 30, 2021G	SAR 5 billion
Completion percentage as of September 30, 2021G	1%
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	N/A
Main construction contractor	N/A

Source: The Company

D. Buraidah Land Development Project

The land owned by the Company in Buraidah, is under development, specifically to the south, with its uniquely positioned in Al-Yarmouk District on King Abdulaziz Road and Riyadh Road, being one of the most vital roads of Buraidah. The area of Al Othaim land in Buraidah is one hundred sixty-nine thousand, eighteen (169,018) square meters. The project is still in the initial studies stage to achieve the best possible use of the project land as an integrated project that serves a wide segment of the population of Buraidah and its surroundings.

The following table sets out further details about Al Othaim Land Development Project in Buraidah.

Table No. (4.38): Overview of Al Othaim Land Development Project in Buraidah

Item	Description
Location	Buraidah
Land area	169,018 square meters
Total built-up area	The project is being studied for the selection of the best alternatives
Total leasable area	The project is being studied for the selection of the best alternatives
Ownership status	Owned
Development commencement date	21/11/1442H (corresponding to 07/01/2021G)
Expected construction completion date	Not determined yet
Expected operation date	Not determined yet
Total project cost (plus land cost)	SAR 6,161,531
Total project cost (less land cost)	Not determined yet
Source of funding	Internal and external funding
Cost incurred as of September 30, 2021G	Not determined yet
Residual cost as of September 30, 2021G	Not determined yet
Completion percentage as of September 30, 2021G	Not determined yet
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	N/A
Main construction contractor	N/A

Source: The Company

E. Othaim Mall Project - Abha

Al Othaim Mall Project in Abha is uniquely positioned on Abha-Al-Soudah Road, which is one of the most vital roads in Abha, and has an area of thirteen thousand, three hundred fifty-four (13,354) square meters and a leasable area of eleven thousand, seven hundred fifty (11,750) square meters. Al Othaim Mall Project – Abha accommodates more than twenty-five (25) rental units in various areas comprising stores, restaurants, cafés and the entertainment city of Saffori Land owned by Abdullah Al Othaim Entertainment Co., with an area of two thousand, six hundred fifty (2,650) square meters. It also includes hypermarket belonging to Abdullah Al Othaim Markets Company, with an area of four thousand, seventy-five (4,075) square meters, in addition to a five-floor (5) building of hotel apartments consisting of fifty (50) apartments of various sizes. The Abha Land project also comprises a basement floor used for parking. Work is underway to design the mall in the latest architectural styles making it an architectural and visual landmark in the city of Abha serving a wide segment of the population.

The following table sets out further details about Al Othaim Mall Project in Abha.

Table No. (4.39): Overview of Al Othaim Mall Project - Abha

Item	Description
Location	Abha
Land area	13,354 square meters
Total built-up area	35,000 square meters
Total leasable area (excluding hotel apartments and parking spaces)	11,750 square meters
Ownership status	Owned
Development commencement date	21/11/1442H (corresponding to 07/01/2021G)
Expected construction completion date	Q1 of 2024G
Expected operation date	Q1 of 2024G
Total project cost (plus land cost)	SAR 105,853,492
Total project cost (less land cost)	SAR 105,000,000
Source of funding	Internal funding
Cost incurred as of September 30, 2021G	N/A
Residual cost as of September 30, 2021G	SAR 105,000,000
Completion percentage as of September 30, 2021G	Not determined yet
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	N/A
Main construction contractor	N/A

Source: The Company

F. Al Othaim Mall Project -Al-Mithnab Governorate

Al Othaim Mall Project in Al-Mithnab Governorate is uniquely positioned in Al-Salam District on King Fahd Road and Prince Sultan Road in Al-Mithnab Governorate, being the most vital roads in Al-Mithnab Governorate. The area of the mall project land in Al-Mithnab Governorate is thirty-seven thousand (37,000) square meters with a leasable area of twenty-five thousand (25,000) square meters, accommodating more than eighty-five (85) restaurant, shop, and café rental units of various areas. Al Othaim mall project - Al-Mithnab Governorate also includes the entertainment city of Saffori Land owned by Abdullah Al Othaim Entertainment Co. with an area of five thousand, two hundred (5,200) square meters, a kids playroom area of one thousand, two hundred (1,200) square meters, an open water city and a car racing track with an area of three thousand (3,000) square meters, in addition to hypermarket belonging to Abdullah Al Othaim Markets Company, with an area of two thousand, seven hundred seventy-five (2,775) square meters. In addition, there are green spaces and water fountains designed in the latest architectural styles making it an architectural and visual landmark in the city of Al-Mithnab serving a wide segment of the population.

The project is still in the phase of initial design and creation of several design alternatives in order to select the best one.

The following table sets out further details about Al Othaim Mall - Al-Mithnab Governorate.

Table No. (4.40): Overview of Al Othaim - Al-Mithnab Governorate

Item	Description
Location	Al-Mithnab Governorate
Land area	37,000 square meters
Total built-up area	30,000 square meters
Total leasable area	25,000 square meters
Ownership status	Leased
Development commencement date	21/11/1442H (corresponding to 07/01/2021G)
Expected construction completion date	Q1 of 2024G
Expected operation date	Q1 of 2024G
Total project cost (plus land cost)	SAR 80,250,000
Total project cost (less land cost)	SAR 80,000,000
Source of funding	Internal funding
Cost incurred as of September 30, 2021G	N/A
Residual cost as of September 30, 2021G	N/A
Completion percentage as of September 30, 2021G	Not determined yet
Pre-leasing ratio as a percentage of the leasable area as of September 30, 2021G	N/A
Main construction contractor	N/A

Source: The Company

4.4.7 The Company's Undeveloped Properties

In addition to the Company's operational malls and malls under development, the Company, as of the date of this Prospectus, has a portfolio of properties including properties owned and leased by the Company in different regions of the Kingdom. Below are the key undeveloped property assets owned whether directly or indirectly through its subsidiaries or leased by the Company:

A. Al Mahatah Land (1)

Al Riyadh Alwaed Company owns the full property, which is located at the intersection of King Abdulaziz Road and Al-Madinah Al-Munawwarah Road in Buraidah and has an area of sixty-nine thousand, eight hundred seventy-six (69,876) square meters. The land is surrounded by an industrial park. The value of the land is two million, five hundred twenty thousand, seven hundred ninety-nine Saudi Riyals (SAR 2,520,799) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

B. Al Mahatah Land (2)

Al Riyadh Alwaed Company owns the full property, which is located in Buraidah and has an area of seventy-three thousand, nine hundred fifty (73,950) square meters. The value of the land is three million, seven hundred eighty-nine thousand, nine hundred thirty-seven Saudi Riyals (SAR 3,789,937) as of September 30,2021G. As of the date of this Prospectus, this land is not yet developed.

C. Dammam Land (1)

The Company owns the full property, which is located in Al-Atheer District, Dammam and has an area of one thousand, three hundred ninety-seven point sixty-eight (1,397.68) square meters. The value of the land is two million, five hundred fifteen thousand, eight hundred eighteen Saudi Riyals (SAR 2,515,828) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

D. Al-Rass Land

The Company owns the entire plot of land located in Al-Ruwaida neighbourhood in northern Al-Rass Governorate, which has an area of fifteen thousand, seven hundred fifty (15,750) square meters. It was acquired on January 16, 2022G. The value of the land is five million Saudi Riyals (SAR 5,000,000), and it is undeveloped as of the date of this Prospectus.

E. Buraidah Land (1)

Ilham Al Mustaqbal Real Estate Management Company owns the full property, which is located in Al-Mulayda District, Buraidah and has an area of sixty-three thousand, six hundred (63,600) square meters. The value of the land is two million, five hundred forty-four thousand, Saudi Riyals (SAR 2,544,000) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

F. Buraidah Land (2)

Ilham Al Mustaqbal Real Estate Management Company owns the full property, which is located in Al-Mulayda District, Buraidah and has an area of sixty-four thousand (64,000) square meters. The value of the land is two million, five hundred sixty thousand Saudi Riyals (SAR 2,560,000) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

G. Buraidah Land (3)

Ilham Al Mustaqbal Real Estate Management Company owns the full property, which is located in Al-Mulayda District, Buraidah and has an area of sixty-three thousand (63,000) square meters. The value of the land is two million, five hundred twenty thousand Saudi Riyals (SAR 2,520,000) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

H. Buraidah Land (4)

Ilham Al Mustaqbal Real Estate Management Company owns the full property, which is located in Al-Mulayda District, Buraidah and has an area of sixty-eight thousand, fifty-nine (68,059) square meters. The value of the land is two million, seven hundred twenty-two thousand, three hundred sixty Saudi Riyals (SAR 2,722,360) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

I. Buraidah Land (5)

Ilham Al Mustaqbal Real Estate Management Company owns the full property, which is located in Al-Mulayda District, Buraidah and has an area of sixty-eight thousand (68,000) square meters. The value of the land is two million, seven hundred twenty thousand Saudi Riyals (SAR 2,720,000) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

J. Buraidah Land (6)

Ilham Al Mustaqbal Real Estate Management Company owns the full property, which is located in Al-Mulayda District, Buraidah and has an area of sixty-eight thousand, twenty-two (68,022) square meters. The value of the land is two million, seven hundred twenty thousand, eight hundred eighty Saudi Riyals (SAR 2,720,880) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

K. Buraidah Land (8)

Al Riyadh Alwaed Real Estate Management Company owns the full property, which is located in Al-Hasat District, Buraidah and has an area of one hundred and one thousand, eight hundred seventy-three point thirty-eight (101,873.38) square meters. The value of the land is three million, six hundred forty thousand, five hundred thirty-two Saudi Riyals (SAR 3,640,532) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

L. Buraidah Land (9)

Al Riyadh Alwaed Real Estate Management Company owns the full property, which is located in Buraidah Southern District in Buraidah and has an area of eighty-five thousand, eight hundred (85,800) square meters. The value of the land is four million, two hundred seventeen thousand Saudi Riyals (SAR 4,217,000) as of September 30, 2021G. As of the date of this Prospectus, this land is not yet developed.

4.5 Business of the Material Subsidiaries

4.5.1 Abdullah Al Othaim Entertainment Co.

Abdullah Al Othaim Entertainment Co. establishes, manages and operates entertainment centers. As of September 30, 2021G, Abdullah Al Othaim Entertainment Co. operates thirty-eight (38) entertainment centers within and outside the Kingdom. Nineteen (19) entertainment centers are located in the Kingdom. Nine (9) entertainment centers are located in the UAE. Six (6) entertainment centers are located in Egypt. Three (3) entertainment centers are located in Oman. One entertainment center is located in Qatar.

The entertainment projects of Abdullah Al Othaim Entertainment Co. focus on providing safe entertainment for families and all ages. Abdullah Al Othaim Entertainment Co. has developed seven (7) core brands, which include, as of the date of this Prospectus, Saffori Land, Faby Land, Snow City, Action Zone, My Town, Xtreme Land and Xtreme Zone.

The following table sets out the operating metrics of Abdullah Al Othaim Entertainment Co., which the Board of Directors considers key indicators of its performance in the past three Financial Years.

Table No. (4.41): Operating Metrics of Abdullah Al Othaim Entertainment Co.

KPI	FY 2018G	FY 2019G	FY 2020G	FY Ended September 30, 2021G
Project delivery period	Six (6) months	Six (6) months	Six (6) months	Six (6) months
ROI	40%	44%	44%	44%
Percentage of ROI compared to other similar sectors such as malls, hotels, and industry	18%	18%	18%	18%
Purchasing power in the countries where Abdullah Al Othaim Entertainment Co. operates	GDP per capita – PPP (51.2):	GDP per capita – PPP (51.2):	GDP per capita – PPP (55.9):	GDP per capita – PPP (55.9):
Population in the countries where Abdullah Al Othaim Entertainment Co. operates	Approximately 149.3 million	Approximately 149.3 million	Approximately 152.3 million	Approximately 152.3 million
Net income attributable to the shareholders of the company (SAR million)	Sixty-nine million (69,000,000)	Seventy million (70,000,000)	Losses of five million (5,000,000) million	Thirty- seven million (37,000,000)

Source: Abdullah Al Othaim Entertainment Co.

A. Entertainment Center Brands

Abdullah Al Othaim Entertainment Co. operates and manages a number of entertainment centers under the following seven (7) major brands:

- ### Saffori Land

Saffori Land is one of the oldest brands of Abdullah Al Othaim Entertainment Co., established in 2001G. The idea of this brand is to provide a safe and attractive area for children of ages 2-12 years old within the malls owned or operated by the Company. Saffori Land entertainment centers are designed on the basis of adequate privacy for families in the Kingdom, and Abdullah Al Othaim Entertainment Co. focuses on providing effective customer service in its entertainment centers. All Saffori Land entertainment centers - located exclusively in the Company's malls - offer various entertainment facilities, including new electronic games, along with games that create adventures and develop skills, allowing its visitors to experience international globally-available games in its entertainment centers in the Kingdom. The first Saffori Land-branded entertainment center was opened in 2001G, located in Suwaidi District, Riyadh. As of September 30, 2021G, Abdullah Al Othaim Entertainment Co. has ten (10) Saffori Land-branded entertainment centers, four (4) of which are located in Riyadh, one in Dammam, one in Hofuf, Al-Ahsa, one in Buraidah, one in Unaizah, one in Hail, and one in Arar. Abdullah Al Othaim Entertainment Co. entered into a lease contract with the Company to open Saffori Land entertainment centers in Al Othaim Mall - Hafr Al-Batin and Al-Othaim Mall – Al-Khafji. However, work on the center has not been started as neither of the malls have been opened as at the date of this Prospectus. The revenues of Abdullah Al Othaim Entertainment Co. from Saffori Land-branded entertainment centers constitute 47% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

- ### Faby Land

Faby Land is an Abdullah Al Othaim Entertainment Co. brand and is one of Abdullah Al Othaim Entertainment Co.'s new projects as a further brand of Saffori Land entertainment centers. The Faby Land brand is used for Abdullah Al Othaim Entertainment Co. centers managed outside of the Company's owned or managed locations. Abdullah Al Othaim Entertainment Co. opened the first Faby Land-branded entertainment center in 2012G, located in Al Qasr Mall in Riyadh. As of September 30, 2021G, Abdullah Al Othaim Entertainment Co. has twelve (12) Faby Land-branded entertainment centers, three (3) of which are located inside the Kingdom, in Al Rashid Mall in Abha, Tabuk Park in Tabuk, and West Avenue in Dammam. Five (5) centers are located in the UAE, Deerfields Square Mall, Abu Dhabi, Festival City, Dragon Mart, Al Nakheel Mall and Al-Rahmaniya in Dubai. Two (2) centers are located in Egypt, in Dandy Mega Mall and Porto Cairo Mall in Cairo. Two (2) centers are located in Oman in Palm Mall and Al Othaim Mall in Muscat. The revenues of Abdullah Al Othaim Entertainment Co. from Faby Land-branded entertainment centers constitute 29% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

- ### Snow City

Snow City is a brand of Abdullah Al Othaim Entertainment Co. and its idea is to be an indoor ski park that provides a safe and real snow environment providing a winter weather experience. Snow City offers activities that stimulate discovery, learning and entertainment, with over twelve (12) activities that attract children and their families, including snowmobiles, ladders, ropeways, ice bumper cars, and tube tracks, in addition to building a snow hut and learning how to ski on slopes, etc. Abdullah Al Othaim Entertainment Co. opened the first Snow City-branded entertainment center in 2016G, located in Al Othaim Mall - Al-Rabwah. As of September 30, 2021G, Abdullah Al Othaim Entertainment Co. has two (2) Snow City-branded entertainment centers, located in Al Othaim Mall - Al-Rabwah and City Stars in Cairo. The revenues of Abdullah Al Othaim Entertainment Co. from Snow City-branded entertainment centers constitute 11% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

- ### Action Zone

Action Zone is a brand of Abdullah Al Othaim Entertainment Co. and its idea is to be an entertainment center providing games and recreational facilities for teenagers and adults of all ages. Action Zone is equipped with games such as bowling, karting, billiards, table tennis, archery, shooting, laser maze, laser pistol, and video games in addition to an integrated fitness center and café. Abdullah Al Othaim Entertainment Co. opened the first Action Zone-branded entertainment center in 2013G, located in Hofuf, Al-Ahsa. As of September 30, 2021G, Abdullah Al Othaim Entertainment Co. has two (2) Action Zone-branded entertainment centers, located in Al Othaim Mall - Dammam and Al Othaim Mall - Al-Ahsa. It is worth noting that Abdullah Al Othaim Entertainment Co. entered into a lease contract with the Company to open an Action Zone entertainment center in Al Othaim Mall - Hafr Al-Batin. However, work on the center has not been started as Al Othaim Mall - Hafr Al-Batin has not been opened as at the date of this Prospectus. The revenues of Abdullah Al Othaim Entertainment Co. from Action Zone-branded entertainment centers constitute 1% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

- ### My Town

My Town is a brand of Abdullah Al Othaim Entertainment Co. and its idea is to be an entertainment and educational center at the same time. It includes three (3) key elements: various entertainment activities including trampoline slides to obstacle courses to climbing walls, an entertainment/educational city where children play different roles in the city and a science museum. Abdullah Al Othaim Entertainment Co. opened the first My Town-branded entertainment center in 2015G, located in Othaim Mall - Al-Rabwah and Al Othaim Mall - Dammam. As of September 30, 2021G, Abdullah Al Othaim Entertainment Co. has six (6) My Town-branded entertainment centers, one of which is located in the Kingdom in Abdullah Al Othaim Markets in Al-Shifa District in Riyadh. Two (2) centers are located in Egypt, in Dandy Mega Mall and City Stars in Cairo, and one center is in the UAE in Fields Square, Abu Dhabi. The revenues of Abdullah Al Othaim Entertainment Co. from My Town-branded entertainment centers constitute 2% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

- Xtreme Land

Xtreme Land is a brand of Abdullah Al Othaim Entertainment Co., which is an entertainment center with a modern and attractive style in the world of entertainment and recreation targeting the youth segment. Xtreme Land is equipped with games such as bowling, karting, billiards, table tennis, archery, pistol shooting, laser maze, laser pistol and video games, in addition to an integrated fitness center and café. Abdullah Al Othaim Entertainment Co. opened the first Xtreme Land-branded entertainment center in 2016G in Qatar. As of the date of this Prospectus, Abdullah Al Othaim Entertainment Co. has an Xtreme Land-branded entertainment center located in Mall of Qatar in Qatar. The revenues of Abdullah Al Othaim Entertainment Co. from Xtreme Land-branded entertainment centers constitute 5% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

- Xtreme Zone

Xtreme Zone is a brand of Abdullah Al Othaim Entertainment Co., and its idea is to be an entertainment center with a modern and attractive style in the world of entertainment and recreation targeting the youth segment. Xtreme Zone is equipped with games such as bowling, karting, billiards, table tennis, archery, pistol shooting, laser maze, laser pistol, and video games, in addition to an integrated fitness center and café. As of the date of this Prospectus, Abdullah Al Othaim Entertainment Co. has five (5) Xtreme Zone-branded entertainment centers, three (3) of which are located in the UAE, in Deerfields Mall and Marina Mall in Abu Dhabi. One center is located in Oman in Palm Mall. One center is in Egypt in City Stars Mall in Cairo. The revenues of Abdullah Al Othaim Entertainment Co. from Xtreme Zone and Xtreme Land branded entertainment centers constitute 5% of the total revenues of Abdullah Al Othaim Entertainment Co. as of September 30, 2021G.

B. Business Overview of Abdullah Al Othaim Entertainment Co.

- Site Selection Criteria and Method

Abdullah Al Othaim Entertainment Co. operates its entertainment centers in certain regions and cities in accordance with its approved business plan. It operates its entertainment centers within malls, and therefore relies on certain criteria for the selection of sites for its entertainment centers, including:

- The mall operator's market reputation and visitor turnout, along with tenant satisfaction.
- The size of the mall.
- The population density surrounding the mall and visitor spending level.
- The competitive environment geographically surrounding the relevant mall.
- The physical feasibility of the entertainment center site, such as the area and height of the site and the proximity of the site to the restaurant area in the mall, if any.
- Terms of the lease agreement proposed by the mall operator (rent, lease term, exclusivity in entertainment business in the mall and other matters) in addition to the lessor's contribution to the provision of services to the site.

- Importation of Equipment

Abdullah Al Othaim Entertainment Co. purchases all assets, equipment and tools for its entertainment centers. It imports assets and games through factories and specialized suppliers outside the Kingdom such as China, Europe and the United States of America. The assets are carefully selected by Abdullah Al Othaim Entertainment Co., in line with its ideas and designs, most notably their safety, which is largely based on dealing with reputable suppliers dealt with by other operators in the region. In selecting the games in its entertainment centers, the management of Abdullah Al Othaim Entertainment Co. relies on a number of factors, such as the number of entertainment centers it intends to open in the future, their size and type, the design concept of each entertainment center, in addition to the capital expenditures to be allocated to the importation of games in order to ensure that they are in line with the approved budget of the relevant project. Once the quantities to be procured by the suppliers are selected, the method of shipping to the Kingdom is determined by selecting the shipping company and undertaking all relevant procedures until the quantities reach the warehouses. As for other assets such as furniture, equipment or IT tools, they are purchased locally by selecting the best supplier in the market based on the best quotes in terms of cost, quality and delivery of the required specifications. Once the suppliers are selected, three (3) quotes are considered in order to select the best. With regard to equipment and tools such as smart cards, redemption tickets, and children's games', a stock of three (3) to six (6) months is obtained from local suppliers and may also be imported from outside the Kingdom in order to obtain the best quotes in terms of cost, quality and delivery. Abdullah Al Othaim

Entertainment Co. selects three (3) quotes following a comparison of quotations received in terms of quality, and method and speed of delivery, in order to select the most cost-effective quotation. Other equipment and tools acquired by Abdullah Al Othaim Entertainment Co., such as spare parts purchased to replace any damaged or expired items, are usually purchased from the same supplier from whom the entire assets were purchased to ensure the best quality. In very rare cases, spare parts are purchased from another local distributor if the same quality is provided at a lower cost.

- Warehousing and Distribution

  Once shipments are received within the Kingdom, the equipment is stored in the four (4) central warehouses of Abdullah Al Othaim Entertainment Co., where games, spare parts and equipment are stored. Storage of toys and equipment depends entirely on the size of such toys and equipment and their quantity. Abdullah Al Othaim Entertainment Co. is keen to ensure that the stock of games and equipment is properly managed, particularly games that are complex to install and have important and intricate parts. Abdullah Al Othaim Entertainment Co. then distributes them to its entertainment centers according to the requests of each entertainment center. Each entertainment center has its own warehouse that receives and transports games and equipment, monitored by the Company's electronic systems.

- Game Maintenance

  Abdullah Al Othaim Entertainment Co. prepares a daily, weekly and monthly checklist to guide the maintenance and safety of games in its entertainment centers. Periodic maintenance work is performed by the maintenance teams at each entertainment center, under the supervision of the maintenance manager of the relevant entertainment center. Following the maintenance work, the parts that need to be changed are identified and requests are sent to the procurement department of Abdullah Al Othaim Entertainment Co. to process the request and set a delivery date. The central warehouse receives the requests and then delivers them to the entertainment center that sent the request. Once the spare parts are received by the relevant maintenance team at the entertainment center, change work is performed and then the operation of those parts is monitored to ensure their efficiency.

- Marketing

  Abdullah Al Othaim Entertainment Co. is eager to commercialize its brands to enhance its perceived value among malls' visitors. To this end, it launches brand awareness campaigns through events for all seasons of the year, such as the summer season, Saudi National Day, back-to-school, mid-year break, holidays and other occasions. In addition, it grants promotions on access cards that enhance the value provided to the customer. Moreover, Abdullah Al Othaim Entertainment Co. is keen to improve the customer experience through continuous development of its entertainment centers, the introduction of e-booking services and instant interaction with customers through social media channels to promote its presence on those channels and enhance the image of its brands.

4.5.2 Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. manages and operates fashion retail spaces. As of September 30, 2021G, it operates and manages thirty-seven (37) retail spaces in the Kingdom and holds the franchise rights of four (4) global brands, namely Kiabi, OVS, Tally Weijl and Parfois. The Company indicates that it has reviewed the store opening plans from 2021G until 2028G for Kiabi and OVS brands. With regard to the Tally Weijl brand, the Company does not intend to open more stores at the present time, noting that the franchisor cannot supply more items. As for the Parfois brand, the Company does not have an exclusive right to the brand and the franchisor can pursue its business in the Kingdom directly or through another company.

The following table sets out the operating metrics of Abdullah Al Othaim Fashion Co., which the Board of Directors considers key indicators of its performance in the past three Financial Years.

Table No. (4.42): Operating Metrics of Abdullah Al Othaim Fashion Co.

KPI	FY 2018G	FY 2019G	FY 2020G	FY up to September 30, 2021G
Number of retail spaces	63	54	44	37
Rate per piece invoiced	3.27	3.37	3.36	3.64
Invoiced cash rate	133.27	127.05	126.05	123
Sales (SAR)	146,456,537	186,790,100	121,424,238	107,240,535
Percentage of gross profit of merchandise sold	43.3%	46.3%	45.72%	49.7%
Total operating profit	(4.10%)	1.80%	(11.38%)	0.6%
EBITDA	(6.10%)	(0.13%)	(4.17%)	3.66%

KPI	FY 2018G	FY 2019G	FY 2020G	FY up to September 30, 2021G
Net profit percentage	(20.10%)	(5.58%)	(13.62%)	1.7%
Stock value (SAR)	42,006,692.85	36,481,111	28,214,224	31,790,755
Percentage of returned merchandise	6%	6.3%	4.75%	5.8%

Source: Abdullah Al Othaim Fashion Co.

A. Fashion Retail space Brands

Abdullah Al Othaim Fashion Co. manages a number of trade fashion retail spaces under the following four (4) major brands:

- Kiabi

Kiabi is a world-famous French clothing and accessories brand for the whole family. Kiabi has grown to become the leader in France for high-quality value-for-money products and includes women's, men's, children's and maternity clothing and underwear of all types and sizes. Kiabi has over five hundred five (505 retail spaces in many countries of the world. Abdullah Al Othaim Fashion Co. has eleven (11) branches of its Kiabi-branded retail spaces, located in Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Khurais, and Granada Mall in Riyadh, Al Othaim Mall - Dammam in Dammam, Mall of Dhahran in Dhahran city, Al Andalus Mall, Red Sea Mall and Al Salam Mall in Jeddah, Al Othaim Mall - Al-Ahsa in Hofuf, Al-Ahsa, Al Othaim Mall - Unaizah in Unaizah city, and Al Othaim Mall - Buraidah in Buraidah. The revenues of Abdullah Al Othaim Fashion Co. from Kiabi-branded retail spaces constitute 61.8% of the total revenues of Abdullah Al Othaim Fashion Co. as of September 30, 2021G.

- OVS

OVS is an Italian brand of women's and children's fashion, offering various clothing and accessories. It won the award for the best brand of children's clothing and accessories in Italy four (4) years in a row (2010G, 2011G, 2012G and 2013G). OVS has over one thousand, two hundred sixty (1,260) retail spaces around the world. Abdullah Al Othaim Fashion Co. has sixteen (16) branches of its OVS-branded retail spaces, located in Al Othaim Mall - Al-Rabwah (women's and children's clothing), Al Othaim Mall - Khurais (women's and children's clothing), Granada Mall (children's clothing only), and Hayat Mall in Riyadh (children's clothing only), Al Othaim Mall - Buraidah in Buraidah (women's and children's clothing), Al Othaim Mall - Unaizah in Unaizah (women's and children's clothing), Al Othaim Mall - Al-Ahsa in Hofuf, Al-Ahsa (women's and children's clothing), Al Othaim Mall - Dammam (children's clothing only), Al Nakheel Mall (women's and children's clothing) in Dammam (children's clothing only), Mall of Dhahran in Dhahran (women's and children's clothing), Al Salam Mall (women's and children's clothing), Al Yasmin Mall (women's and children's clothing) in Jeddah, Al Othaim Mall - Hail in Hail (women's and children's clothing), Mecca Mall in Mecca (women's and children's clothing), Al Rashid Mall (women's and children's clothing) and another retail space (children's clothing only) in Abha. The revenues of Abdullah Al Othaim Fashion Co. from OVS-branded retail spaces constitute 28.3% of the total revenues of Abdullah Al Othaim Fashion Co. as of September 30, 2021G.

- Tally Weijl

Tally Weijl is a Swiss brand in girls' modern fashion. Tally Weijl has over seven hundred (700) retail spaces around the world. Abdullah Al Othaim Fashion Co. has seven (7) branches of its Tally Weijl-branded retail spaces located in each of Al Othaim Mall - Al-Rabwah, and Al Othaim Mall - Khurais in Riyadh, Al Othaim Mall - Dammam in Dammam, Al Othaim Mall - Buraidah in Buraidah, Al Othaim Mall - Unaizah in Unaizah, Othaim Mall - Al-Ahsa in Hofuf, Al-Ahsa and Al Rashid Mall in Abha. The revenues of Abdullah Al Othaim Fashion Co. from Tally Weijl-branded retail spaces constitute 3.7% of the total revenues of Abdullah Al Othaim Fashion Co. as of September 30, 2021G.

- Parfois

Parfois is a Portuguese brand for women's accessories and women's bags and shoes. Parfois has over nine hundred sixty-nine (969) retail spaces around the world. Abdullah Al Othaim Fashion Co. has three (3) branches of its Parfois-branded retail spaces, located in Red Sea Mall in Jeddah, Al Rashid Mall in Abha, and Al Othaim Mall - Buraidah in Buraidah. The revenues of Abdullah Al Othaim Fashion Co. from Parfois-branded retail spaces constitute 4.4% of the total revenues of Abdullah Al Othaim Fashion Co. as of September 30, 2021G.

B. Business Overview of Abdullah Al Othaim Fashion Co.

- ### Brand selection

Abdullah Al Othaim Fashion Co. relies on several criteria when selecting the global brands that it operates under franchise agreements entered into with the owners of these brands outside the Kingdom. These criteria include:

- Strength of the brand in the country of origin and around the world.
- Number of retail spaces operated under the brand outside the Kingdom and the number of countries in which the brand operates.
- Annual sales of the brand at the global level.
- Appropriateness of the merchandise for the Saudi market.
- Strength of the supply chain.
- Strong and stable financial position of the brand.
- Prices of the brand's merchandise and the strength of its competition in the local and global market.
- Potential profits of Abdullah Al Othaim Fashion Co. from the operation of the related brand.

Following selection of these brands, Abdullah Al Othaim Fashion Co. monitors the performance of the brands to ensure customer satisfaction and popularity, as well as their compatibility with the vision and objectives of Abdullah Al Othaim Fashion Co. Abdullah Al Othaim Fashion Co. does not hesitate to intervene to end business with brands that are not able to meet market requirements, finance the required quantities or maintain a fast and adequate supply chain, or in the event the brands go bankrupt in the country of origin and incur irrecoverable losses.

- ### Site Selection Criteria and Method

The site on which Abdullah Al Othaim Fashion Co. operates its retail spaces is selected based on the terms, requirements and criteria under the franchise agreements with brand owners. To select the appropriate site, a list of lessors, their locations and the size of the relevant retail space is first prepared. Then, a selection is made from that list based on the appropriate size and location of the retail space and its compatibility with the vision of Abdullah Al Othaim Fashion Co. Once the site is selected and approved internally by Abdullah Al Othaim Fashion Co., the brand owners are notified and their final approval is obtained to operate the relevant brand on the site based on the specifications and conditions required under the franchise agreements with the brand owners. retail spaces are opened after obtaining the approval of the brand owners to open the retail space within a period of three (3) to six (6) months. Abdullah Al Othaim Fashion Co. prefers to open its retail spaces at the beginning of the season.

- ### Procurement and Import of Merchandise

Abdullah Al Othaim Fashion Co. prepares a plan for each brand that reflects the percentage of target sales in each season and the requirements to reach those percentages. Plans for each brand are linked to the brand's annual sales budget and the expected gross profit, as well as sales and promotions planned for each season. The budget for the import and procurement of merchandise from brands is determined in two ways:

- A planned budget for monthly imports and procurements of fast fashion brands such as Tally Weijl.
- A budget for imports and purchases of seasonal brands such as Kiabi, OVS and Parfois, for which the import and purchase of their goods is done twice a year only, once for the spring/summer season and once for the fall/winter season.
- Objectives of import and procurement operations are divided into three (3) operations, based on their targets, as follows:
- Fashion procurement plan, a plan that aims to sell merchandise within a period of eight (8) to ten (10) weeks.
- Basics procurement plan, a plan that aims to sell merchandise during the entire season, i.e., within a period of eighteen (18) to twenty (20) weeks.
- Necessities procurement plan, a plan that aims to provide adequate stock in the retail space throughout the year, measured based on the sufficient quantity of merchandise per square meter in the trade retail space.

In all cases, Abdullah Al Othaim Fashion Co. aims, through import and procurement of merchandise, to maintain sufficient stock in the retail space and to reach a sales rate of 85% at the end of each season. In addition, Abdullah Al Othaim Fashion Co. monitors sales volume on a weekly basis and the procurement and import budget for the coming weeks is reviewed to ensure that adequate stock is available. Abdullah Al Othaim Fashion Co. is keen to provide a sufficient stock of merchandise for display, in addition to reaching a sales rate of 85% at the end of each season, allowing it to achieve the desired profit margin while maintaining the budget set for each brand.

- Market Study and Merchandise Selection

Abdullah Al Othaim Fashion Co. is keen to keep pace with the most vital fashion trends and provide new and satisfactory products to customers. It carefully and thoroughly selects merchandise for procurement, aiming to achieve a diverse mix of highly popular merchandise with excellent quality recognized by consumers. In the selection of merchandise, Abdullah Al Othaim Fashion Co. first approves the procurement budget and considers the market needs. Subsequently, it divides the merchandise of each brand into sub-categories in terms of colors, quality of fabrics and different sizes, and an analytical report on these subdivisions is prepared in which it is decided what to procure. Besides this information, the analytical report includes staff input in the procurement session. The staff travels to inspect the merchandise and make sure that its quality is suitable for sale in retail spaces for some brands. The aforesaid analytical procurement report also comprises an analysis and study of the performance of previous merchandise and their success, in addition to a survey of the new fashion trends and key developments. In these studies, findings are based on access to online fashion blogs to identify the new colors and patterns of the season, in addition to a market-based study to learn about the products desired by and popular among customers. These analytical studies also analyze the status of competitors, presents their prices for their merchandise and compares them with the prices offered by Abdullah Al Othaim Fashion Co., in order to maintain the competitive position of Abdullah Al Othaim Fashion Co. in the market.

Abdullah Al Othaim Fashion Co. also monitors the performance of each brand and of the sales of its merchandise and addresses any shortcomings that may hinder the realization of its targets at the end of each season. It develops a market survey to learn about the performance and prices of its merchandise and compare them with the performance and prices of competitors' merchandise. Furthermore, in this market survey, the options of Abdullah Al Othaim Fashion Co.'s competitors in the brands they operate and the merchandise they offer are identified and compared with each option provided by Abdullah Al Othaim Fashion Co., so that future imports and procurements are carried out in a way that generates more sales and thus greater profits.

- Distribution

Abdullah Al Othaim Fashion Co. ensures that the merchandise of its brands is effectively ordered, received and displayed in its retail spaces, and that its employees are trained on dealing quickly with the movement of merchandise to and from its retail spaces. For each brand operated by Abdullah Al Othaim Fashion Co., a manager is responsible for its overall business, orders merchandise for the upcoming season and informs the main warehouse of the arrival date of that merchandise.

Abdullah Al Othaim Fashion Co. has a central warehouse that receives all orders for the merchandise of the brands operated by Abdullah Al Othaim Fashion Co. The central warehouse staff receives and distributes the merchandise according to the instructions of each brand owner. Brand owners provide certain instructions to be followed upon receipt, storage and distribution of their brand merchandise. In response to Abdullah Al Othaim Fashion Co.'s keenness to promptly and effectively transport merchandise, the requirement that new merchandise not remain in the central warehouse for more than twenty-four (24) hours from the date of receipt have been applied. Abdullah Al Othaim Fashion Co. also has a logistics team responsible for clearing shipments and merchandise with customs and delivering them to the central warehouse on time for receipt, noting that the distribution days run from Sunday to Wednesday in Riyadh. As for the distribution of merchandise to Abdullah Al Othaim Fashion Co. retail spaces located outside Riyadh, merchandise is usually shipped on Saturday from the central warehouse in Riyadh to the rest of the cities.

Merchandise is received and arranged by the retail space manager and staff for display to customers. In the event that the retail space manager wishes to return the merchandise to the central warehouse, there are regular procedures to be followed. Regular procedures first begin by placing the merchandise in cartons marked with details such as the season, the brand and the quality and quantity of merchandise. The retail space manager communicates with the central warehouse staff to inform them of the details of the merchandise so that the warehouse arranges transportation of merchandise from the retail space to the warehouse through approved transport companies.

- Display of Merchandise

Abdullah Al Othaim Fashion Co. retail spaces carrying the brands OVS, Tally Weijl and Parfois display their merchandise for at least four (4) seasons, i.e., spring, summer, autumn and winter. The 2021G spring and summer stocks are displayed in the retail space from mid-January 2021G until the end of September 2021G. The balance of that stock is returned to the central warehouse and re-transferred to the retail space for display during the mid-season sale of 2022G. At the end of 2022G, the remainder of the 2021G spring-summer collection will be transferred to the discounted brand sales outlet. Kiabi-branded merchandise is not returned to warehouses at the end of the season, rather the brand identifies some merchandise at the end of each season for continued sale during the next season. At the end of each current season, the percentage of goods transferred to the next season usually constitutes 20% to 23% of the goods offered. The brand also notifies Abdullah Al Othaim Fashion Co. of the merchandise that must not be sold in the next season, and thus it is withdrawn from the trade retail space, often accounting for 2% of the displayed goods.

- Offers and Discounts

The offer and discount policy on goods varies by the brand that Abdullah Al Othaim Fashion Co. operates. Discounts and offers for Kiabi, OVS and Parfois are based on the strategies of the brand owners. Abdullah Al Othaim Fashion Co. is informed of these and then studies and analyzes them financially and commercially. However, Tally Weijl-related offers and discounts are determined by the commercial department of Abdullah Al Othaim Fashion Co., based on the agreed rate for reducing the original price of the merchandise, which is determined under the annual budget declared by the financial department of Abdullah Al Othaim Fashion Co. The dates of the offers and discounts are determined at the beginning of each Financial Year and are processed at least five (5) weeks before the date specified.

4.5.3 Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. manages and operates restaurants and cafés. As on September 30, 2021G, Abdullah Al Othaim Food Co. operates and manages six (6) restaurants in Al Othaim Mall - Al-Ahsa, Al Othaim Mall - Unaizah,Al Othaim Mall - Al-Rabwah in Riyadh, Al Othaim Mall - Hail and Al Othaim Mall - Arar. Abdullah Al Othaim Food Co. operates twenty-three (23) cafés located in Al Othaim Mall - Al-Ahsa, Al Othaim Mall – Unaizah, Al Othaim Mall – Buraidah, Al Othaim Mall – Al-Rabwah and Al Othaim Mall - Khurais in Riyadh, Al Othaim Mall - Hail, Al Othaim Mall - Arar, and Al Othaim Mall - Dammam. As of the date of this Prospectus, Abdullah Al Othaim Food Co. has seven (7) local and global brands, namely Moka and More Café, Oliver Brown Chocolate Café, Dallah Café, Roti Mum, Just Orange, Kabablaky and Chester's. It owns some of these brands and holds exclusive franchise rights for others. The following table sets out the operating metrics of Abdullah Al Othaim Food Co., which the Board of Directors considers key indicators of its performance in the past three Financial Years.

Table No. (4.43): Operating Metrics of Abdullah Al Othaim Food Co.

KPI	FY 2018G	FY 2019G	FY 2020G	FY up to September 30, 2019G
Cash flow	22,775,117	24,728,350	14,558,726	(12,002,365)
Cost of merchandise sold	9,167,931	8,991,718	6,816,336	(3,263,821)
Sales per employee per hour	81.1	88	50	42.3
Revenues per seat in a restaurant or café per hour	4.1	4.4	2.8	3.2
Table turnover	4	4	4	4
Average table occupancy	146	159	150	150
Spending per individual	30	30	30	30
Staff turnover rate	5%	5%	5%	5%

Source: Abdullah Al Othaim Food Co.

A. Restaurants and Cafés

Abdullah Al Othaim Food Co. manages a number of restaurants and cafés under the following seven (7) main brands:

- Moka and More Café

Moka and More Café is a Lebanese brand serving Italian coffee and dessert. It has over twenty (20) branches in the Kingdom, Lebanon, Syria, Egypt, Oman, Sudan, Georgia and Iraq. As of September 30, 2021G, Abdullah Al Othaim Food Co. has (7) Moka and More Café-branded branches located in Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Dammam, Al Othaim Mall - Al-Ahsa, Al Othaim Mall - Buraidah, Al Othaim Mall - Unaizah, Al Othaim Mall - Hail and Al Othaim Mall - Arar. Abdullah Al Othaim Food Co.'s revenues from Moka and More Café-branded cafés represented 22% and 25.4% of its total revenues as of December 31, 2020G and September 30, 2021G, respectively.

- Oliver Brown Chocolate Café

Oliver Brown Chocolate Café is an Australian brand serving all types of coffee, chocolate, crepes and waffles. It has over fifty (50) branches in Australia, South Korea and China. As of September 30, 2021G, Abdullah Al Othaim Food Co. has five (5) Oliver Brown Chocolate Café-branded branches located in Al Othaim Mall - Dammam, Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Al-Ahsa, Al Othaim Mall - Arar and Al Othaim Mall - Hail. Abdullah Al Othaim Food Co.'s revenues from Oliver Brown Chocolate Café-branded cafés represented 30% and 30.4% of its total revenues as of December 31, 2020G and September 30, 2021G, respectively.

- Roti Mum

Roti Mum is a brand of Abdullah Al Othaim Food Co. serving Singaporean coffee and bread. As of September 30, 2021G, Abdullah Al Othaim Food Co. has four (4) Roti Mum-branded branches located in Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Khurais, Al Othaim Mall - Arar and Al Othaim Mall - Unaizah. Abdullah Al Othaim Food Co.'s revenues from Roti Mum-branded cafés represented 8% and 7.8% of its total revenues as of December 31, 2020G and September 30, 2021G, respectively.

- Dallah Café

Dallah Café is a brand of Abdullah Al Othaim Food Co. serving premium Arabian coffee. As of September 30, 2021G, Abdullah Al Othaim Food Co. has five (5) Dallah Café-branded branches located in Al Othaim Mall - Buraidah, Al Othaim Mall - Al-Rabwah, Al Othaim Mall – Al-Ahsa, Al Othaim Mall - Hail and Al Othaim Mall - Arar. Abdullah Al Othaim Food Co.'s revenues from Dallah Café-branded cafés represented 26% and 23.2% of its total revenues as of December 31, 2020G and September 30, 2021G, respectively.

- Just Orange

Just Orange is a brand serving fresh, natural juices. Just Orange has two (2) branches located in Al Othaim Mall - Al-Rabwah and Al Othaim Mall - Hail. As of September 30, 2021G, Abdullah Al Othaim Food Co.'s revenues from Just Orange-branded restaurants represented 1% of its total revenues as of December 31, 2020G and September 30, 2021G.

- Kabablaky

Kabablaky is a brand of Abdullah Al Othaim Food Co. serving Lebanese food via fast food restaurants. Abdullah Al Othaim Food Co. has five (5) Kabablaky-branded restaurants located in Al Othaim Mall - Al-Rabwah, Al Othaim Mall - Al-Ahsa, Al Othaim Mall - Unaizah, Al Othaim Mall - Hail and Al Othaim Mall - Arar. Abdullah Al Othaim Food Co.'s revenues from Kabablaky-branded restaurants represented 11.9% of its total revenues as of December 31, 2020G and September 30, 2021G.

- Chester's

Chester's is an American brand specialized in serving fried chicken. Chester's has many branches, especially in the United States of America. As of September 30, 2021G, Abdullah Al Othaim Food Co. has one (1) branch under the Chester's brand located in Al Othaim Mall - Arar. Abdullah Al Othaim Food Co. revenues generated from the restaurant managed under Chester's brand represented 1% of the total revenues of Abdullah Al Othaim Food Co. as of December 31, 2020G and 0.6% of the total revenues of Abdullah Al Othaim Food Co. as of September 30, 2021G.

B. Business Overview of Abdullah Al Othaim Food Co.

- Brand selection

Although it operates a number of local brands that it owns, Abdullah Al Othaim Food Co. seeks to contract with global brands to obtain franchise rights to operate them in the Kingdom. In selecting the brands to contract with, Abdullah Al Othaim Food Co. relies on certain criteria:

- The brand's ability to work with Abdullah Al Othaim Food Co.
- Customer and visitor brand awareness.
- Consumer trust in the quality of the products offered by those brands.
- Consumer brand association.
- Brand scalability.
- Price volatility.
- Affordable concession fees.

Following selection of these brands, Abdullah Al Othaim Food Co. monitors the performance of the brands to ensure compatibility with its vision and objectives and customer satisfaction. Abdullah Al Othaim Food Co. does not hesitate to intervene to end business with brands in the event of a brand's bankruptcy in the country of origin, failure to provide training and services under the franchise agreements entered into with it or for other reasons.

- Site Selection Criteria and Method

As of the date of this Prospectus, Abdullah Al Othaim Food Co. only operates its restaurants and cafés in the Company's malls. When selecting its restaurant and café operating sites, Abdullah Al Othaim Food Co. relies on several criteria that must be met in the Company's malls, as follows:

- Population density surrounding the site.
- Visitor turnout to the mall.
- Income and spending level in the area surrounding the site.
- Average age of the population density surrounding the site.
- The culture surrounding the site.
- Ease of access to the site.
- Site scalability.
- Analysis of market competitors.
- Site size.
- Site rent.

- Import, Procurement and Storage

Abdullah Al Othaim Food Co. identifies the products to be procured and imported based on six months of consumption. A purchase and import order is submitted every three (3) months to ensure product arrival before the end of the first six (6) months of the year. Products and merchandise are received and stored in the central warehouse of Abdullah Al Othaim Food Co. All products imported or procured by Abdullah Al Othaim Food Co. have a full year shelf life.

The central warehouse of Abdullah Al Othaim Food Co. includes freezing rooms, refrigerators and dry warehouses where imported products and merchandise are stored. The relevant restaurant or café submits import or purchase orders to suppliers and then notifies the central warehouse of that order for receipt. The central warehouse is notified every day with regard to orders from restaurants and cafés located in Riyadh, and is notified every ten (10) days for orders from restaurants and cafés located outside Riyadh. Upon arrival of the required products to the central warehouse, they are transported to the relevant restaurants and cafés through two refrigerator trucks owned by Abdullah Al Othaim Food Co., while some suppliers deliver the orders themselves to the relevant restaurants and cafés, such as orders for soft drinks, vegetables and bread.

- Business Follow-up

Abdullah Al Othaim Food Co. seeks to monitor its business to ensure that it achieves the expected budgeted sales. Since the success of sales in the catering industry depends on consumer satisfaction and trust in the product, Abdullah Al Othaim Food Co. carefully monitors consumer demand for the brands it operates. Abdullah Al Othaim Food Co. follows up on the views of consumers expressed on social media sites and on various websites, and also monitors the performance of the restaurants and cafés it operates in order to retain its customers and visitors over the long term and address any shortcomings. Abdullah Al Othaim Food Co. is also keen to communicate directly with its customers through social media sites and to constantly market its products and offerings through these platforms.

4.6 Overview of the Company's Business Outside the Kingdom

The Company has a number of subsidiaries outside the Kingdom, with sixteen (16) subsidiaries in the Gulf countries and eighteen (18) subsidiaries outside the Kingdom and the Gulf countries. For the purposes of the Rules on the Offer of Securities and Continuing Obligations, none of these subsidiaries is material. Neither the company nor its subsidiaries have any substantial assets outside the Kingdom.

The following table sets out the share of subsidiaries outside the Kingdom in the Company's business as of September 30, 2021G:

Table No. (4.44): Share of Subsidiaries Outside the Kingdom in the Company's Business as of September 30, 2021G

The Company	Share of the Company's Net Income	Share of the Company's Net Profit	Share of the Company's Net Assets
Subsidiaries in the UAE	5%	1%	2%
Subsidiaries in Egypt	2%	1%	1%
Subsidiaries in Qatar	2%	1%	1%
Subsidiaries in Oman	1%	1%	1%
Subsidiaries in Bahrain	0%	0%	0%

Source: The Company

Following is a description of the subsidiaries outside the Kingdom.

4.6.1 Subsidiaries Incorporated in Gulf Countries

A. Faby Land Entertainment (UAE - Abu Dhabi)

Faby Land Entertainment is a limited liability company incorporated in Abu Dhabi, UAE under Commercial Registration No. CN-1896717 dated 20/03/1436H (corresponding to 01/11/2015G), with a capital of one hundred fifty thousand UAE Dirhams (AED 150,000) (i.e., one hundred fifty-three thousand, two hundred one Saudi Riyals and sixty-six halalas (SAR 153,201.66) as of 16/03/1443H (corresponding to 11/21/2021G) divided into one hundred fifty (150) shares with a nominal value of one thousand UAE Dirhams (AED 1,000) (i.e., one thousand, twenty-one Saudi Riyals and thirty-four halalas (SAR 1,021.34) as of 16/03/1443H (corresponding to 11/21/2021G) per share. Fun World Investment owns 99% of the capital of Faby Land Entertainment, while Abdullah Al Othaim Entertainment Co. holds 1% of its capital. Faby Land Entertainment has five (5) branches, four (4) of which are located in Dubai and one in Abu Dhabi. Faby Land Entertainment's business includes entertainment games and electronic game halls.

B. Fun Extreme Limited (UAE - Abu Dhabi)

Fun Extreme Limited is a private company limited by shares, incorporated in Abu Dhabi, UAE, under Commercial Registration No. 000002821 dated 04/01/1441H (corresponding to 09/03/2019G), with an authorized capital of fifty thousand UAE Dirhams (AED 50,000) (i.e., fifty-one thousand, sixty seven Saudi Riyals and twenty-two halalas (SAR 51,067.22) as of 16/03/1443H (corresponding to 11/21/2021G) and an issued capital of one hundred twenty-eight thousand, six hundred twenty-five UAE Dirhams (AED 128,625) (i.e., one hundred thirty-one thousand, three hundred sixty-nine Saudi Riyals (SAR 131,369) (i.e., one hundred thirty-four thousand, one hundred seventy-two Saudi Riyals and ninety-nine halalas (SAR 134,172.99) as of 16/03/1443H (corresponding to 11/21/2021G) divided into one thousand (1,000) shares with a nominal value of fifty UAE Dirhams (AED 50) (i.e., fifty-one Saudi Riyals and seven halalas (SAR 51.07) as of 16/03/1443H (corresponding to 11/21/2021G) per share. Fun World Investment owns 100% of the capital of Fun Extreme Limited. Fun Extreme Limited's business includes the activities of parks, entertainment complexes and electronic game halls.

C. Fun World Investment (UAE - Dubai)

Faby Land Entertainment is a limited liability company incorporated in Abu Dhabi, UAE under Commercial Registration No. 1175754 dated 22/08/1436H (corresponding to 06/09/2015G), with a capital of three hundred thousand UAE Dirhams (AED 300,000) (i.e., three hundred six thousand, four hundred three Saudi Riyals and thirty-one halalas (SAR 306,403.31) as of 16/03/1443H (corresponding to 11/21/2021G) divided into three hundred (300) shares with a nominal value of one thousand UAE Dirhams (AED 1,000) (i.e., one thousand, twenty-one Saudi Riyals and thirty-four halalas (SAR 1,021.34) as of 16/03/1443H (corresponding to 11/21/2021G) per share. Abdullah Al Othaim Entertainment Co. owns 99% of the capital of Fun World Investment Company, while Abdullah Al Othaim Food Co. holds 1% of its capital. Fun World Investment's business includes investment, set up and management of commercial, tourism and retail projects.

D. Fun Faby Entertainment (UAE - Dubai)

Fun Faby Entertainment is a one-person limited liability company incorporated in Abu Dhabi, UAE under Commercial Registration No. 1431102 dated 15/10/1440H (corresponding to 06/18/2019G), with a capital of one hundred thousand UAE Dirhams (AED 100,000) (i.e., one hundred two thousand, one hundred thirty-four Saudi Riyals and forty-four halalas (SAR 102,134.44) as of 16/03/1443H (corresponding to 11/21/2021G) divided into one hundred (100) shares with a nominal value of one thousand UAE Dirhams (AED 1,000) (i.e., one thousand, twenty-one Saudi Riyals and thirty-four halalas (SAR 1,021.34) as of 16/03/1443H (corresponding to 11/21/2021G) per share. Fun World Investment owns 100% of the capital of Fun Faby Entertainment. Fun Faby Entertainment's business includes organization and management of exhibitions and the provision of entertainment services and undertakings.

E. Fab City Entertainment (UAE - Dubai)

Fab City Entertainment is a one-person limited liability company incorporated in Abu Dhabi, UAE under Commercial Registration No. 1477869 dated 07/05/1441H (corresponding to 01/02/2020G), with a capital of fifty thousand UAE Dirhams (AED 50,000) (i.e., fifty-one thousand, sixty-seven Saudi Riyals and twenty-two halalas (SAR 51,067.22) as of 16/03/1443H (corresponding to 11/21/2021G), divided into fifty (50) shares with a nominal value of one thousand UAE Dirhams (AED 1,000) (i.e., one thousand, twenty-one Saudi Riyals and thirty-four halalas (SAR 1,021.34) per share as of 16/03/1443H (corresponding to 11/21/2021G). Fun World Investment owns 100% of the capital of Faby City Entertainment. Fab City Entertainment's business includes investment, set up and management of commercial, industrial, tourism and retail projects, as well as investment and development of sports projects.

F. Fab World Entertainment (UAE - Dubai)

Fab World Entertainment is a one-person limited liability company incorporated in Abu Dhabi, UAE under Commercial Registration No. 1477859 dated 07/05/1441H (corresponding to 01/02/2020G), with a capital of fifty thousand UAE Dirhams (AED 50,000) (i.e., fifty-one thousand, sixty-seven Saudi Riyals and twenty-two halalas (SAR 51,067.22) as of 16/03/1443H (corresponding to 11/21/2021G), divided into fifty (50) shares with a nominal value of one thousand UAE Dirhams (AED 1,000) (i.e., one thousand, twenty-one Saudi Riyals and thirty-four halalas (SAR 1,021.34) per share as of 16/03/1443H (corresponding to 11/21/2021G). Fun World Investment owns 100% of the capital of Faby World Entertainment. Fun World Investment's business includes entertainment services and undertakings.

G. Fab Zone Investment (UAE - Dubai)

Fab Zone Investment is a one-person limited liability company incorporated in Abu Dhabi, UAE under Commercial Registration No. 1477865 dated 07/05/1441H (corresponding to 01/02/2020G), with a capital of fifty thousand UAE Dirhams (AED 50,000) (i.e., fifty-one thousand, sixty-seven Saudi Riyals and twenty-two halalas (SAR 51,067.22) as of 16/03/1443H (corresponding to 11/21/2021G) divided into fifty (50) shares with a nominal value of one thousand UAE Dirhams (AED 1,000) (i.e, one thousand, twenty-one Saudi Riyals and thirty-four halalas (SAR 1,021.34) per share as of 16/03/1443H (corresponding to 11/21/2021G). Fun World Investment owns 100% of the capital of Fab Zone Investment. Fab Zone Investment's business includes project investments.

H. Fun World Entertainment Co. (Oman)

Fun World Entertainment Co. is a limited liability company established in the Sultanate of Oman under Commercial Register No. 1281255 dated 02/03/1438H (corresponding to 12/01/2016G) with a capital of one hundred fifty thousand Omani Riyals (OMR 150,000) (i.e., one million, four hundred sixty-one thousand, nine hundred four Saudi Riyals and twenty-two halalas (SAR 1,461,904.22) as of 16/03/1443H (corresponding to 11/21/2021G) divided into one hundred fifty thousand (150,000) shares with a nominal value of one Omani riyal (OMR 1) (i.e., nine Saudi Riyals and seventy-five halalas (SAR 9.75) per share as of 16/03/1443H (corresponding to 11/21/2021G). Abdullah Al Othaim Entertainment Co. owns 99% of the capital of Fun World Entertainment Co., while Abdullah Al Othaim Food Co. holds 1% of its capital. Fun World Entertainment Co.'s business is represented in the investment in entertainment parks and amusement games.

I. Abdullah Al Othaim Entertainment Co. (Oman)

Abdullah Al Othaim Entertainment Co. (Oman) is a limited liability company established in the Sultanate of Oman under Commercial Register No. 1354189 dated 01/11/1440H (corresponding to 07/04/2019G) with a capital of two hundred thousand Omani Riyals (OMR 200,000) (i.e., one million, nine hundred forty-nine thousand, two hundred five Saudi Riyals and sixty-one halalas (SAR 1,949,205.61) as of 16/03/1443H (corresponding to 11/21/2021G) divided into two hundred thousand (200,000) shares with a nominal value of one Omani riyal (OMR 1) (i.e., nine Saudi Riyals and seventy-five halalas (SAR 9.75) per share as of 16/03/1443H (corresponding to 11/21/2021G). Abdullah Al Othaim Entertainment Co. owns 99% of the capital of Abdullah Al Othaim Entertainment Co. (Oman), while Asasat Al Nafl Operation and Maintenance Co. holds 1% of its capital. The business of Abdullah Al Othaim Entertainment Co. (Oman) is represented in cities, amusements, game cities and electronic simulation systems. It also repairs and maintains spindles, swings, shooting platforms and other means of amusement at amusement parks, but this activity has not yet been licensed.

J. Fun World Entertainment Co. (Qatar)

Fun World Entertainment Co. is a limited liability company established in the State of Qatar under Commercial Register No. 80644 dated 15/05/1437H (corresponding to 02/24/2016G) with a capital of two hundred thousand Qatari Riyals (QAR 200,000) (i.e., two hundred one thousand, eighty-six Saudi Riyals and twenty halalas (SAR 201,086.20) as of 16/03/1443H (corresponding to 11/21/2021G), divided into two hundred thousand (200,000) shares with a nominal value of one Qatari riyal (QAR 1) (i.e., one Saudi riyal and one halala (SAR 1.01) per share as of 02/04/1441H (corresponding to 11/29/2019G). Fahad Abdullah Saleh Al Othaim, acting on behalf of the Company, owns the entire capital of Fun World Entertainment. Fun World Entertainment's business includes the activities of amusement parks (theme parks).

K. Abdullah Al Othaim Holding Company (Bahrain)

Abdullah Al Othaim Holding Company is a limited liability company incorporated in Bahrain under Commercial License No. 147018-1 dated 23/12/1442H (corresponding to 08/02/2021G) with a capital of five thousand Bahrani Dinars (BHD 5,000) (i.e., forty-nine thousand, seven hundred fifty-six Saudi Riyals and fifty-five halalas (SAR 49,756.55) as of 16/03/1443H (corresponding to 11/21/2021G) divided into five thousand (5,000) shares with a nominal value of one Bahrani Dinar (BHD 1) (i.e., nine Saudi Riyals and ninety-five halalas (SAR 9.95) as of 16/03/1443H (corresponding to 11/21/2021G) per share. The Company owns 100% of the capital of Abdullah Al Othaim Holding Company.

4.6.2 Subsidiaries Incorporated Outside the Kingdom and the Gulf Countries

A. Orion Holding Company Limited (British Islands)

Orion Holding Company is a limited company incorporated in the British Islands under Commercial Registration No. 1915249 dated 26/08/1437H (corresponding to 06/02/2016G), with a capital of one thousand US Dollars (USD 1,000) (i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G) divided into one thousand (1,000) shares with a nominal value of one US Dollar (USD 1) (i.e., three Saudi Riyals and seventy-five halalas (SAR 3.75) per share as of 16/03/1443H (corresponding to 11/21/2021G). The Company owns 100% of the capital of Orion Holding Company. Orion Holding Company engages in all commercial activities which do not conflict with the Commercial Law of the British Islands.

B. International Leisure Limited (British Islands)

International Leisure Limited is a limited company incorporated in the British Islands under Commercial Registration No. 1915238 dated 26/08/1437H (corresponding to 06/02/2016G), with a capital of one thousand US Dollars (USD 1,000) (i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G) divided into one thousand (1,000) shares with a nominal value of one US Dollar (USD 1) (i.e., three Saudi Riyals and seventy-five halalas (SAR 3.75) per share as of 16/03/1443H (corresponding to 11/21/2021G). Abdullah Al Othaim Entertainment Co. owns 100% of the capital of International Leisure Limited. International Leisure Limited engages in all commercial activities which do not conflict with the Commercial Law of the British Islands.

C. Euro Leisure World (British Islands)

Euro Leisure World Co. is a limited company incorporated in the British Islands under Commercial Registration No. 2025763 dated 14/03/1441H (corresponding to 11/11/2019G) with a capital of one thousand US Dollars (USD 1,000) (i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G), divided into one thousand (1,000) shares with a nominal value of one US Dollar (USD 1) (i.e., three Saudi Riyals and seventy-five halalas (SAR 3.75) per share as of 16/03/1443H (corresponding to 11/21/2021G). International Leisure Limited owns 100% of the capital of Euro Leisure World Co. The business of Euro Leisure World Co. engages in all commercial activities which do not conflict with the Commercial Law of the British Islands.

D. World of Entertainment Company (British Islands)

International Leisure Co. is a limited company incorporated in the British Islands under Commercial Registration No. 2025749 dated 14/03/1441H (corresponding to 11/11/2019G) with a capital of one thousand US Dollars (USD 1,000) (i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G), divided into one thousand (1,000) shares with a nominal value of one US Dollar (USD 1) (i.e., three Saudi Riyals and seventy-five halalas (SAR 3.75) per share as of 16/03/1443H (corresponding to 11/21/2021G). International Leisure Co. owns 100% of the capital of World of Entertainment Co. The business of World of Entertainment Co. engages in all commercial activities which do not conflict with the Commercial Law of the British Islands.

E. World of Leisure Company (British Islands)

World of Leisure Co. is a limited company incorporated in the British Islands under Commercial Register No. 2025753 dated 14/03/1441H (corresponding to 11/11/2019G) with a capital of one thousand US Dollars (USD 1,000) (i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G), divided into one thousand (1,000) shares with no nominal value. International Leisure Limited owns 100% of the capital of World of Leisure Company. World of Leisure Company engages in all commercial activities which do not conflict with the Commercial Law of the British Islands.

F. Cairo for Operation and Maintenance (Egypt)

Cairo for Operation and Maintenance is a limited liability company incorporated in Egypt under Commercial Registration No. 83495 dated 10/08/1436H (corresponding to 05/28/2015G), with a capital of fifty thousand Egyptian Pounds (EGP 50,000) (i.e., eleven thousand, nine hundred forty-two Saudi Riyals and seventy-six halalas (SAR 11,942.76), i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G), divided into five hundred (500) shares with a nominal value of one hundred Egyptian Pounds (EGP 100) (i.e., twenty-three Saudi Riyals and eighty-nine halalas (SAR 23.89), i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) per share as of 16/03/1443H (corresponding to 11/21/2021G). Abdullah Al Othaim Entertainment Co. owns 99% of the capital of Cairo for Operation and Maintenance, while the Company holds 1% of its capital. The business of Cairo for Operation and Maintenance includes establishing, operating and managing malls, sports clubs, amusement parks, hotels and tourist villages, providing catering, cleaning, and pest and insect control services, and supplying and installing fire extinguishers, alarms and internal surveillance cameras.

G. Fun World for Tourism & Entertainment (Egypt)

Fun World for Tourism & Entertainment is a limited liability company incorporated in Egypt under Commercial Registration No. 79232 dated 17/03/1436H (corresponding to 01/08/2015G), with a capital of four million Egyptian Pounds (EGP 4,000,000) (i.e., nine hundred fifty-five thousand, four hundred twenty Saudi Riyals and seventy-three halalas (SAR 955,420.73), i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) as of 16/03/1443H (corresponding to 11/21/2021G), divided into forty thousand (40,000) shares with a nominal value of one hundred Egyptian Pounds (EGP 100) (i.e., twenty-three Saudi Riyals and eighty-nine halalas (SAR 23.89), i.e., three thousand, seven hundred fifty-two Saudi Riyals and twenty halalas (SAR 3,752.20) per share as of 16/03/1443H (corresponding to 11/21/2021G). Abdullah Al Othaim Entertainment Co. owns 99% of the capital of Fun World for Tourism & Entertainment, while the Company holds 1% of its capital. The business of Fun World for Tourism & Entertainment includes establishing, operating and managing malls, sports clubs, amusement parks, hotels and tourist villages.

4.7 Research and Development Policy

The Company has developed a research and development policy aimed at enhancing efficiency, improving current business and creating new projects to face competition and keep abreast of the continuous changes in customer desires. Based on the Company's approved research and development policy, the Company prepares research that contributes to meeting strategic objectives, finding solutions to obstacles and following up on their implementation through field research on new projects and activities and ways of developing existing activities The Company also drafts initial proposals for new projects and prepares and analyzes associated studies to determine their feasibility, reduce potential risks and then implement them.

The Material Subsidiaries have developed research and development policies to ensure innovation and keep pace with the continuous changes in customer desires. The research and development policies of the Company encourage the Company to enter into franchise agreements or to contract with professionals specialized in the related areas to engage in innovation and development.

4.8 Business Continuity

In 2020G, the COVID-19 pandemic caused governments in various countries to adopt precautionary measures that led to the disruption of many businesses. In the Kingdom, like many countries in which the Company and its Material Subsidiaries operate, there has been partial and complete curfews in some areas, malls and all mall facilities have been closed and domestic and international flights have been suspended. Therefore, these precautionary measures have affected the business of the Company and the Material Subsidiaries, whose profits rely on certain factors in light of the pandemic, such as the absence of or decline in visitors' turnout, spending levels and income from lease agreements with tenants. Following is a summary of the precautionary measures taken by the Kingdom's Government in response to the COVID-19 pandemic, along with the details of the associated interruption to the business of the Company and its Material Subsidiaries and its consequences on the Company and its Material Subsidiaries.

4.8.1 Overview of Precautionary Measures Adopted in Response to the COVID-19 Pandemic

On 27/07/1441H (corresponding to 22/03/2020G), Royal Order No. 4592 was issued, declaring a curfew in the Kingdom for a period of twenty-one (21) days starting on 28/07/1441H (corresponding to 03/23/2020G) to limit the spread of COVID-19. The directives of the Ministry of Interior issued pursuant to the above Royal Order included imposing a 24-hour curfew in a number of cities, including Riyadh, Dammam and Hofuf, as well as partial curfews in other areas of the Kingdom covering the Northern Borders Province, Qassim Province and Hail Province. By Ramadan 1441H, a Royal Order dated 02/09/1441H (corresponding to 04/25/2020G) was issued, partially lifting the curfew in all areas of the Kingdom, starting from 03/09/1441H (corresponding to 04/26/2020G) until 20/09/1441H (corresponding to 05/13/2020G), from 9:00 a.m. until 5:00 p.m., while maintaining a complete curfew in some of some neighborhoods excluded by separate decisions.

Moreover, as of 20/07/1441H (corresponding to 03/15/2020G), various municipalities in the Kingdom's regions began issuing directions to close all entertainment centers and children's games facilities and ventilate and sterilize places serving food and beverages within malls in the Kingdom as part of the initial measures taken by the Kingdom's Government in response to the COVID-19 pandemic. Malls remained closed until 06/09/1441H (corresponding to 4/29/2020G), with the Royal Order dated 02/09/1441H (corresponding to 04/25/2020G) allowing operation of some economic and commercial activities outside curfew hours, while still preventing entertainment centers, cinemas, restaurants and cafés from doing business within malls. Measures under the Royal Order dated 02/09/1441H (corresponding to 04/25/2020G) remained effective until 29/09/1441H (corresponding to 05/22/2020G). With the advent of Eid Al Fitr, 1441H, a complete curfew was imposed in all cities and regions of the Kingdom, with all malls in the Kingdom being closed as of 30/09/1441H (corresponding to 05/23/2020G) until 04/10/1441H (corresponding to 05/27/2020G).

On 05/10/1441H (corresponding to 05/28/2020G), curfew hours were changed to 6:00 a.m. until 3:00 p.m. until 07/10/1441H (corresponding to 05/30/2020G), allowing malls and wholesale and retail stores to operate outside curfew hours. As of 08/10/1441H (corresponding to 05/31/2020G, the hours during which curfew was lifted were changed to 6:00 a.m. until 8:00 p.m., with the resumption of domestic flights and travel between regions by various means of transportation until 28/10/1441H (corresponding to 06/20/2020G).

It should be noted that Royal Order No. 4592 dated 27/07/1441H (corresponding to 03/22/2020G), which imposed a 21-day curfew, and on which all subsequent government decisions were based, excluded vital businesses of the public and private sectors, such as the service sectors, from curfews; certain activities, including transportation of goods and parcels, customs clearance, warehouses, repositories, logistics services and supply chains for the health sector and the food sector continued to operate. However, on 18/08/1441H (corresponding to 04/12/2020G), the Ministry of Interior required shipping companies to apply for permits for their employees with government authorities supervising the sector and then authenticate them with the Ministry of Interior so that the employees can deliver those goods and parcels to their owners under a curfew on the roads of the Kingdom. Also, as of 20/07/1441H (corresponding to 03/15/2020G), international flights were suspended. As of the date of this Prospectus, international flights and entry and exit through land and sea borders continue to be suspended until further notice. It should be noted that the precautionary measures taken by the Kingdom's Government involved several other matters, including but not limited to the suspension of visitor entry to the Kingdom to perform Umrah or for tourist purposes, suspension of the performance of Umrah rituals for citizens and residents, spectators ceasing to attend all sports competitions and discontinuation of study in all educational institutions and schools.

By 28/10/1441H (corresponding to 20/06/2020G), the curfew was completely lifted as of 6:00 a.m. on Sunday, 29/10/1441H (corresponding to 21/06/2020G) in all regions and cities of the Kingdom, with the resumption of all economic and commercial activities, including entertainment centers and cinemas, subject to everyone fully complying with all preventive protocols for all activities and social distancing restrictions, wearing a mask or covering the nose and mouth, along with the requirement for gatherings not to exceed a maximum of fifty (50) people. However, all precautionary measures are still subject to periodic review and evaluation by the Ministry of Health. The Ministry of Interior also reported that all precautionary measures are subject to periodic review and evaluation and that, based on health data, strict measures may be taken.

Despite the resumption of business in malls, wholesale and retail stores and restaurants at the end of May 2020G, the Ministry of Municipal, Rural Affairs and Housing has imposed a number of precautionary measures that must be adhered to for the period from 08/10/1441H (corresponding to 31/05/2020G) until 28/10/1441H (corresponding to 20/06/2020G), updated on 29/10/1441H (corresponding to 21/06/2020G). The following summary provides an overview of these measures, which the Company and its Material Subsidiaries had to abide by.

A. Malls and Wholesale and Retail Stores

Below are the precautionary measures to be followed in wholesale and retail stores and malls to limit the spread of COVID-19:

- Suspend the use of electronic touch screens such as interactive screens, any materials shared by workers such as pens used to fill out worksheets and common services such as drinking water fountains and the like.
- Encourage payment through electronic points of sale.
- Place visual floor stickers to organize customer queues in crowded places to ensure that social distancing requirements are met, such as organizing queues at entrances, exits, elevators and restrooms, specifying the number of customers in each store (capacity is determined as one customer for every nine (9) square meters of the store's internal space), and put up signs indicating the capacity of customers and the number of people in the elevators.
- Use visible floor stickers to show physical distances between employees and between employees and customers in crowded workplaces (such as customer service offices).
- Ensure that no-touch trash and waste bins are used and that waste is frequently collected and disposed of.
- Ensure that dedicated hand sanitizers are placed in shared areas, restrooms and near frequently used doors for disinfection after each use.
- Disinfect trolleys and shopping baskets after each use, as well as facilities and all frequently touched surfaces every two hours.
- Always maintain a minimum social distance of one and a half meters between customers and employees.
- Use floor paint for escalators to ensure they are used one person at a time (with a 6-stairs distance between people).
- Put social distancing stickers in common seating areas.
- Require customers and employees to wear masks or something covering the nose and mouth.
- Take customers' temperature at entrances and prevent customers whose temperature exceeds 38 degrees Celsius from entering. Prepare isolation rooms in case of suspected COVID-19 infection, wherever possible, in malls.
- Take the temperature of the employees, inform the relevant authorities of any person whose temperature is higher than 38 degrees Celsius and isolate the employee until they are referred to a health care facility.
- Prevent employees at high risk of infection (according to the definition given) from coming to work and require them to work remotely from home.
- Educate customers and employees on adhering to updated safety instructions (such as mask wearing, physical distancing, hand washing and surface disinfection).
- Place signs that include the precautionary measures taken at the entrance to the mall.
- Appoint a protocol manager and direct the Security and Safety Department (if any) to support them with security personnel at the entrances and exits and inside the mall to ensure that the protocols are followed.
- Designate a channel to receive opinions and feedback from customers and employees, to report breaches of protocols or to suggest any new ideas, such as via e-mail, social media accounts or phone numbers.

B. Restaurants and Cafés

Below are the precautionary measures to be followed in restaurants and cafés to limit the spread of COVID-19:

- Close children's play areas.
- Customers inside food or beverage serving facilities should wear a fabric mask or covering over the nose and mouth at all times unless the person is eating or drinking in the designated place.
- Provide alcohol-based hand sanitizers containing 60-80% alcohol in plain sight and easily accessible in locations that serve food and distribute paper tissue and place it in visible locations.
- Emphasize washing hands routinely and repeatedly for at least 40 seconds during work shifts, or using an alcohol-based hand sanitizer for a period of no less than 20 seconds in the absence of soap and water, especially at the following times:
  - Before starting food preparation.
  - Before serving food to customers.
  - After using the toilet.
  - After coming in contact with body fluids and secretions.
  - After direct contact with co-workers or customers.
  - After coming into contact with potentially contaminated items (such as gloves, clothing, masks and garbage).
  - Immediately after removing gloves or masks.
- Sanitize surfaces that people frequently touch (such as door handles, water taps, public seats, etc.) and adopt solutions that limit contact as much as possible (such as making such items work by sensors or replacing them with methods that do not require direct contact).

- Change and clean tablecloths after each use.
- Frequently disinfect surfaces with disinfectants approved by the Food and Drug Authority (sodium hypochlorite such as chlorine disinfectant or the like).
- Provide employees with personal protective equipment such as fabric masks or coverings for the nose and mouth, hairnets and single-use gowns.
- Employees who work in high-risk departments such as cooking, food production and beverage preparation should routinely wear personal protective equipment and change them frequently.
- Clean and disinfect restrooms daily, ensure good ventilation, reduce the temperature in them and keep a schedule of cleaning and disinfecting times.
- Periodically clean or change ventilator air filters, especially air conditioners.
- Apply social distancing in restaurants (between tables, places of receiving orders and waiting places) to ensure a distance of one and a half meters between individuals. Family members should be considered as one individual and social distancing is not required between them.
- Establish a mechanism to manage waiting lines to prevent customers from crowding at the entrances of restaurants, cafés or waiting areas using pre-booking electronic applications or by phone and waiting in the car.
- Redistribute food preparation and processing locations to ensure social distancing or place a barrier between food workers who face each other.
- Reduce the number of employees in food preparation areas, prevent overcrowding and organize employee work into groups in shifts to reduce direct contact between groups.
- Prevent crowding at entrances and exits, on escalators and stairs and in restrooms and ablution sinks by placing floor stickers or disabling a number of toilets or sinks to ensure a safe distance of one and a half meters between each person.
- Reduce the capacity of elevators and place floor stickers to ensure social distancing.
- Establish a checkpoint at all entrances that includes taking temperatures with a device approved by the Food and Drug Authority.
- Check the temperature of everyone involved in providing food and beverage services to customers and all employees daily before the start of the work period, record the temperature and contact information and save it in a dedicated record.
- Prevent customers and those involved in providing food and beverage services who have a high temperature or respiratory symptoms from entering restaurants or cafés.
- Report cases among workers who have a high temperature or respiratory symptoms (cough or shortness of breath) and are suspected of having COVID-19.
- Educate employees and those involved in providing food and beverage services about the symptoms of the disease, how the disease is transmitted and its dangers. Educate them to avoid going to work if they experience any respiratory symptoms (coughing or shortness of breath) or a high temperature and to disclose any respiratory symptoms.
- Distribute awareness-raising brochures in all restaurants and cafés in visible locations, preferably in different languages, that include the following:
  - Methods of disease transmission and prevention.
  - Educational information about hand washing and avoiding touching the eyes, nose, and mouth before washing hands and urging attention to personal and health care.
  - Instructions on following the etiquette of sneezing and coughing (using a tissue and dispose of it as soon as possible, using the elbow by bending the arm).
  - Continuing education about the importance of adhering to the safety instructions, protecting oneself from disease and limiting customer crowding in the facility.
  - Educational information urging elderly customers and those with chronic diseases to stay home and postpone visiting restaurants and cafés.

C. Entertainment Centers

Below are the precautionary measures to be followed in entertainment centers to limit the spread of COVID-19:

- Place floor stickers in standing areas to ensure social distancing of no less than one and a half to two meters in waiting areas such as entrances, ticketing places, food and beverage vending places or restrooms. Seating must be designed in a way to ensure social distancing of no less than one and a half to two meters.
- Reduce the capacity of indoor entertainment venues to ensure a distance of at least one and a half to two meters between each person (the capacity is determined by one customer for every nine (9) square meters) and assign security organizers to disperse any congestion.
- Designate certain entrances and exits and station organizers at the doors to ensure distance between them.
- Distribute hand sanitizers containing 60-80% alcohol in visible places at the doors and in restrooms and provide paper tissue in visible locations.

- Frequently disinfect surfaces that are most likely to be touched by visitors such as door handles, tables, seat cushions, etc., with disinfectants approved by the Food and Drug Authority.
- Frequently disinfect children and adults' games in game halls or amusement parks after each use or every two hours and ensure that the capacity is reduced by half and seats are left empty to ensure social distancing. Games that may lead to crowding and physical contact between individuals must not be used.
- Clean and disinfect restrooms daily, preferably every two hours, ensure good ventilation and reduce the temperature inside them and clean and disinfect surfaces after each use. A schedule of disinfection times for surfaces and restrooms should be kept.
- Ensure good ventilation and reduce the temperature in entertainment venues. Street vendors should be banned from restaurants and cafés inside entertainment venues and the provision of food and beverages should be restricted to the places designated for such.
- Assign supervisors to reduce gatherings between different families and ensure social distancing, with a distance between each family of no less than one and a half to two meters.
- Establish an inspection point at all entrances that include taking temperatures with a device approved by the Food and Drug Authority and asking about respiratory symptoms, if any (cough or shortness of breath) and prevent visitors and customers who have a high temperature or respiratory symptoms from entering the venue.
- Check the temperature of all entertainment personnel and all employees daily before the start of the work period and record the temperature and contact information and save it in a dedicated record.
- Report cases among entertainment personnel and employees who have a high temperature or respiratory symptoms (cough or shortness of breath) and are suspected of having COVID-19.
- Require visitors and employees to wear masks or coverings over the nose and mouth.
- Assign supervisors responsible for implementing health requirements.
- Conduct mandatory health and safety training on COVID-19 for all employees.

D. Cinemas

Below are the precautionary measures to be followed in cinemas to limit the spread of COVID-19:

- Use floor stickers or clear signs for waiting places to ensure social distancing of at least one and a half to two meters in waiting areas such as entrances, box offices, food vending areas or restrooms.
- Design chairs or seating areas in a way that ensures social distancing by leaving two empty seats between chairs in all directions.
- Reduce the capacity of each theatre in cinemas by half to ensure a distance of at least one and a half to two meters between each person (or each family) by placing stickers on the chairs indicating where to sit or determining this in advance at the time of purchasing tickets.
- Designate certain entrances and exits and station organizers at the doors to ensure distance between them.
- Distribute hand sanitizers containing 60-80% alcohol in visible places at the doors and in bathrooms and provide paper tissue and place it in visible locations.
- Disinfect surfaces that are most likely to be touched (such as door handles, seat cushions, etc.) with disinfectants approved by the Food and Drug Authority.
- Clean and disinfect restrooms daily, preferably every two hours, ensure good ventilation and reduce the temperature inside them and clean and disinfect surfaces after each use. A schedule of disinfection times for surfaces and restrooms should be kept. Ensure that an additional amount of at least 20% of hand washing supplies is provided.
- Ensure good air ventilation with 25 circulations per hour and reduce the temperature in theatres and common areas.
- Disable touch devices for purchasing tickets and employee attendance fingerprint devices and use alternative methods.
- Remove all printed materials and magazines.
- Assign supervisors to reduce gatherings among visitors in general and ensure social distancing of no less than one and a half to two meters.
- Ensure that visitors and employees wear fabric or medical masks or coverings over the nose and the mouth. Cleaning staff must wear gloves and masks when cleaning and sterilizing cinemas and must dispose of such items properly and in the designated place.
- Prohibit anyone who is not wearing a mask from entering cinemas.
- Establish an inspection point at all entrances that include measuring temperatures with a device approved by the Food and Drug Authority and asking about respiratory symptoms, if any (cough or shortness of breath).
- Prevent visitors and customers who have a high temperature or respiratory symptoms from entering the venue.
- Check the temperature of all personnel in charge of cinemas and all employees daily before the start of the work period; record the temperature and contact information and save it in a dedicated record.
- Report cases among personnel in charge of cinemas and employees who have a high temperature or respiratory symptoms (cough or shortness of breath) and are suspected of having COVID-19.

- If a confirmed infection is recorded among the cinema personnel, the following must be done:
  - Close the cinema and suspend work in them until all halls are well disinfected and ventilated.
  - Ensure that there is no source of infection by examining and isolating other workers.
- Train staff at the inspection points on the how to perform examinations and use a thermometer.
- Conduct mandatory health and safety training on COVID-19 for all employees.

4.8.2 Impact of the Precautionary Measures Taken in Response to the COVID-19 Pandemic on the Company and its Material Subsidiaries

Due to the precautionary measures and government decisions adopted in response to the novel coronavirus (COVID-19) pandemic, the business of the Company and its Material Subsidiaries has been disrupted given the closure of the Company's malls, Abdullah Al Othaim Entertainment Co.'s entertainment centers, Abdullah Al Othaim Fashion Co.'s retail spaces, and Abdullah Al Othaim Food Co.'s restaurants and cafés for a total of one hundred ten (110) days and the imposition of strict procedures after they resumed business, in addition to restrictions on Abdullah Al Othaim Food Co.'s restaurants and cafés. The Company's malls resumed business on 06/09/1441H (corresponding to 29/04/2020G), while restaurants and cafés within the Company's malls resumed business on 07/10/1441H (corresponding to 30/05/2020G). Abdullah Al Othaim Entertainment Co.'s entertainment centers in the Kingdom resumed business on 29/10/1441H (corresponding to 21/06/2020G).

The Company and its Material Subsidiaries' revenues decreased compared to their normally expected revenues from 20/07/1441H (corresponding to 15/03/2020G) to 29/10/1441H (corresponding to 21/06/2021G). It should be noted in this regard that the Company provided exemptions to the tenants of retail spaces located in its malls who were unable to carry out their business due to the closure of the malls for the period from 21/07/1441H (corresponding to 16/03/2020G) until 06/09/1441H (corresponding to 29/04/2020G) and these exemptions totalled 75.3 million Saudi Riyals As of the period ended 31/12/2020G and 16.0 million Saudi Riyals for the nine-month period ended on 30/09/2021G. The Company is developing plans to address these emergencies. If tougher precautionary measures are re-imposed, the Company might grant more discounts, depending on the market condition, otherwise the previous discounts and exemptions would be maintained.

The Material Subsidiaries were financially impacted as follows:

- Abdullah Al Othaim Entertainment Co. ceased to operate in all geographical areas from mid-March 2020G until mid-June 2020G. There are no material effects on Abdullah Al Othaim Entertainment Co. for the twelve-month period ended 30/09/2021G.
- Abdullah Al Othaim Fashion Co. ceased to operate from mid-March 2020G. There are no material effects on Abdullah Al Othaim Fashion Co. for the twelve-month period ended 30/09/2021G.
- Abdullah Al Othaim Food Co. ceased to operate from mid-March until the end of May 2020G and its gross margins were greatly affected with the raw materials impaired and rendered unusable during the closure period. There are no material effects on the Company for the twelve-month period ended 30/09/2021G.

Moreover, a number of ongoing projects of the Company and its Material Subsidiaries have been postponed, as follows:

- Work on the Company's ongoing projects was affected in terms of the previously scheduled timeline; work was temporarily postponed until the restrictions imposed under the precautionary measures were relaxed. The precautionary measures also slowed down the execution of projects related to the completion and opening of Al Othaim Mall – Hafr Al-Batin and Al Othaim Mall - Al-Khafji, as well as cinema site rehabilitation projects. This delay in the completion, opening and operation of the Company's ongoing projects is due to several reasons, most notably: The restriction and limitation of business hours for those authorized to work, the inability to supply primary construction materials during curfew hours, such as concrete, iron, pipes of all kinds and other materials necessary for construction, the inability to transfer labor and equipment necessary for implementation between regions, which delayed implementation for a period of no less than five (5) months from 20/07/1441H (corresponding to 03/15/2020G).
- Work on future projects that were in the design and planning stage and the issuance of permits and licenses required to implement the Al Othaim Mall - Al-Rabwah development project were affected, with implementation delayed for at least five (5) months as of 20/07/1441H (corresponding to 15/03/2020G), owing to the inability to communicate with the relevant government entities to complete documents and plans and obtain licenses in preparation for offering their implementation to contractors. As a result, the Company has incurred material losses due to the delay in the implementation and operation of said projects, thus losing the expected revenues for this period. In addition, the Company has born the costs of the technical and administrative staff involved in these projects during this period as well as the costs of bank facilities.
- Abdullah Al Othaim Fashion Co. was affected by the cancellation of the opening of a number of retail spaces for the brands it manages, which were scheduled to open in 2020G, including four (4) Kiabi retail spaces, two (2) OVS Kids retail spaces, four (4) Parfois retail spaces and three (3) Tally Weijl retail spaces. The date of their completion and opening has been postponed until 2022G.
- Abdullah Al Othaim Food Co. was affected by the postponed opening of a number of restaurants and cafés, including Dallah Café, Moka and More Café, Oliver Brown Chocolate Café, Roti Mum and Just Orange in Al Othaim Mall - Hafr Al-Batin, which were scheduled to be opened during Q2 and Q3 of 2020G and the opening was postponed until 2022G.

In light of the foregoing, the Company and its Material Subsidiaries have taken the necessary steps to reduce their expenses, including lowering the costs of hiring and leasing from third parties by obtaining rental exemptions, in addition to a head-count reduction. The

Company and its Material Subsidiaries have also leveraged government support with regard to Saudi employees in the Kingdom, such as benefits offered by the SANED Government Program, exemption from paying social insurance contributions and allowable delays in paying the costs of residence fees, in addition to other government initiatives, which in turn will reduce the costs incurred during the ongoing COVID-19 pandemic. In addition, the Company suspended labor service contracts for a number of workers, along with some contracts with maintenance and operation companies to mitigate their expenses during the period malls were closed.

It should be noted that Company and its Material Subsidiaries have enabled its employees to work remotely in light of the ongoing COVID-19 pandemic and the associated precautionary measures taken, with the Company and its Material Subsidiaries providing the necessary technologies to enable their employees to access the information required to carry out their work remotely. The Company also has sufficient cash liquidity to address its cash requirements, noting that the financing costs it receives have not changed as a result of the above.

Except as disclosed in this section, the Company confirms that there has been no interruption in the business of the Company or its Material Subsidiaries which may have or has had a significant effect on its financial position in the last twelve (12) months.

4.9 Employees

Following is the number of employees of the Company and its Material Subsidiaries by main departments and Saudization percentage:

4.9.1 The Company

Table No. (4.45): Employees of the Company as of December 31, 2018G, 2019G and 2020G and September 30, 2021G

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1	Technology Department	0	3	3	0	3	3	0	12	12	3	11	14
2	Network Security	0	1	1	0	0	0	0	0	0	0	0	0
3	Remote Tech Operations	0	2	2	0	0	0	0	0	0	0	0	0
4	Tech Asset Department	0	0	0	0	0	0	0	0	0	0	0	0
5	Leasing Department	3	8	11	4	9	13	2	8	10	3	6	9
6	Collection Department	1	7	8	3	6	9	5	8	13	4	7	11
7	Internal Audit Department	0	6	6	0	6	6	0	5	5	0	2	2
8	Marketing Department	5	5	10	6	4	10	5	6	11	3	4	7
9	Technical Department	0	19	19	0	14	14	0	14	14	1	11	12
10	Legal Department	4	2	6	6	3	9	7	2	9	5	2	7
11	Financial Department	1	7	8	1	6	7	3	23	26	3	19	22
12	Property Department	0	15	15	1	14	15	1	14	15	1	13	14
13	HR Management	4	4	8	8	4	12	8	4	12	7	4	11
14	Mall Operation Department	248	249	497	234	247	481	298	237	535	206	178	384
15	Business Development Department	0	2	2	0	0	0	0	0	0	0	0	0

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
16	Tenant Coordination Department	0	2	2	0	3	3	0	1	1	0	0	0
17	Mall Maintenance Department	0	8	8	0	7	7	0	7	7	1	7	8
18	Investment Department	0	2	2	0	0	0	0	0	0	0	0	0
19	Administration Department	5	22	27	5	23	28	4	22	25	4	16	20
20	Procurement Department	2	1	3	2	1	3	1	1	2	1	2	3
21	Technical Department - Sustainable Operation	0	0	0	0	0	0	0	0	0	0	0	0
22	Mall Financial Department	5	14	19	5	15	20	0	2	2	0	0	0
23	Infrastructure	0	3	3	0	3	3	0	1	1	0	0	0
24	Internal Control and Governance	0	1	1	2	2	4	0	1	1	1	2	3
25	Recruitment Department	3	2	5	3	3	6	4	1	5	2	2	4
26	Developers Section	0	2	2	0	0	0	0	0	0	0	0	0
27	InterCard Support Department	0	1	1	0	0	0	0	1	1	0	0	0
28	Dynamics Support Department	0	6	6	0	6	6	0	1	1	0	0	0
29	Data Center	0	2	2	0	3	3	0	0	0	0	0	0
30	Technical Support Office	0	4	4	0	5	5	0	1	1	0	0	0
31	CEO Office	3	7	10	4	7	11	4	6	10	3	5	8
32	Fixed Assets Unit	0	0	0	0	2	2	0	2	2	0	2	2
Total		**284**	**407**	**691**	**284**	**396**	**680**	**342**	**380**	**721**	**248**	**293**	**532**

Source: The Company

The Company obtained MHRSD Certificate No. 20002110001030 dated 26/02/1443H (corresponding to 10/03/2021G), pursuant to which MHRSD certifies that the Company has met its Saudization requirements. In addition, according to Nitaqat Program applied by the MHRSD, the Company is in compliances with the applicable Saudization requirements according to its classification in the Nitaqat Program as of 16/04/1443H (corresponding to 11/21/2021G), which is Platinum for construction and building activity. The following table sets out the Company's compliance with the applicable Saudization requirements, according to its classification in the Nitaqat Program as of 16/03/1443H (corresponding to 11/21/2021G).

Table No. (4.46): Saudization Details of the Company as of 16/03/1443H (corresponding to 11/21/2021G)

Activity Category	Number of Saudi Employees	Average Saudization Percentage under Nitaqat	Nitaqat Classification
Construction and building	231	28.79%	Platinum

Source: The Company

4.9.2 Abdullah Al Othaim Entertainment Co.

Table No. (4.47): Employees of Abdullah Al Othaim Entertainment Co. as of December 31, 2018G, 2019G and 2020G and September 30, 2021G

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1	Marketing Department	3	4	7	3	3	6	2	3	5	2	2	4
2	Development Security	0	2	2	0	0	0	0	0	0	0	1	1
3	Maintenance Operations	0	2	2	0	3	0	0	0	0	0	3	3
4	HR and administrative affairs Department	5	3	8	0	1	1	0	2	2	0	1	1
5	Snow City Operation Department	8	45	53	7	44	51	0	0	0	14	32	46
6	Saffori Land Operation Department	195	294	489	139	309	448	166	341	507	253	228	481
7	Entertainment Procurements Department	0	6	6	0	4	4	0	3	3	0	4	4
8	Entertainment Financial Department	6	8	14	6	6	12	3	5	8	5	4	9
9	Asset Management Section	0	1	1	0	0	0	0	0	0	0	0	0
10	Entertainment Projects Department	0	14	14	0	13	13	0	13	13	0	13	13
11	Entertainment Warehouse	0	5	5	0	6	6	0	7	7	0	8	8
12	Chairman' Office	0	1	1	0	1	1	0	1	1	0	0	0
13	Dynamics Support Department	0	0	0	0	1	1	0	0	0	0	0	0
Total		**217**	**385**	**602**	**155**	**391**	**546**	**171**	**375**	**546**	**274**	**296**	**570**

Source: The Company

Abdullah Al Othaim Entertainment Co. obtained MHRSD Certificate No. 20002106004696 dated 12/11/1442H (corresponding to 05/24/2021G), pursuant to which MHRSD certifies that Abdullah Al Othaim Entertainment Co. has met its Saudization requirements. The certificate issued by MHRSD expired on 15/02/1443H (corresponding to 09/22/2021G) and Abdullah Al Othaim Entertainment Co. is in the process of obtaining a valid certificate as of the date of this Prospectus. In addition, according to Nitaqat Program applied by the MHRSD, Abdullah Al Othaim Entertainment Co. is in compliance with the applicable Saudization requirements according to its classification in the Nitaqat Program as of 16/04/1443H (corresponding to 11/21/2021G), which is High Green for construction and building activity and Platinum for wholesale and retail trade activity – technology, equipment, apparel and services. The following table sets out Abdullah Al Othaim Entertainment Co.'s compliance with the applicable Saudization requirements, according to its classification in the Nitaqat Program as of 16/04/1443H (corresponding to 11/21/2021G).

Table No. (4.48): Saudization of Abdullah Al Othaim Entertainment Co. as of 16/04/1443H (corresponding to 11/21/2021G)

Activity Category	Number of Saudi Employees	Average Saudization Percentage under Nitaqat	Nitaqat Classification
Construction and building	332	18.18%	High Green
Wholesale and retail trade – technology, equipment, apparel and services	332	68.19%	Platinum

Source: The Company

4.9.3 Abdullah Al Othaim Fashion Co.

Table No. (4.49): Employees of Abdullah Al Othaim Fashion Co. as of December 31, 2018G, 2019G and 2020G and September 30, 2021G

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1	Marketing Department	3	4	7	3	3	6	2	3	5	2	2	4
2	Development Department	0	2	2	0	0	0	0	0	0	0	1	1
3	Maintenance Department	0	2	2	0	3	3	0	0	0	0	3	3
4	Human Resources & Administration Department	5	3	8	0	1	1	0	2	2	0	1	1
5	Snow City Operation Department	8	45	53	7	44	51	0	0	0	14	32	46
6	Saffori Land Operation Department	195	294	489	139	309	448	166	341	507	253	228	481
7	Entertainment Procurements Department	0	6	6	0	4	4	0	3	3	0	4	4
8	Entertainment Financial Department	6	8	14	6	6	12	3	5	8	5	4	9
9	Asset Management Section	0	1	1	0	0	0	0	0	0	0	0	0
10	Entertainment Projects Department	0	14	14	0	13	13	0	13	13	0	13	13
11	Entertainment Warehouse	0	5	5	0	6	6	0	7	7	0	8	8

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
12	Chairman' Office	0	1	1	0	1	1	0	1	1	0	0	0
13	Dynamics Support Department	0	0	0	0	1	1	0	0	0	0	0	0
Total		**217**	**385**	**602**	**155**	**391**	**546**	**171**	**375**	**546**	**274**	**296**	**570**

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Senior Management	1	1	2	1	1	2	1	1	2	2	0	2
2.	HR Management	4	5	9	5	5	10	6	3	9	8	6	14
3.	Financial Department	0	23	23	0	19	19	0	16	16	0	14	14
4.	Technology Department	0	3	3	0	1	1	0	0	0	0	0	0
5.	Operations Department	2	8	10	4	21	25	2	17	19	3	9	12
6.	Marketing Department	2	2	4	3	2	5	3	2	5	1	1	2
7.	Business Department	0	3	3	0	6	6	0	4	4	0	2	2
8.	Operation Department	326	165	491	263	121	384	194	110	304	185	104	289
9.	Warehouse	0	23	23	0	19	19	0	13	13	0	12	12
Total		**355**	**233**	**568**	**276**	**195**	**471**	**206**	**166**	**372**	**199**	**148**	**347**

Source: The Company

Abdullah Al Othaim Fashion Co. obtained MHRSD Certificate No. 20002106006640 dated 18/11/1442H (corresponding to 05/11/2020G), pursuant to which MHRSD certifies that Abdullah Al Othaim Fashion Co. has met its Saudization requirements. The certificate issued by MHRSD expired on 21/02/1443H (corresponding to 09/28/2021G) and Abdullah Al Othaim Fashion Co. is in the process of obtaining a valid certificate as of the date of this Prospectus. In addition, according to Nitaqat Program applied by the MHRSD, Abdullah Al Othaim Fashion Co. is in compliance with the applicable Saudization requirements according to its classification in the Nitaqat Program as of 16/04/1443H (corresponding to 11/21/2021G), which is Platinum for wholesale and retail trade activity – technology, equipment and apparel and for the activity of beauty centers and women's sewing workshops. The following table sets out Abdullah Al Othaim Fashion Co.'s compliance with the applicable Saudization requirements, according to its classification in the Nitaqat Program as of 16/04/1443H (corresponding to 11/21/2021G).

Table No. (4.50): Saudization of Abdullah Al Othaim Fashion Co. as of 16/04/1443H (corresponding to 11/21/2021G)

Activity Category	Number of Saudi Employees	Average Saudization Percentage under Nitaqat	Nitaqat Classification
Wholesale and retail trade – technology, equipment, apparel and services	183	80%	Platinum
Beauty centers and women's sewing workshops	183	55.66%	Platinum

Source: The Company

4.9.4 Abdullah Al Othaim Food Co.

Table No. (4.51): Employees of Abdullah Al Othaim Food Co. as of December 31, 2018G 2019G and 2020G and September 30, 2021G

#	Department	FY December 31, 2018G			FY December 31, 2019G			FY December 31, 2020G			FY September 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Marketing Department	1	1	2	0	0	0	0	0	0	0	0	0
2.	Operation Department	44	88	132	24	98	122	32	97	129	38	80	118
3.	Financial Affairs Department	3	4	7	1	3	4	2	5	7	1	3	4
4.	Human Resources & Administration Department	1	0	1	0	0	0	0	0	0	0	0	0
Total		**49**	**93**	**142**	**25**	**101**	**126**	**34**	**102**	**136**	**39**	**83**	**122**

Source: The Company

Abdullah Al Othaim Food Co. obtained Certificate No. 20002105003427 dated 19/01/1443H (corresponding to 8/25/2021G) from the MHRSD, pursuant to which MHRSD certifies that Abdullah Al Othaim Food Co. has met its Saudization requirements. It should be noted that the certificate issued by MHRSD expired on 23/01/1443H (corresponding to 08/31/2021G) and that Abdullah Al Othaim Food Co. is in the process of obtaining a valid certificate as of the date of this Prospectus. In addition, according to the Nitaqat program applied by MHRSD, Abdullah Al Othaim Food Co. is in compliance with the applicable Saudization requirements for its Nitaqat category as of 19/01/1443H (corresponding to 08/25/2021G), which is Red for very small enterprises and Platinum for wholesale and retail trade - materials, foods, furniture and agricultural items. The following table sets out Abdullah Al Othaim Food Co.'s compliance with the applicable Saudization requirements, according to its classification in the Nitaqat Program as of 19/01/1443H (corresponding to 08/25/2021G).

Table No. (4.52): Saudization of Abdullah Al Othaim Food Co. as of 02/11/1441H (corresponding to 06/23/2020G)

Activity Classification	Number of Saudi Employees	Average Saudization Per-centage under Nitaqat	Nitaqat Classification
Very small enterprises	48	0	Red
Wholesale and retail trade - materials, food, furniture and agricultural items	48	66.43%	Platinum

Source: The Company

5. Organizational Structure of the Company

5.1 Ownership Structure of the Company

The following table sets out the ownership structure of the Company pre-and post the Offering.

Table No. (5.1): Ownership Structure of the Company Pre- and Post-Offering

Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
Al Othaim Holding Company	60,346,150	603,461,500	60.35%	60,346,150	603,461,500	60.35%
Abdullah Al Othaim Markets Company	13,653,850	136,538,500	13.65%	-	-	-
Abdullah Saleh Ali Al Othaim*	26,000,000	260,000,000	26%	9,653,850	96,538,500	9.65%
Public	-	-	-	30,000,000	300,000,000	30%
Total	**100,000,000**	**1,000,000,000**	**100%**	**100,000,000**	**1,000,000,000**	**100%**

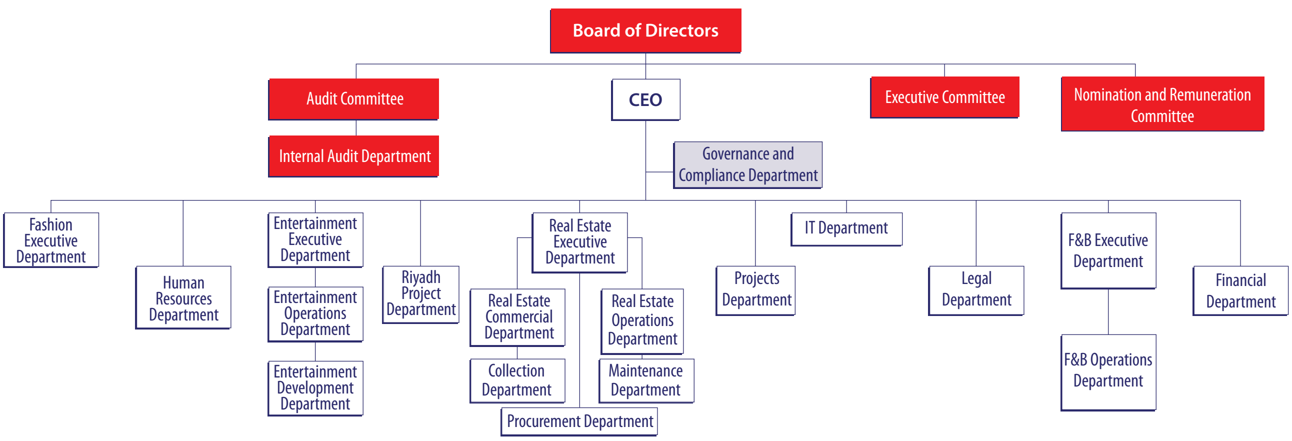
* The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's Shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company Co., which holds 60.35% of the Company's Shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's Shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company Co. (prior to the Offering).

Source: The Company

5.2 Management Structure

The following figure illustrates the management structure of the Company, including the Board, supervisory committees and the functions of executive management members:

Figure No. (2): Management Structure of the Company



* The executive management of the Entertainment Sector is affiliated with the Company and wholly owned subsidiaries of the Company (Abdullah Al Othaim Entertainment Co.). However, in terms of the management structure, it operates as an internal department within the Company.

** The executive management of the Fashion Sector is affiliated with a wholly owned subsidiary of the Company (Abdullah Al Othaim Fashion Co.). However, in terms of the management structure, it operates as an internal department within the Company.

*** The executive management of the Food and Beverage Sector is affiliated with a wholly owned subsidiary of the Company (Abdullah Al Othaim Food Co.). However, in terms of the management structure, it operates as an internal department within the Company.

Source: The Company

5.3 Board of Directors

5.3.1 Formation of the Board

According to the Company's Bylaws, the Company shall be managed by a board of directors composed of six (6) members appointed by the Shareholders' Ordinary General Assembly by cumulative vote. The duties and responsibilities of the Board of Directors are determined under its Bylaws and the its Internal Governance Manual. The term of the Directors, including the Chairman, shall be a maximum of three (3) years for each session. Unless otherwise provided by the Company's Bylaws, Directors may be reappointed. A Director may not be a board member at more than five (5) listed joint stock companies concurrently. The current Directors have been appointed pursuant to a Shareholders' General Assembly resolution dated 05/05/1442H (corresponding to 12/20/2020G), 20/06/1442H (corresponding to 02/02/2021G) and 15/02/1443H (corresponding to 09/22/2021G). The current three-year session of the Board of Directors commenced on 24/02/1441H (corresponding to 10/23/2019G).

The following table shows the Directors and the Secretary as of the date of this Prospectus:

Table No. (5.2): Company Directors

Name	Title	Nationality	Age	Status	Direct Shareholding (%)		Indirect Shareholding (%)		Date of Appointment*
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Abdullah Saleh Ali Al Othaim**	Chairman	Saudi	64 years	Non-Independent, Non-Executive	26%	9.65%	64.95%	60.35%	19/11/1442H (corresponding to 06/29/2021G)
Mohammed Saad Abdulaziz bin Dawood	Vice Chairman	Saudi	46 years	Independent, Non-Executive	N/A	N/A	N/A	N/A	28/04/1442H (corresponding to 12/13/2020G)
Meshaal Ibrahim Mutaib Al Otaibi	Director	Saudi	49 years	Non-Independent, Executive	N/A	N/A	N/A	N/A	19/11/1442H (corresponding to 06/29/2021G)
Khalid Ibrahim Saad Al Rabiah	Director	Saudi	60 years	Independent, Non-Executive	N/A	N/A	N/A	N/A	28/04/1442H (corresponding to 12/13/2020G)
Bassam Abdulaziz Mohammed Nour	Director	Bahraini	42 years	Independent, Non-Executive	N/A	N/A	N/A	N/A	28/04/1442H (corresponding to 12/13/2020G)
Abdullatif Ali Abdullatif Al Saif	Director	Saudi	45 years	Non-Independent, Non-Executive	N/A	N/A	N/A	N/A	10/01/1442G (corresponding to 08/18/2021G)

* Dates listed in this table are the dates of appointment of Directors to the current session. The Directors' biographies include the date of their appointment to the Board.

** The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's Shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company Co., which holds 60.35% of the Company's Shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's Shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company Co. (prior to the Offering)..

Source: The Company

The Secretary of the Board of Directors is Bandar Suleiman Mohammed Al Buhairi, who was appointed to this position on 18/11/1442H (corresponding to 6/28/2021G) (for a summary of his biography, see Section 5.3.6 "**Summary Biographies of the Directors and Board Secretary**" of this Prospectus).

5.3.2 Responsibilities of the Board of Directors

The Board represents all Shareholders and shall exercise its duty of care and loyalty in managing and developing the Company, protecting its interests and maximizing its value. The ultimate responsibility for the Company rests with the Board, even if it sets up committees or delegates some of its powers to a third party. The Board of Directors may not issue a general or indefinite power of attorney.

Without prejudice to the competencies of the General Assembly set out in the Companies Law, the Implementing Regulations thereof and the Company's Bylaws, the Board shall have broad powers to manage the Company and guide its activities to achieve its objectives. The ultimate responsibility for the Company rests with the Board, even if it sets up committees or delegates some of its powers to a third party. In any case, the Board may not issue a general or an indefinite delegation. The functions and responsibilities of the Board include:

- Establishing the plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically and ensuring that the human and financial resources required to fulfil them are available, including:
  - Setting, reviewing and issuing guidance on the Company's comprehensive strategies, key business plans and risk management policies and procedures.
  - Determining the most appropriate capital structure for the Company, its strategies and financial objectives and approving all kinds of estimated budgets.
  - Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
  - Setting performance indicators and monitoring the implementation thereof and the overall performance of the Company.
  - Reviewing and approving the Company's organizational and human resources structures on a periodic basis.
  - Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.
- Establishing and supervising rules and procedures for internal control, including:
  - Developing a written policy to remedy actual and potential conflicts of interest scenarios for the Directors, the executive management and the Shareholders. This includes misuse of the Company's assets and facilities and mismanagement resulting from transactions with Related Parties.
  - Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.
  - Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and disclosing such risks transparently to the Company's stakeholders and Related Parties.
  - Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- Establishing specific and explicit policies, standards and procedures for membership on the Board of Directors and implementing them after they have been approved by the General Assembly.
- Developing a written policy that regulates relations with stakeholders pursuant to the provisions of the Corporate Governance Regulations.
- Setting policies and procedures to ensure the Company's compliance with laws and regulations and the Company's obligation to disclose material information to Shareholders and stakeholders, and ensuring the compliance of the executive management with these policies and procedures.
- Supervising the management of the Company's finances and cash flows as well as its financial and credit relationships with third parties.
- Providing recommendations to the Ordinary General Assembly and Extraordinary General Assembly on increasing or decreasing the share capital of the Company, dissolving the Company before the end of its term specified in its Bylaws or deciding to continue the Company.
- Providing recommendations to the Ordinary General Assembly on the use of the Company's consensual reserve, if one has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose, the formation of additional financial allocations or reserves for the Company, or the manner of distributing the net profits of the Company.
- Preparing the Company's interim and annual financial statements and approving them prior to publication.
- Preparing the Board report and approving it prior to publication.
- Ensuring the accuracy and integrity of the data and information that must be disclosed pursuant to the applicable policies and systems on disclosure and transparency.
- Developing effective communication channels allowing Shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.
- Forming ad-hoc Board committees pursuant to resolutions specifying their term, powers and responsibilities as well as how they are monitored by the Board.
- Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares, without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- Setting the values and standards that govern the work at the Company.

5.3.3 Chairman

Without prejudice to the competencies of the Board, the Board Chairman shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. The competencies and duties of the Chairman shall include the following in particular:

- Calling Board meetings.
- Responding to requests from the auditor, the Audit Committee or the Shareholders to call a Board meeting as set out under the laws.
- Ensuring that the Directors obtain complete, clear and accurate information in due course.
- Ensuring that the Board effectively discusses all fundamental issues in due course.
- Representing the Company before third parties in accordance with the Companies Law, the Implementing Regulations thereof and the Company's Bylaws.
- Encouraging the Directors to effectively perform their duties in order to achieve the interests of the Company.
- Ensuring that there are actual communication channels with Shareholders and conveying their opinions to the Board.
- Encouraging constructive relationships and effective participation between the Board and the executive management on the one hand and the Directors on the other hand, and creating a culture that encourages constructive criticism.
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Directors or the external auditor and consult with the Directors and the Chief Executive Officer upon preparing the Board's agenda.
- Convening periodic meetings with non-executive Directors without any of the Company's executive Directors present.
- Chairing Shareholders' General Assembly meetings.
- Informing the Ordinary General Assembly, when convened, and based on reports received from the Directors, of business and contracts in which a Director has a direct or indirect interest. This notification must include the information the Director provided to the Board in accordance with Article 30, Paragraph 14 of the Corporate Governance Regulations and must be accompanied by a special report from the external auditor.
- Informing the Ordinary General Assembly, when convened, of any competing businesses that a Director is engaged in, after the Board assesses the Director's competition with the Company's business or subsidiary activity in accordance with the standards issued by the General Assembly, based on a proposal from the Board and published on the Company's website, provided that such businesses are assessed on annual basis.

5.3.4 Board Secretary

The responsibilities of the Board Secretary include:

- Documenting Board meetings and preparing minutes therefor, which shall include the discussions and deliberations of such meetings, as well as the place, date and times such meetings commenced and were concluded; recording Board decisions and voting results and keeping them in a special and organized register, including the names of the attendees and the reservations they expressed (if any). Such minutes shall be signed by all attending Directors.
- Keeping the reports submitted to and prepared by the Board.
- Providing the Directors with the agenda of the Board meeting and related worksheets, documents and any additional information related to the topics included in the agenda items requested by any Director.
- Ensuring that the Directors comply with the procedures approved by the Board.
- Informing Directors of the procedures approved by the Board.
- Informing Directors of meeting appointments sufficiently in advance of the set date.
- Presenting the draft minutes to the Directors for their opinions thereon prior to signing.
- Ensuring that the Directors receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company's business.
- Coordinating among the Directors regarding any matters related to the nature and functions of the Board and any scheduled or emergency meetings.
- Keeping the disclosure register of the Board and executive management in accordance with Article 92 of the Companies Law.
- Providing assistance and advice to the Directors.

5.3.5 Service Contracts with Directors

Except for the contract concluded with the Director Meshaal Ibrahim Mutaib Al Otaibi as the Company's CEO, the Company has not entered into any service or employment contracts with the Directors.

5.3.6 Summary Biographies of the Directors and Board Secretary

Following is a summary of the biographies of the current Directors:

Table No. (5.3): Summary Biography of Abdullah Saleh Ali Al Othaim

Name	Abdullah Saleh Ali Al Othaim
Age	64 years
Nationality	Saudi
Title	Chairman
Academic Qualifications	Middle school.
Current Positions	• Chairman of the Company, 2021G to present. • Chairman, Abdullah Al Othaim Markets Company, a Saudi joint stock company operating in retail sales, 2011G to present. • Director, Al Othaim Holding Company, a one-person Saudi limited liability company operating in investment, 2005G to present. • Chairman, Abdullah Al Othaim Markets Company - Egypt, an Egyptian public joint stock company operating in retail sales, 2011G to present. • Chairman of the board of trustees, Abdullah bin Saleh Al Othaim and Sons Charitable Foundation, a Saudi charitable institution operating in charitable projects, 2008G to present.
Significant Prior Experience	Member of the nomination and remuneration committee, Abdullah Al Othaim Markets Company, a joint stock company operating in retail sales, 2009G to 2020G.

Source: The Company

Table No. (5.4): Summary Biography of Mohammed Saad Abdulaziz bin Dawood

Name	Mohammed Saad Abdulaziz bin Dawood
Age	46 years
Nationality	Saudi
Title	Vice Chairman
Academic Qualifications	Bachelor's degree in Accountancy, College of Administrative Sciences, King Saud University, Saudi Arabia, 1996G.
Current Positions	• Member of the Company's Executive Committee, 2021G to present. • Member of the Company's Nomination and Remuneration Committee, 2021G to present. • Director, the Company, 2020G to present. • Director, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf), a Saudi public joint stock company operating in insurance, 2019G to present. • Chairman, Alpha Financial Company, a Saudi closed joint stock company operating in securities, 2018G to present. • Director, Saudi Chemical Company, a Saudi public joint stock company operating in civil and military explosives, 2019G to present. • Director, Saudi Real Estate Company, a Saudi public joint stock company operating in real estate, 2019G to present. • Director, Dar Al Tamleek Company, a Saudi closed joint stock company operating in home financing solutions, 2015G to present. • Director, Mohammed Abdulaziz Al-Rajhi & Sons Investment Company (Rajhi Invest), a Saudi closed joint stock company operating in investment, 2014G to present. • Director, Manafea Investment Company, a Saudi limited liability company operating in investment, 2014G to present. • Director, Abdul Latif Al-Eisa Group Holding Company, a Saudi closed joint stock company operating in a variety of activities, 2020G to present. • Chairman, Aqalat Real Estate Company, a Saudi limited liability company operating in real estate development, 2020G to present.
Significant Prior Experience	• Chief executive officer, Mohammed bin Abdulaziz Al-Rajhi & Sons Investment Company, a closed Saudi joint stock company operating in investment, 2014G to 2018G.

Source: The Company

Table No. (5.5): Summary Biography of Meshaal Ibrahim Mutaib Al Otaibi

Name	Meshaal Ibrahim Mutaib Al Otaibi
Age	49 years
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Accounting, King Saud University, Saudi Arabia, 1995G.
Current Positions	• Director, the Company, 2021G to present. • CEO of the Company, 2021G to present. • Member of the Company's Executive Committee, 2021G to present. • Chairman, Wamda Cinemas Company, a closed, mixed joint-stock company operating in the cinema sector, 2021G to present. • Director, Riva Investment Company, a limited liability company operating in real estate and financial activities, 2021G to present. • Director, Al Othaim Holding Company Co., a limited liability company managing the subsidiaries, 2021G to present. • Director, Allied Cooperative Insurance Group (ACIG), a public joint-stock company operating in insurance, 2021G to present. • Director, Falcon Plastic Products Company, a closed joint-stock company operating in the manufacture and sale of plastic products, 2016G to present. • Director, Advanced Systems and Technologies Co., a closed joint-stock company operating in the provision of software and technical solutions, 2010G to present. • Member of the executive committee, Al Othaim Holding Company Co., a limited liability company managing the subsidiaries, 2021G to present. • Member of the nomination and remuneration committee, Al Othaim Holding Company Co., a limited liability company managing the subsidiaries, 2021G to present. • Chairman of the audit and risk committee, Falcon Plastic Products Company, a closed joint stock company operating in plastic products manufacturing and sale, 2020G to present. • Director, Saudi Tourism Development Company, a closed joint-stock company operating in the ownership of hotel properties, 2020G to present. • Member of the nomination and remuneration committee, The International Beverage Co., a closed joint-stock company operating in bottled water production, 2019G to present. • Director, Daem Real Estate Investment, a limited liability company operating in real estate management, 2018G to present. • Director, The International Beverage Co., a closed joint-stock company operating in bottled water production, 2018G to present. • Head of the audit committee, Daem Real Estate Investment, a limited liability company operating in real estate management, 2018G to present. • Head of the audit and risk committee, Al Jazirah Home Appliances Co., a closed joint-stock company operating in the marketing and manufacturing of home appliances, 2018G to present. • Director, Falcon Plastic Products Company, a closed joint-stock company operating in the manufacture and sale of plastic products, 2016G to present. • Director, Advanced Systems and Technologies Co., a closed joint-stock company operating in the provision of software and technical solutions, 2010G to present.
Significant Prior Experience	• Director, Oasis Fiberglass Co., a joint stock company operating in fiberglass production, 2019G to 2021G. • Acting chief executive officer, Daem Real Estate Investment, a limited liability company operating in real estate management, 2019G to 2021G. • Chief executive officer, Mohammed Abdulaziz Al-Rajhi & Sons Investment Company, a closed joint stock company operating in investment in companies, stocks and real estate, 2018G to 2021G. • Director, Mohammed Abdulaziz Al-Rajhi & Sons Investment Company, a closed joint stock company operating in investment in companies, stocks and real estate, 2018G to 2021G. • Member of the audit and risk committee, International Beverage Co., a closed joint stock company operating in bottled water production, 2019G to 2020G. • Chairman of the audit and risk committee, Al-Rajhi Steel Industries, a closed joint stock company operating in the iron and steel industry, 2019G to 2020G. • Vice chairman, Al Jazirah Home Appliances Co., a limited liability company operating in the marketing and manufacturing of home appliances, 2018G to 2020G.

Significant Prior Experience (continued)	• Member of the advisory board, Bank Muscat, a limited liability company, operating in the provision of banking services, 2018G to 2020G. • Member of the audit committee, Saudi Fisheries Co., a joint stock company operating in fish and investment in live aquatic wealth and related industries, 2018G to 2020G. • Vice president of finance, human recources and information technology, Rajhi Steel, a Saudi closed joint stock company operating in the manufacture and sale of rebar and other iron products, 2016G to 2018G. • Subsidiaries director, Industrialization & Energy Services Company (TAQA), a closed joint stock company operating in the energy and water industry, 2010G to 2016G. • Chairman of the audit committee, Arabian Geophysical & Surveying Company (Argas), a limited liability company operating in geological survey/petroleum activities, 2013G to 2015G. • Member of the executive committee, Air Liquide Arabia, a limited liability company operating in large-scale industries such as oil and gas, metallurgy and electronics, 2014G to 2015G. • Member of the audit committee, Jubail Energy Services Company (JESCO), a limited liability company operating in seamless pipe production for oil and gas companies, 2014G to 2015G. • Member of the executive committee, Single International Saudi Arabia, a limited liability company operating in the heavy equipment industry, 2014G to 2015G.

Source: The Company

Table No. (5.6): Summary Biography of Khalid Ibrahim Saad Al Rabiah

Name	Khalid Ibrahim Saad Al Rabiah
Age	60 years
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Accounting, University of Toledo, United States of America, 1991G.
Current Positions	• Chairman of the Company's Audit Committee, 2021G to present. • Director, East Pipes Integrated Company for Industry, a closed joint stock company operating in the iron pipe industry, 2021G to present. • Director, the Company, 2020G to present. • Director, Yanbu National Petrochemical Co., a Saudi joint stock company operating in the petrochemical industry, 2020G to present. • Chairman, Arab Company for Drug Industries and Medical Appliances (ACDIMA), an Arab joint company operating in the pharmaceutical and medical supply industries, 2020G to present. • Director, Tunisian Saudi Bank, a Tunisian closed joint stock company operating in banking services, 2020G to present. • Founder and chairman, Khalid Alrabiah Financial Consulting Office, a Saudi sole proprietorship operating in the provision of financial consulting for non-securities, 2016G to present.
Significant Prior Experience	• Director, Al-Dowayan Real Estate Company, a Saudi closed joint stock company operating in real estate development, 2017G to 2020G. • Chairman of the executive committee, Al-Dowayan Real Estate Company, a Saudi closed joint stock company operating in real estate development, 2017G to 2020G. • Chief executive officer, Methanol Chemicals Company (CHEMANOL), a Saudi public joint stock company operating in the production of formaldehyde and concrete derivatives and improvers, 2008G to 2016G. • Chief financial officer, Saudi Arabian Amiantit Company, a Saudi public joint stock company operating in the construction of plants, acquisition, management and operation of industrial facilities and marketing of their products, especially industrial projects related to pipe production, 1993G to 2008G.

Source: The Company

Table No. (5.7): Summary Biography of Bassam Abdulaziz Mohammed Nour

Name	Bassam Abdulaziz Mohammed Nour
Age	42 years
Nationality	Bahraini
Title	Director
Academic Qualifications	Bachelor's degree in management of Information Systems and Finance, University of South Florida, United States of America, 2001G.
Current Positions	• Director, the Company, 2020G to present. • Chairman of the Company's Executive Committee, 2021G to present. • Chief executive officer, Alternative Investments, Derayah Financial, a Saudi closed joint stock company operating in investment and stock trading services, 2017G to present.
Significant Prior Experience	Head of real estate investments, AlRajhi United Co., a closed company operating in buying, selling and managing real estate assets inside and outside the Kingdom, 2012G to 2017G.

Source: The Company

Table No. (5.8): Summary Biography of Abdullatif Ali Abdullatif Al Saif

Name	Abdullatif Ali Abdullatif Al Saif
Age	45 years
Nationality	Saudi
Title	Director
Academic Qualifications	• Master's degree in Business Administration/Economy, Boston University, United States of America, 2006G. • Bachelor's degree in Business Administration, Boston University, United States of America, 2001G.
Current Positions	• Director, the Company, 2021G to present. • Member of the Company's Executive Committee, 2021G to present. • Managing director and chief executive officer, Sabeen Investment Co., a closed joint stock company operating in investments management, 2021G to present. • Partner/managing director/chief executive officer, Sabeen Investment Co., a closed joint stock company operating in investments management, 2021G to present. • Director, Al Nahdi Medical Company, a limited liability company operating in pharmacies and medicine, 2021G to present. • Director, STC Solutions, a public joint stock company operating in communications and technology, 2020G to present.Director, National Petrochemical Company - Petrochem, a public joint stock company operating in the field of petrochemicals, 2019G to present. • Director, Alwataniya Petrochemicals, a public joint stock company operating in the petrochemical industry, 2019G to present. • Director, Wisayah Global Investment Company, a limited liability company operating in investment, 2019G to present. • Director, Arabian Cement Company (ACC), a public joint stock company operating in the cement industry, 2018G to present. • Director, Al Rajhi Bank, a public joint stock company operating in the banking sector, 2017G to present.
Significant Prior Experience	• Chief executive officer, Al Ra'idah Investment Co., a closed joint stock company operating in investments management, 2018G to 2021G. • Advisor, Public Pension Agency, a governmental institution operating in pension fund management, 2017G to 2018G. • Deputy chief executive officer/head of Investments, King Abdullah Humanitarian Foundation, a charitable organization operating in charitable work, 2014G to 2017G.

Source: The Company

Table No. (5.9): Summary Biography of Bandar Suleiman Mohamed Al Buhairi

Name	Bandar Suleiman Mohammed Al Buhairi
Age	45
Nationality	Saudi
Title	Board Secretary
Academic Qualifications	Bachelor's degree in Accounting, King Saud University, Saudi Arabia, 2001G.
Current Positions	• Board Secretary, Abdullah Al Othaim Investment Company, a closed joint stock company operating in the establishment, operation and management of major commercial complexes, 2021G to present. • Member of the remuneration and nomination committee, National Chemical Fertilizer Industry Co., a listed joint stock company operating in the manufacture and production of detergents, chemical fertilizers and plastics, 2021G to present. • Director and chairman of the audit committee, National Chemical Fertilizer Industry Co., a listed joint stock company operating in the manufacture and production of detergents, chemical fertilizers and plastics, 2020G to present. • Director, Mueen Human Resources Company, a closed joint stock company operating in the provision of labor services, 2015G to present. • Member of the board of managers and executive committee, Ijmal Limited Company, a limited liability company operating in general construction of buildings and management and leasing of residential and non-residential properties, 2013G to present. • Director and chairman of the audit committee, Riyadh Food Industries Co., a closed joint stock company operating in manufacturing and food, 2013G to present. • Board secretary, Abdullah Al Othaim Markets Company, a public joint stock company operating in food retail, 2008G to present.
Significant Prior Experience	• Director, of the Company, 2008G to 2019G. • Chairman of the executive committee, Mueen Human Resources Company (a closed joint stock company operating in the provision of labor services), 2017G to 2020G. • Member of the Audit Committee of the Company, 2016G to 2020G. • Member of the remuneration and nomination committee, Abdullah Al Othaim Markets Company (a public joint stock company operating in food retail), 2012G to 2020G

Source: The Company

5.4 Board Committees

A number of committees emanate from the Company's Board of Directors, formed based on the Company's needs, circumstances and conditions in order to enable the Board to perform its tasks effectively, in addition to fulfilling relevant legal requirements. These committees include the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

Following is a summary of the structure, responsibilities and current members of each standing committee:

5.4.1 Audit Committee

The duties and responsibilities of the Audit Committee include:

A. Financial Statements:

- Examining the initial and annual financial statements of the Company before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board report and the Company's financial statements are fair, balanced, understandable and contain information that allows Shareholders and Investors to assess the Company's financial position, performance, business model and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by the Company's Chief Financial Officer, any person assuming his/her duties or the Company's compliance officer or auditor.
- Examining accounting estimates regarding significant matters contained in the financial reports.
- Studying the accounting policies followed at the Company, expressing an opinion thereon and providing recommendations to the Board in this regard.

B. Internal Audit:

- Studying and reviewing the Company's internal and financial control and risk management systems.
- Analyzing internal audit reports and following up on the implementation of the corrective measures for the remarks contained in such reports.
- Monitoring and supervising the performance and activities of the internal auditor and the Internal Audit Department at the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the duties and tasks assigned to them. If the Company does not have an internal auditor, the Committee must submit its recommendation to the Board regarding the need to appoint one.
- Providing recommendations to the Board on the appointment of the head of the Internal Audit Unit or Department or the internal auditor and proposing the remuneration thereof.

C. External Audit:

- Providing recommendations to the Board on the nomination and dismissal of auditors, determining their remuneration and assessing their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Ensuring the auditor's independence, objectivity and fairness and the effectiveness of audit work, taking into account the relevant rules and standards.
- Reviewing the plan and works of the Company's auditor, checking that no technical or administrative works were submitted outside the scope of the audit, and expressing their views in this regard.
- Answering the inquiries of the Company's auditor.
- Studying the auditor's report and notes on the financial statements and following up on the measures adopted in this regard.

D. Compliance:

- Reviewing the results of the reports of supervisory authorities and verifying that the Company has taken the necessary measures in this regard.
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing contracts and transactions to be concluded by the Company with Related Parties and providing its recommendations to the Board in connection therewith.
- Reporting any issues to the Board that it deems necessary to take action on and providing recommendations as to the steps that should be taken.

The Audit Committee comprises the following members, appointed under a resolution of the Company's Ordinary General Assembly of Shareholders dated 07/06/1442H (corresponding to 01/20/2021G), 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G).

Table No. (5.10): Members of the Audit Committee

	Name	Title	Status
1	Khalid Ibrahim Saad Al Rabiah	Chairman	Independent, Non-Executive
2	Omar Abdulaziz Abdullah Al Dakhil	Member	Non-Director
3	Abdullah Ali Abdullah Al Dubaikhi	Member	Non-Director
4	Abdullah Jaber Ali Al Faifi	Member	Non-Director

Source: The Company

Following are summary biographies of the members of the Audit Committee:

Table No. (5.11): Biography of Khalid Ibrahim Saad Al Rabiah, Chairman of the Audit Committee

Name	Khalid Ibrahim Saad Al Rabiah
Title	Chairman of the Audit Committee
Biography	Please refer to Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table No. (5.12): Summary Biography of Omar Abdulaziz Abdullah Al Dakhil, Member of the Audit Committee

Name	Omar Abdulaziz Abdullah Al Dakhil
Age	45
Nationality	Saudi
Title	Member of the Audit Committee
Academic Qualifications	• Master of Business Administration, King Fahd University of Petroleum and Minerals, Saudi Arabia, 2004G. • Bachelor of Science, King Fahd University of Petroleum and Minerals, the Kingdom, 1998G.
Current Positions	• Member of the Company's Audit Committee, 2021G to present. • Director, Saudi Anti-Fraud Association, a Saudi non-profit anti-fraud association, 2019G to present. • Chief audit executive, SABIC Agri-Nutrients Company, a Saudi joint stock company operating in petrochemicals, 2019G to present.
Significant Prior Experience	• Director, Saudi Institute of Internal Auditors, a Saudi non-profit professional association meeting international professional standards for all practitioners of the internal audit profession, 2015G to 2019G. • Chairman of the audit committee, the Saipem Taqa Al-Rushaid Fabricators Company Ltd. (STAR) sector, Industrialization & Energy Services Company (TAQA), a Saudi closed joint stock company operating in the energy and water industry, 2015G to 2019G. • Member of the audit committee, Jubail Energy Services Company (JESCO), a Saudi closed joint stock company operating in the energy and water industry, 2015G to 2019G. • Vice chairman of the audit committee, Industrialization & Energy Services Company (TAQA), a Saudi closed joint stock company operating in the energy and water industry, 2013G to 2019G. • Internal audit manager, Mohammad Al Mojil Group, a Saudi joint stock company operating in construction and maintenance of oil, gas and petrochemical facilities and submersible platforms, 2008G to 2012G. • Held several auditing positions, from auditor to head of audit at Saudi Arabian Oil Company (Aramco), a public joint stock company operating in the energy industry, 1998G to 2008G.

Source: The Company

Table No. (5.13): Biography of Abdullah Ali Abdullah Al Dubaikhi, Member of the Audit Committee

Name	Abdullah Ali Abdullah Al Dubaikhi
Age	60 years
Nationality	Saudi
Title	Member of the Audit Committee
Academic Qualifications	• Executive Master in Business Administration (Business), Oxford University, United Kingdom, 2011G. • Bachelor's degree in Electrical Engineering, King Fahd University of Petroleum and Minerals, the Kingdom, 1987G.
Current Positions	• Member of the Company's Audit Committee, 2021G to present. • Member of the Company's Nomination and Remuneration Committee, 2021G to present. • Director, Naseej Co., a public joint stock company, 2021G to present. • Member of the audit committee, Abdullah Al Subaie Investment Co., 2020G to present. • Chief executive officer, Bahri, a Saudi public joint stock company operating in crude oil and chemical tankers, 2018G to present. • Director, Matarat Holding Co., a Saudi closed joint stock company operating in civil aviation, 2018G to present. • Director, Mulkia Investment Company, a Saudi closed joint stock company operating in asset management, arrangement, corporate finance, financial consulting and research, 2016G to present. • Director, Abdullah Al Othaim Markets Company, a Saudi joint stock company operating in the retail industry, 2013G to present.
Significant Prior Experience	• Director, Alessa Industries Co., a Saudi limited liability company operating in commercial and industrial business and projects, 2011G to 2021G. • Director, Bank Alkhair, a Bahraini closed joint stock company, 2011G to 2017G. • Director, Minerva Foods, a Brazilian public joint stock company operating in the food industry, 2015G to 2017G. • Director, G3 Canada Limited, a Canadian company operating in agriculture, 2014G to 2017G. • Director, Continental Farmers Group, a Ukrainian group operating in agriculture, 2013G to 2017G. • Chief executive officer, Saudi Agricultural and Livestock Investment Company (SALIC), a Saudi joint stock company operating in food products, 2012G to 2017G. • Director, Savola Foods, a Saudi closed joint stock company operating in the food industry, 2013G to 2016G.

Source: The Company

Table No. (5.14): Summary Biography of Abdullah Jaber Ali Al Faifi, Member of the Audit Committee

Name	Abdullah Jaber Ali Al Faifi
Age	63 years
Nationality	Saudi
Title	Member of the Audit Committee
Academic Qualifications	• Bachelor's degree in Accounting, King Abdulaziz University, the Kingdom, 1985G. • Professional Fellowship Certificate in Internal Auditing (CIA)/Institute of Internal Auditors (IIA). • Certified Fraud Examiner (CFE)/Association of Certified Fraud Examiners (ACFE). • Certification in Risk Management Assurance (CRMA)/Institute of Internal Auditors (IIA).
Current Positions	• Member of the Company's Audit Committee, 2021G to present. • Member of the audit committee, General Authority for Statistics, a government entity, 2020G to present. • Member of the risk committee, General Authority for Statistics, a government entity, 2020G to present. • Member of the remuneration and compensation committee, Eastern Health Cluster Co., 2019G to present.
Significant Prior Experience	• Chairman of the board of Saudi Institute of Internal Auditors, an independent, non-profit professional entity operating under the supervision of the General Auditing Bureau, 2016G to 2018G. • Member of the audit committee, Saudi Institute of Internal Auditors, an independent, non-profit professional entity operating under the supervision of the General Auditing Bureau, 2016G to 2018G. • Saudi Aramco: - Associate general auditor, May 2015G to July 2015G. - Head of special audit, January 2013G to April 2015G. - Head of international business audit- Reviewing governance and risk systems at Saudi Aramco subsidiaries and joint ventures with international companies, such as ExxonMobil, Shell, Sinopec and Dow Chemical in Asia, Europe and North America, in addition to assisting in the establishment of internal audit departments in these projects, 2008G to 2012G. - Head of internal audit, Production and Excavation Works Department - Refining and Marketing Audit Department - Financial and Administrative Affairs and Business Services Audit Department, 2003G to 2008G. - Career progression in the fields of finance and internal audit - Saudi Aramco - Saudi Arabian Marketing and Refining Company (SAMAREC) - General Petroleum and Mineral Organization (PETROMIN), 1985G to 2002G.

Source: The Company

5.4.2 Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee include:

- Preparing clear policies on the remuneration of Directors, Board committees and executive management, presenting such policies to the competent authorities for approval, subject to the laws regulating these remunerations and provided that such policies follow standards linked to performance, as well as disclosing them when required by the law and monitoring and reviewing their implementation.
- Clarifying the relation between the remunerations paid and the adopted remuneration policy, highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its desired objectives.
- Providing recommendations to the Board on the remuneration of Directors, Board committees and Senior Executives, in accordance with the approved policy.
- Suggesting clear policies and standards for Board membership and the executive management.
- Providing recommendations to the Board on the nomination or re-nomination of Directors in accordance with approved policies and standards, subject to the membership conditions that must be met by candidates.
- Preparing a description of the capabilities and qualifications required for Board membership and executive management positions.
- Determining the amount of time that directors must allocate to Board activities.
- Annually reviewing the skills and expertise required of Directors and the executive management.
- Reviewing the structure of the Board and the executive management and providing recommendations regarding changes that may be made to such structure.
- Annually ensuring the independence of independent Directors and the absence of any conflicts of interest if a Director also acts as a director of another company.

- Providing job descriptions for executive, non-executive and independent Directors and Senior Executives.
- Setting the procedures to be followed if the position of a Director or Senior Executive becomes vacant.
- Determining the strengths and weaknesses of the Board and recommending solutions to remedy them in line with the Company's interests.
- When nominating a Director, ensuring compliance with the Corporate Governance Regulations and relevant laws.
- Assessing the matters that fall within its authority or those referred to it by the Board and communicating its recommendations to the Board to issue decisions in connection therewith. The Committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting, stating in detail the name of the expert and their relation to the Company or its executive management.
- At the end of each year, the Committee shall submit a report on its activities to the Board.

The Nomination and Remuneration Committee comprises the following members appointed under a Board resolution dated 25/11/1442H (corresponding to 07/05/2021G) and 10/01/1443H (corresponding to 08/18/2021G).

Table No. (5.15): Members of the Nomination and Remuneration Committee

	Name	Title	Status
1	Mohammed Saad Abdulaziz bin Dawood	Chairman	Independent, Non-Executive
2	Abdullah Ali Abdullah Al Dubaikhi	Member	Non-Director
3	Abdulaziz Munir Ahmed Al Qadi	Member	Non-Director
4	Abdulkarim Abdulaziz Al Rasheed	Member	Non-Director

Source: The Company

Following are summary biographies of the members of the Nomination and Remuneration Committee:

Table No. (5.16): Biography of Mohammed Saad Abdulaziz bin Dawood, Chairman of the Nomination and Remuneration Committee

Name	Mohammed Saad Abdulaziz bin Dawood
Title	Chairman of the Nomination and Remuneration Committee
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table No. (5.17): Biography of Abdullah Ali Abdullah Al Dubaikhi, Member of the Nomination and Remuneration Committee

Name	Abdullah Ali Abdullah Al Dubaikhi
Title	Member of the Nomination and Remuneration Committee
Biography	Please see Table 5.13 "**Biography of Abdullah Ali Abdullah Al Dubaikhi, Member of the Audit Committee**" of this Prospectus.

Source: The Company

Table No. (5.18): Biography of Abdulaziz Munir Al Qadi, Member of the Nomination and Remuneration Committee

Name	Abdulaziz Munir Ahmed Al Qadi
Age	39 years
Nationality	Saudi
Title	Member of the Nomination and Remuneration Committee
Academic Qualifications	• Strategic Human Resources Management Certificate, Cornell University, United States of America, 2013G. • Master's degree in Human Recources Management, Central Michigan University, United States of America, 2011G. • Bachelor's degree in Marketing, King Fahd University of Petroleum and Minerals, the Kingdom, 2007G.
Current Positions	• Vice president of the human resources sector, Dur Hospitality Co., a public joint stock company specialized in the field of hospitality in the Kingdom, 2021G to present. • Member of the Company's Nomination and Remuneration Committee, 2020G to present.
Significant Prior Experience	• Vice president, Support Services, National Unified Procurement Company (NUPCO), a Saudi governmental joint stock company, operating in the provision of medical procurement, storage and distribution services for medicines, devices and medical supplies, 2019G to 2021G. • Member of the nomination and remuneration committee, Sony Corporation, a company within the Al Faisaliah Group, a closed joint stock company operating in electronics, 2017G to 2019G. • Member of the nomination and remuneration committee, Arabian International Healthcare Holding Co., a Saudi closed joint stock company operating in health care, 2017G to 2019G. • Member of the nomination and remuneration committee, Alfa Co. for Operations Services Ltd, a Saudi limited liability company operating in catering and operation of restaurants, 2017G to 2019G. • Member of the human capital, nomination and remuneration committee, Al-Faisaliah Holding Group, a Saudi closed joint stock company operating in a variety of fields such as agriculture, food and beverages, dairy products, restaurants, health care, electronics, systems and consumer electronic supplies, 2011G to 2019G. • Human capital manager, Al-Faisaliah Holding Group, a Saudi closed joint stock company operating in a variety of fields such as agriculture, food and beverages, dairy products, restaurants, health care, electronics, systems and consumer electronic supplies, 2011G to 2019G. • Graduate recruitment manager, Saudi British Bank (SABB), a Saudi public joint stock company operating in banking services, 2007G to 2017G. • Graduate recruitment manager, KPMG for Professional Consultancies, a Saudi company that is part of a global network of professional companies operating in accounting and legal auditing, 2007G to 2009G.

Source: The Company

Table No. (5.19): Biography of Abdulkarim Abdulaziz bin Rasheed Al-Rasheed, Member of the Nomination and Remuneration Committee

Name	Abdulkarim Abdulaziz bin Rasheed Al-Rasheed
Age	46 years
Nationality	Saudi
Title	Member of the Nomination and Remuneration Committee
Academic Qualifications	Bachelor's degree in Computer and Information Systems, King Saud University, the Kingdom, 1997G.
Current Positions	• Member of the Company's Nomination and Remuneration Committee, 2021G to present. • Vice president of the human resources sector, Dr. Sulaiman Al-Habib Medical Group, a Saudi joint stock company operating in the provision of health services, 2020G to present.
Significant Prior Experience	• Vice president of the business sector, Olayan Company, a private Saudi company owned by a single family, operating in product distribution, manufacturing, services and investment, 2015G to 2020G. • Vice president of the human resources sector, Olayan Company, a private Saudi company owned by a single family, operating in product distribution, manufacturing, services and investment, 2007G to 2014G. • Head of the support department, L'azurde, a Saudi public joint stock company operating in the manufacture of gold and jewelry, 2006G to 2007G. • Head of human resources and human affairs, Saudi Pepsi Company, an Aljomaih company, a Saudi limited liability company operating in the beverage industry, 2003G to 2006G. • Regional director of human resources, Olayan Company, a private Saudi company owned by a single family, operating in product distribution, manufacturing, services and investment, 2001G to 2003G. • Human resources employee, Saudi Hollandi Bank, a Saudi public joint stock bank that provides financial products and services, 1997G to 2001G.

Source: The Company

5.4.3 Executive Committee

The duties of the Executive Committee include:

- Supervising, supporting, reviewing and overseeing the activities of the executive management to achieve its objectives, and making recommendations to the Board, when needed, without prejudice to the relevant laws and regulations.
- Supporting the executive management in developing, achieving and periodically updating strategic objectives and plans for approval by the Board of Directors.
- Following up on and supporting the implementation of executive plans and ensuring they are implemented with the required quality and at a reasonable cost.
- Reviewing and following up on the annual work plan and budget and making recommendations to the Board of Directors.
- Reviewing the Company's policies and procedures and providing recommendations to the Company's Board of Directors.
- Supporting the executive management in obtaining resolutions and facilities from the Board of Directors in order to conduct business.
- Following up on the development of performance indicators for all administrative levels and ensure they are implemented.
- Monitoring budgets and following up on the executive management in addressing deviations.
- Examining and developing executive management initiatives and providing recommendations to the Board of Directors.
- Monitoring the implementation of the recommendations of the Board of Directors, the Internal Audit Department and the auditor.
- Supporting the executive management in its expansion and development of its current and future projects.
- Engaging with the executive management to design the investment policy framework and present it to the Board.
- Supporting the executive management to examine and assess the risks related to the Company's activities and to identify mechanisms to deal with them and reduce their impact.
- Ensuring and making recommendations to the Board on the implementation of governance.

The Executive Committee comprises the following members, appointed by a Board resolution dated 07/06/1442H (corresponding to 01/20/2021G) and 10/01/1443H (corresponding to 08/18/2021G).

Table No. (5.20): Members of the Executive Committee

	Name	Title	Status
1	Bassam Abdulaziz Mohammed Nour	Chairman	Independent, Non-Executive
2	Meshaal Ibrahim Mutaib Al Otaibi	Member	Non-Independent, Executive
3	Mohammed Saad Abdulaziz bin Dawood	Member	Independent, Non-Executive
4	Abdullatif Ali Abdullatif Al Saif	Member	Non-Independent, Non-Executive

Following are summary biographies of the members of the Executive Committee:

Table No. (5.21): Biography of Bassam Abdulaziz Mohammed Nour, Chairman of the Executive Committee

Name	Bassam Abdulaziz Mohammed Nour
Title	Chairman of the Executive Committee
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table No. (5.22): Biography of Meshaal Ibrahim Mutaib Al Otaibi, Member of the Executive Committee

Name	Meshaal Ibrahim Mutaib Al Otaibi
Title	Member of the Executive Committee
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table No. (5.23): Biography of Mohammed Saad Abdulaziz bin Dawood, Member of the Executive Committee

Name	Mohammed Saad Abdulaziz bin Dawood
Title	Member of the Executive Committee
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table No. (5.24): Biography of Abdullatif Ali Abdullatif Al Saif, Member of the Executive Committee

Name	Abdullatif Ali Abdullatif Al Saif
Title	Member of the Executive Committee
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and Board Secretary**" of this Prospectus.

Source: The Company

5.5 Executive Management

The Company's executive management consists of a team that has the necessary experience and skills to manage the Company, under the supervision of the Board. The CEO is responsible for conducting the day-to-day operations of the Company in accordance with the directions and policies of the Board, in order to ensure that the Company's objectives set by the Board are fulfilled.

5.5.1 Departments of the Company's Executive Management

A. Finance Department

Following are the duties and responsibilities of the Company's Finance Department:

- Analyzing financial data and converting it into information that can be used assess the financial and operational aspects of the Company.
- Preparing estimated budgets related to future revenues and expenses of the Company.
- Developing, examining and analyzing monthly and quarterly reports, the balance sheet, trial balances, and periodic financial reports and preparing financial reports at the end of each period.
- Managing the Company's asset structure to determine the volume of investment in both short-term current assets and long-term fixed assets.
- Maintaining the optimal level for each component of the short-term current assets such as cash, receivables, short-term securities and inventory.
- Recommending the use of appropriate fixed assets that efficiently contribute to operations and determining the appropriate time to replace such assets (operating budget decisions).
- Determining the size of the most appropriate mix of long-term and short-term financing and identifying the source of the financing.
- Coordinating with the Board of Directors regarding dividend distribution resolutions and coordinating with other departments in the Company to work effectively.
- Recording and keeping the Company's daily transactions.
- Monitoring documents issued and received, ensuring that they are valid and contain the necessary signatures, keeping the books and accounting documents necessary to implement the approved accounting system and ensuring that they are legally registered and kept after the lapse of the legal period.
- Providing the Company's management with monthly budgets and reports.
- Submitting tax returns.
- Collecting debts.
- Monitoring the movement of cash inflows and outflows, revenues, expenses and the necessary financing payments.
- Determining the value of the monthly needs and periodic payments and performing monthly, quarterly, semi-annual and annual reconciliations.
- Preparing and approving journal entries before recording them in the accounting books.
- Preparing monthly settlements.
- Recording journal entries in books and carrying them forward.
- Making periodic and annual inventory of materials and fixed assets and matching them with their accounts.
- Performing the monthly bank reconciliation, identifying differences and preparing the necessary adjusting entries.
- Managing accounts payable transactions and issuing relevant payment orders at the specified times.
- Overseeing the preparation of staff payrolls and ensuring they are accurately prepared.

B. Executive Department of the Real Estate Sector

The Executive Department of the Real Estate Sector at the Company undertakes the following duties and responsibilities:

- Handling the real estate valuation of current and future assets according to local market standards and developments.
- Analyzing investment, financing and available opportunities in line with the Company's goals and orientations.
- Managing assets and facilities to preserve the rights of the Company.
- Providing real estate investment opportunities that serve the expansion adopted by the Company.
- Evaluating and analyzing real estate investment opportunities and presenting suggestions that serve the Company.
- Searching for plots for current and future real estate projects.

A number of sub-departments fall under the Executive Department of the Real Estate Sector, which undertake the following duties and responsibilities:

1. Commercial Management of the Real Estate Sector
   - Ensuring ideal operating levels in all malls.
   - Ensuring that the ideal rental rates are achieved in all malls.
   - Increasing the revenue of operating malls.
   - Ensuring that the right tenant combination is maintained in all malls.
   - Coordinating the design of tenant combination and rental rates for new malls.
   - Managing customer relationships through main clients.
   - Ensuring the collection of invoice revenues in accordance with payment terms.
   - Managing contracts for all clients including new contracts and renewals of existing contracts.
2. Real Estate Operations Department
   - Ensuring the establishment and implementation of mall operational standards at all times.
   - Ensuring the security and cleanliness of operational malls at all times.
   - Making sure that all marketing activities are well implemented at the malls.
   - Coordinating the delivery of stock for customers for arrangement, preparation and opening of stores after preparation.
   - Confirming that all tenants adhere to the mall's operational policies and standards.
   - Ensuring that visitors of the malls enjoy a great shopping experience.
   - Ensuring that malls operate in compliance with all regulatory standards.
   - Making sure that any mall maintenance needs are fulfilled quickly.
   - Ensuring that the tenants deliver the leased locations in accordance with the terms of the contract.
   - Making sure that all entry into the malls through tenant and worker entrances are well organized.
   - Ensuring that all factories, machinery and equipment in the malls are in good working condition at all times.
3. Collection Department
   - Assuming full responsibility for key cash criteria under lease agreements, including bad debt reserve and cash flows.
   - Reducing old and past due balances owed by customers in accordance with contracts and cash projections for the period.
   - Examining customers' creditworthiness, ensuring that customers' credit risk levels are identified during contract signing and verifying the data to proactively analyze any credit/bankruptcy risks.
   - Preparing, reviewing and monitoring the team's daily collection plans on a daily basis.
   - Monitoring accounts to identify outstanding payments.
   - Communicating with debtors and arranging ways to pay invoices with them.
   - Accurately maintaining all records in a manner which helps ease access thereto.
   - Periodically preparing and submitting reports on collection activity.
   - Following up on operating payments and refunds.
   - Addressing customer billing and credit issues.
   - Constantly updating collection files.
   - Preparing reports on the status of customers' receivables.
4. Maintenance Department
   - Maintaining, operating and ensuring the functioning of electrical and mechanical equipment at the sites.
   - Preserving the structure and civil and architectural work to achieve their objective.
   - Preserving, maintaining and operating water and wastewater systems.
   - Maintaining and operating HVAC systems, communications, power generation, surveillance cameras, telephones and data and fire detection and suppression systems.

5. Procurement Department

- Reviewing the outstanding invoice report to reconcile and resolve discrepancies.
- Coordinating the movement of all materials purchased from global and local suppliers to address any issues related the supply/suppliers of the Company and its subsidiaries.
- Solving the problems of receipt of the wrong merchandise.
- Providing non-stock procurement support.
- Supporting entertainment-related procurement requirements for existing and new projects as well as spare parts for all entertainment sites located in the Kingdom, UAE, Qatar, Oman and Egypt.
- Working on procurement related to recent projects and recovery for the MENA region.
- Updating purchase orders with current delivery information.
- Arranging logistics and clearance services for the MENA region.
- Maintaining supplier files by keeping them complete and up to date.
- Allocating budget and capital expenditures to all new and existing projects of the MENA region.
- Adopting best practices and creating a list of preferred suppliers, where appropriate.
- Reviewing and verifying reports of past due purchase orders and communicating with suppliers to process overdue purchase orders.
- Promoting relationships with all global and local suppliers in order to solve delivery and quality problems.

C. Executive Management of the Food and Beverage Sector

The Executive Management of the Food and Beverage Sector at the Company undertakes the following duties and responsibilities:

- Managing and operating local and international restaurants.
- Attracting international restaurants and cafés and opening branches for them under the Company's management.
- Expanding the food and beverage field more broadly by developing an expansion plan for the Company.
- Creating new ideas in the café and restaurant sector, obtaining ownership rights for them and registering them as a trademark owned by the Company.
- Conducting marketing for restaurants and cafés in a way that ensures attracting the largest possible number of visitors.

The following sub-department falls under the Executive Management of the Food and Beverage Sector, which undertakes the following duties and responsibilities:

1. Food and Beverage Operations Department

This department is affiliated with a wholly owned subsidiary of the Company (Abdullah Al Othaim Food Co.). However, in terms of management structure, it operates as an internal department within the Company. Below are the duties and responsibilities of the Food and Beverage Operations Department:

- Identifying strategic revenue and operation objectives such as providing additional value in the food and beverage industry.
- Ensuring the quality and safety of food, client responsiveness and low cost.
- Upgrading products and providing cost-effective services that satisfy customers.
- Planning to realize the strategic operating objectives, including site designs and selection of appropriate sites.
- Selecting the appropriate technology and equipment.
- Planning daily, monthly and annual revenues.
- Selecting operational and administrative human resources to provide high quality services that satisfy customers.
- Providing catalyst marketing offers to increase customers, thus supporting and meeting financial objectives.

D. Executive Management of the Entertainment Sector

This department is affiliated with subsidiaries wholly owned indirectly by the Company in Egypt and the Arab Gulf countries. Below are the duties and responsibilities of the Entertainment Executive Management:

- Managing projects and designs of entertainment cities.
- Determining strategic revenue and operation objectives, such as delivery of the best and latest equipment for fun and entertainment, while ensuring quality, safety, client responsiveness, low cost and flexibility.
- Designing products and providing cost-effective services that satisfy customers.

- Planning to realize the strategic operating objectives, including appropriate planning of work sites and selecting the appropriate technology and mechanical equipment.
- Planning daily, monthly and annual events and revenues.
- Managing projects, including budget, time line and resource management.
- Selecting operational and administrative human resources to provide high quality services that satisfy customers.
- Providing catalyst programs and events to increase customers, thus supporting and meeting financial objectives.
- Following up on all developments in the area of entertainment and snow cities to modernize and develop business.
- Setting and striving to implement the marketing objectives of entertainment centers and cities, to ensure the success of the Company's business, boost customer turnout and generate revenues.
- Implementing and developing marketing plans to enhance the competitiveness of the Company and following up on and monitoring all marketing activities.
- Maintaining, operating and ensuring the functioning of electrical and mechanical equipment at the sites, and preserving the structure, civil and architectural work, water and wastewater systems, HVAC systems, communications, surveillance cameras, telephones and data and fire detection and suppression systems.
- Managing finance, human resources and administrative affairs related to operations.

A number of sub-departments fall under the Executive Management of the Entertainment Sector, which undertake the following duties and responsibilities:

1. Entertainment Operations Department

This department is affiliated to a wholly owned subsidiary of the Company (Abdullah Al Othaim Entertainment Co.). However, in terms of management structure, it operates as an internal department within the Company. It undertakes the following duties and responsibilities:

- Determining strategic revenue and operational objectives, such as providing the best and latest equipment for fun and entertainment, while ensuring quality, safety, client responsiveness, low cost and flexibility.
- Designing products and providing cost-effective services that satisfy customers.
- Planning to realize the strategic operating objectives, including appropriate planning of work sites.
- Designing and organizing work so that the sites are fully utilized.
- Selecting the appropriate technology and mechanical equipment.
- Planning daily, monthly and annual events and revenues.
- Managing projects, including budget, time line and resource management.
- Selecting operational and administrative human resources to provide high quality services that satisfy customers.
- Providing catalyst programs and events to increase customers, thus supporting and meeting financial objectives.
- Following up on all developments in the area of entertainment and snow cities to modernize and develop business.

2. Entertainment Development Department

- Developing a strategy to expand entertainment centers across operating malls.
- Defining the identity of entertainment centers according to market requirements.
- Locating new entertainment centers and negotiating on commercial terms for operating such centers.
- Ensuring that any new site under preparation or any existing site under renovation is opened in a timely manner.
- Developing operational standards for the operation of entertainment centers and ensuring their implementation.

E. Executive Management of the Fashion Sector

This department is affiliated with a wholly owned subsidiary of the Company (Abdullah Al Othaim Fashion Co.). However, in terms of management structure, it operates as an internal department within the Company. Below are the duties and responsibilities of the Executive Management of the Fashion Sector:

- Planning and identifying strategic revenue and operation objectives and ensuring the provision of the latest styles in the world of fashion and accessories.
- Selecting the appropriate technology and equipment.
- Planning daily, monthly and annual revenues.
- Selecting operational and administrative human resources to provide high quality services that satisfy customers and providing catalyst marketing offers to increase customers, thus supporting and meeting financial objectives.
- Monitoring the movement of cash inflows and outflows, revenues, expenses and the necessary financing payments.

- Determining the value of the monthly needs and periodic payments and performing monthly, quarterly, semi-annual and annual reconciliations.
- Preparing expenditure estimates for the accounts budget and executing expenditures and related disbursements in accordance with the laws, regulations and decisions related to expenditure items.
- Developing, examining and analyzing monthly and quarterly reports, the balance sheet, trial balances and periodic financial reports and preparing financial reports at the end of each period.
- Monitoring documents issued and received, ensuring that they are valid and contain the necessary signatures, keeping the books and accounting documents necessary to implement the approved accounting system and ensuring that they are legally registered and kept after the lapse of the legal period.
- Preparing and approving journal entries before recording them in the accounting books.
- Preparing monthly settlements.
- Recording journal entries in books and carrying them forward.
- Making periodic and annual inventory of materials and fixed assets and matching them with their accounts.
- Performing the monthly bank reconciliation, identifying differences and preparing the necessary adjusting entries.
- Managing accounts payable transactions and issuing relevant payment orders at the specified times.
- Overseeing the preparation of staff payrolls and ensuring they are accurately prepared.

F. Legal Department

Following are the duties and responsibilities of the Company's Legal Department:

- Managing the legal aspect of international investment operations and reviewing and advising on corporate finance transactions and mega projects.
- Acting as an intermediary with law firms, managing litigation files and all litigation matters, filing claims with insurance companies and advising the senior management on litigation risks and decisions to be made in relation to litigation.
- Drafting and negotiating business contracts and negotiating and advising the senior management on strategic decisions.
- Communicating with external and local advisors and reducing the costs of relying on external legal spending.
- Advising on the regulatory framework of new laws with a proper understanding of the main terms and conditions of contracts, loan agreements, building and procurement agreements and other standard contracts locally and globally.
- Legally complying with local and international laws and making decisions in accordance therewith, creating proactive actions and maintaining the Company's commercial awareness of compliance with relevant laws and regulations.
- Managing the (legal) risks associated with or resulting from business strategy and operations.

G. Human Recources Management

Following are the duties and responsibilities of the Company's Human Recources Management:

- Engaging in all matters related to recruitment, approving new employees and issuing designation numbers.
- Engaging in all matters related to human resources management and government relations.
- Developing human resources management and recruitment and performing tasks assigned thereto.
- Handling all matters related to social and medical insurance.
- Working on Human Recources Development Fund programs.
- Engaging in planning and implementation of Human Recources Development Fund and other training programs.
- Implementing Saudization programs.
- Issuing circulars related to human resources matters from the Company's Human Recources Management.

H. Executive Management of Projects

Following are the duties and responsibilities of the Company's executive management of Projects:

- Managing designs of all the Company's projects, from the feasibility study stage to design completion, noting that the design is made internally by the Department and also through external engineering offices.
- Preparing the annual fiscal budget for the projects covered by the implementation plan in coordination with the Project Accounts Department and obtaining the senior management's approval for the budget.
- Managing the implementation supervision teams for all projects until they are completed and handed over to the Operations Department to ensure that project outputs are achieved as planned, especially with regard to cost, duration of implementation and the quality required.

- Reviewing designs for projects prepared by external offices, particularly construction, electrical and mechanical works, to ensure they conform to safety and quality standards and the Company's operating requirements, taking into account implementation costs by applying value engineering.
- Representing the Company at meetings related to construction and engineering matters and communicating effectively with internal and international engineering offices in order to ensure high quality design and technical efficiency.
- Qualifying contractors and suppliers to implement projects.
- Examining and reviewing the prices and proposals of contractors for the implementation and negotiation of various projects to obtain the best prices with no compromise on quality.
- Making the required modifications to existing malls to meet leasing and operating requirements.
- Reviewing and approving all executive plans in all areas prior to implementation, as well as reviewing and approving the invoices of contractors and suppliers.
- Following up on all matters related to design, construction and engineering.

I. Internal Audit Department

Following are the duties and responsibilities of the Company's Internal Audit Department:

- Reviewing and assessing internal control systems.
- Determining the extent to which employees comply with the Company's policies and procedures.
- Protecting the Company's assets
- Preventing fraud and errors and detecting them should they occur.
- Determining reliability of the accounting and financial reporting system and ensuring that the information contained therein accurately reflects reality.
- Conducting regular and periodic reviews of the various activities.
- Cooperating with the external auditor to determine external audit areas.
- Engaging in cost reduction programs and developing the necessary relevant procedures.

J. Governance and Compliance Department

The Company's Governance and Compliance Department undertakes the following duties and responsibilities:

- Developing internal regulations, rules and policies related to governance and compliance in a manner that does not conflict with the regulations in force in the Kingdom, verifying the Company's compliance with them and suggesting their amendment and update in accordance with regulatory requirements and best practices.
- Developing and implementing the annual management plan after its approval.
- Implementing programs for management activities after their approval.
- Supervising coordination with other Company departments to accomplish joint works.
- Supervising the activities of verifying companies' implementation of governance controls.
- Monitoring the implementation of systems, laws and regulations in accordance with the Corporate Governance Regulations issued by the Ministry of Commerce and the Authority.
- Updating, organizing and keeping records, data and statistics related to the activities of the Company and its Material Subsidiaries inside and outside the Kingdom, and benefiting from technical capabilities in processing them.
- Protecting the rights of Shareholders and investments from exposure to loss due to the misuse of power in a manner that does not achieve the interests of Investors or aim to maximize investment returns and reduce conflicts of interest.
- Carrying out tasks related to meetings of the Board of Directors, Board committees and General Assemblies and ensuring the existence of effective communication channels that allow Shareholders to continuously and periodically review the various aspects of the Company's activities and any material developments.
- Monitoring corporate governance indicators such as the level of accumulated losses, the carry-over ratio of the statutory reserve of annual profits and the extent of the Company's compliance with the regulations of the Ministry of Commerce.
- Defining the Department's needs for workforce, funding and supplies and providing such after their approval.
- Preparing periodic reports on the activities and achievements of the Department and the obstacles and difficulties faced by its work, and preparing development proposals.
- Ensuring the accuracy of the data and information to be disclosed.
- Any other duties assigned to the Department within its field of competence.

K. Information Technology Department

The Company's Information Technology Department undertakes the following duties and responsibilities:

- Structuring, developing and preparing plans related to computing and automation at the Company and building electronic knowledge therein.
- Applying methods for developing automated systems and devices used and recommendations.
- Identifying hardware and software according to the needs of different departments and divisions.
- Participating in the evaluation of tenders.
- Selecting tenders and following up on the implementation of policies.
- Introducing and executing information technology solutions to develop the Company's work methods and control the inputs and outputs of the system to process and provide data and information for the purpose of monitoring performance, identifying results, assisting in decision-making and making use of this information in planning and oversight.

L. Riyadh Project Department

The Company's Riyadh Project Department undertakes the following duties and responsibilities:

- Checking the integrity of procedures related to the land deed.
- Monitoring the issuance of government permits for the project.
- Following up on technical and financial studies.
- Examining the possibility of financing development through banks and relevant authorities.
- Contracting with designers, consultants and contractors for project implementation.
- Managing project marketing.
- Managing the operation and maintenance of the project.
- Managing the lease or sale of project units.

5.5.2 Members of the Company's Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table No. (5.25): Executive Management of the Company

Name	Title	Nationality	Age	Date of Appointment to the Position	Shares Owned Pre-Offering	Shares Owned Post-Offering
Meshaal Ibrahim Mutaib Al Otaibi	CEO	Saudi	48 years	20/10/1442H (corresponding to 06/01/2021G)	N/A	N/A
Mohamed Wajat Khan	Head of Internal Audit Department (Acting)	Pakistani	34 years	19/08/1442H (corresponding to 07/21/2019G)	N/A	N/A
Vacant*	Head of Governance and Compliance Department	-	-	-	-	-
Ramakrishnan Ranganathan	Head of Finance Department	Indian	55 years	25/12/1442H (corresponding to 02/16/2020G)	N/A	N/A
Vacant**	Head of the Executive Management of the Real Estate Sector	-	-	-	-	-
Artin Malataglian	Commercial Director of Real Estate Sector	Jordanian	47 years	01/12/1442G (corresponding to 07/11/2021G)	N/A	N/A
Mubarak Suleiman Thuwaini Al Anzi	Head of Real Estate Operations Department	Saudi	46 years	26/03/1443H (corresponding to 11/01/2021G)	N/A	N/A

Name	Title	Nationality	Age	Date of Appointment to the Position	Shares Owned Pre-Offering	Shares Owned Post-Offering
Amer Ali Khalif Al Anzi	Collection Department	Saudi	43 years	12/07/1443H (corresponding to 02/13/2022G)	N/A	N/A
Ammar Yasser Abdul Ghani Shehadeh	Maintenance Department	Jordanian	42 years	15/05/1434H (corresponding to 03/27/2013G)	N/A	N/A
Hussain Abul Hassan Hussain Mohamed	Procurement Department	Bahraini	42 years	26/02/1443H (corresponding to 10/03/2021G)	N/A	N/A
Vacant***	Head of the Executive Management of the Entertainment Sector	-	-	-	-	-
Karim Ahmed Mujahid Fayed	Head of Entertainment Operations Department	Egyptian	37 years	19/08/1442H (corresponding to 04/01/2021G)	N/A	N/A
Samer Adnan Hafez Kahail	Entertainment Sector Development Manager	Lebanese	44 years	23/04/1443H (corresponding to 11/28/2021G)	N/A	N/A
Vacant****	Head of the Executive Management of the Food and Beverage Sector	-	-	-	-	-
Mohamed Ratib Al Arqsoussi	Director of Food and Beverage Operations Department	Lebanese	42 years	24/05/1441H (corresponding to 01/19/2020G)	N/A	N/A
Ali Mohamed Ezzat Al Sharif	Head of the Executive Management of the Fashion Sector	Jordanian	53 years	05/02/1443H (corresponding to 09/12/2021G)	N/A	N/A
Ahmed Ibrahim Mohammed Al Yahya	Head of Project Department	Saudi	65 years	19/08/1442H (corresponding to 04/01/2021G)	N/A	N/A
Sami Hamdan Khalil Al Shamry	Head of Legal Department (Acting)	Saudi	36 years	10/11/1440H (corresponding to 07/01/2020G)	N/A	N/A
Khaled Hamoud Yahya Al Sharif	Head of Human Resources Department (Acting)	Saudi	41 years	13/06/1443H (corresponding to 01/16/2022G)	N/A	N/A
Mazen Hassan Mohamed Khalil	Head of Information Technology Department	Saudi	49 years	05/07/1443H (corresponding to 02/06/2022G)	N/A	N/A
Faris Hassan Ali Al Awfi	Head of Riyadh Project Department	Saudi	39 years	29/12/1442H (corresponding to 08/08/2021G)	N/A	N/A

* Sami Hamdan Halil Al Shamry, the Head of the Legal Department (Acting), is performing the responsibilities of the Corporate Governance and Compliance Department until a department head is hired.

** Meshaal Ibrahim Mutaib Al Otaibi, CEO, is performing the responsibilities of the Head of the Executive Department of the Real Estate Sector at the Company until a department head is hired.

*** Karim Ahmed Mujahid Fayed, the Head of the Entertainment Operations Department, is performing the responsibilities of the Head of the Executive Department of the Entertainment Sector at the Company until a department head is hired.

**** Mohamed Ratib Al Arqsoussi, Director of Food and Beverage Sector Operations, is performing the responsibilities of the Head of the Executive Department of the Food and Beverage Sector at the Company until a department head is hired.

Source: The Company

5.5.3 Employment Contracts with the CEO and CFO

Meshaal Ibrahim Al Otaibi, the CEO, joined the Company's executive management on 20/10/1442H (corresponding to 06/01/2021G) and Ramakrishnan Ranganathan, the CFO, joined the Company's executive management on 25/12/1442H (corresponding to 02/16/2020G).

The following table sets out a summary of the employment contracts of the CEO and CFO.

Table No. (5.26): Summary of the Employment Contracts of the CEO and CFO

Name	Title	Appointment Date	Contract Term
Meshaal Ibrahim Mutaib Al Otaibi	CEO	20/10/1442H (corresponding to 06/01/2021G)	Three (3) years, automatically renewable
Ramakrishnan Ranganathan	CFO	25/12/1442H (corresponding to 02/16/2020G)	One defined year, automatically renewable

Source: The Company

5.5.4 Summary Biographies of the Members of the Executive Management

Following are summary biographies of the members of the Executive Management

Table No. (5.27): Summary Biography of Meshaal Ibrahim Mutaib Al Otaibi

Name	Meshaal Ibrahim Mutaib Al Otaibi
Title	CEO
Biography	Please refer to Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table No. (5.28): Summary Biography of Ramakrishnan Ranganathan

Name	Ramakrishnan Ranganathan
Age	55 years
Nationality	Indian
Current Position	Head of Finance Department
Academic Qualifications	• Certified Accountant License, ICAI and ICSI, India, 1987G. • Certificate of Licensed Member, ICSI, India, 1987G. • Bachelor's degree in Commerce, University of Mumbai, India, 1984G.
Current Positions	Head of Finance Department of the Company, 2020G to present.
Significant Prior Experience	• General manager, Baskin Robbin, a Saudi limited liability company operating in dessert, 2018G to 2020G. • Director, Jawad International Fashion, a Bahraini closed joint-stock company operating in clothing, accessories and footwear stores, 2004G to 2018G. • Director, Hassan Mohammed Jawad & Sons Company, a Bahraini closed joint-stock company operating in importing, exporting and selling veterinary materials, tools and supplies, 2002G to 2018G. • Director, Gulf Coffee House, a Bahraini limited liability company operating in coffee, 2002G to 2018G. • General manager, Jawad Business Group, a Saudi limited liability company operating in commercial business, 1991G to 2018G. • Director, Travelex Bahrain, a Bahraini limited liability company operating in international payments and foreign currency exchange, 2005G to 2012G. • Director, Agility Bahrain, a Bahraini closed joint-stock company operating in brokerage, warehousing and transportation, 2003G to 2009G. • Account manager, Hi-Tech Excavation, an Indian joint-stock company operating in excavations, 1987G to 1991G. • Assistant accountant, Union Carbide, an Indian joint-stock company operating in chemicals, 1986G to 1987G.

Source: The Company

Table No. (5.29): Summary Biography of Khaled Hamoud Yahya Al Sharif

Name	Khaled Hamoud Yahya Al Sharif
Age	41 years
Nationality	Saudi
Current Title	Head of Human Resources Department (Acting)
Academic Qualifications	• Master's degree in Human Recources Development and Management, Santa Barbara University, United States of America, 2009G. • Bachelor's degree in Business Administration, Santa Barbara University, United States of America, 2006G.
Current Positions	• Acting Head of Human Resources Department at the Company, 2022G to present. • Head of Human Resources Operations at the Company, 2021G to present.
Significant Prior Experience	• Head of human resources department, Empire Cinemas, an Al-Rashed Group company, a Saudi closed joint-stock company operating in the field of trade, industry, gas and services, 2020G to 2021G. • Head of human resources department, Masdar Group, a Saudi closed joint-stock company operating in the trade and distribution of building materials, 2017G to 2020G. • Head of human resources department, Saudi Specialized Services Company Limited, a Saudi closed joint-stock company operating in the provision of industrial and commercial support to companies, 2013G to 2017G. • Head of human resources development, Herfy, a Saudi joint-stock company operating in the provision of integrated food services, 2009G to 2012G. • Operations director, Carrefour Hypermarket (Al Futtaim Group), an Emirati joint-stock company, owning shopping malls, retail stores and entertainment institutions, 2004G to 2009G. • Operational team leader, IKEA, a Ghassan Al-Sulaiman company, a Saudi closed joint-stock company operating in furniture sales, 1998G to 2004G.

Source: The Company

Table No. (5.30): Summary Biography of Artin Malataglian

Name	Artin Malataglian
Age	47 years
Nationality	Jordanian
Title	Commercial Director of Real Estate Sector
Academic Qualifications	Bachelor's degree in Computer Science, Princess Sumaya University for Technology, Hashemite Kingdom of Jordan, 1996G.
Current Positions	Commercial Director of Real Estate Sector, 2021G to present.
Significant Prior Experience	• Vice president of malls, Intimaa Real Estate Services Co. (an affiliate of SEDCO Holding Company), a company operating in the real estate and mall management sector, 2015G to 2021G. • General manager of the Red Sea Mall, Intimaa Real Estate Services Co. (an affiliate of SEDCO Holding Company), a company operating in the real estate and mall management sector, 2010G to 2015G. • Leasing manager, Majid Al Futtaim Commercial Centers - Kingdom of Saudi Arabia, a company specialized in developing and managing commercial centers, 2007G to 2010G. • Leasing manager - City Center Doha, ECE Project Management - a company specialized in the development and management of malls - based in Germany, 2004G to 2007G.

Source: The Company

Table No. (5.31): Summary Biography of Ahmed Ibrahim Mohammed Al Yahya

Name	Ahmed Ibrahim Mohammed Al Yahya
Age	65 years
Nationality	Saudi
Title	Head of Project Department
Academic Qualifications	Bachelor of Engineering - Consultant Engineer (Highest Professional Class), University of Petroleum and Minerals - Civil Engineering with Honors, the Kingdom, 1980G.
Current Positions	Head of Project Department of the Company, 2021G to present.
Significant Prior Experience	• Consultant to the chief executive officer of projects, Jabal Omar Development Co., 2020G to 2021G. • Director of major projects at King Faisal Specialist Hospital through the consultant, Wood Mustang Engineering Consultancies (King Abdullah Center for Oncology and Liver Diseases and Royal Hall, at a cost of SAR 2.5 Billion), 2011G to 2019G. • General manager of projects, Inmaa Real Estate Development, 2005G to 2011G. • General manager of projects, Al Babtain Group, 2003G to 2005G. • Director general of the engineering department and then deputy chief executive officer, Al Othaim Group, 1997G to 2003G. • Chief engineer and deputy director general of the cost analysis department, Ministry of Finance and National Economy, 1980G to 1997G.

Source: The Company

Table No. (5.32): Summary Biography of Sami Hamdan Khalil Al Shamry

Name	Sami Hamdan Khalil Al Shamry
Age	36 years
Nationality	Saudi
Title	Head of Legal Department (Acting)
Academic Qualifications	• Bachelor of Laws, University of Jordan, 2016G. • Higher Diploma in Law, Prince Sattam Bin Abdulaziz University, 2018G. • Professional Master's degree in Law from Ain Shams University, 2020G.
Current Positions	• Head of the Company's Legal Department (Acting), 2020G to present. • Head of the Company's Cases and Investigations Department, 2018G to present.
Significant Prior Experience	• Legal advisor, Al Modarg Contracting Co., a Saudi closed joint-stock company operating in construction contracting, 2017G to 2018G. • Legal assistant, Saudi Airlines, through Alkhaleej Training and Education Co., a joint-stock company operating in air transport, 2016G to 2017G. • Panda Company, a joint-stock company, operation field,, 2002G to 2017G. • Comprehensive Stores Co. (Carrefour), a joint-stock company, operation field, 2002G to 2017G.

Source: The Company

Table No. (5.33): Summary Biography of Mazen Hassan Mohamed Khalil

Name	Mazen Hassan Mohamed Khalil
Age	49 years
Nationality	Saudi
Title	Head of Information Technology Department
Academic Qualifications	• Bachelor of Computer Engineering, American University in London, United Kingdom, 2005G. • Master's degree in Information Management, University of Northampton, Northampton, United Kingdom, 2017G.
Current Positions	Head of the Company's Information Technology Department, 2022G to present.
Significant Prior Experience	• Director general of information technology and development, Arabian Oud Company, a Saudi closed joint-stock company operating in the perfume and incense trade, 2014G to 2022G. • Director general of support services, Tawuniya Company, a Saudi joint-stock company operating in cooperative insurance, 2013G to 2014G. • Deputy director of information technology, L'azurde Company, a Saudi joint-stock company operating in jewelry manufacturing, 2005G to 2007G. • Information technology data center supervisor, Dar Al Hassan Company, a Saudi institution operating in information technology and infrastructure, 1994G to 2005G.

Source: The Company

Table No. (5.34): Summary Biography of Ali Mohamed Ezzat Al Sharif

Name	Ali Mohamed Ezzat Al Sharif
Age	53 years
Nationality	Jordanian
Title	Head of the Executive Management of the Fashion Sector
Academic Qualifications	Bachelor's degree in Accounting and Business Administration, University of Jordan, Jordan, 1991G.
Current Positions	Head of the Executive Management of the Fashion Sector at the Company, 2021G to present.
Significant Prior Experience	• Chief executive officer, Sanadeeg, an Emirati limited liability company operating in electronic retail in the sale of consumer goods, 2019G to 2021G. • Chief executive officer, Al Boom Marine, an Emirati limited liability company operating in the retail sale of clothing and accessories for water sports, 2017G to 2019G. • Vice president of global operations, Fawaz Al Hokair Group, a Saudi joint-stock company operating in the retail of ready-made garments and shoes, 2012G to 2017G. • General manager - Jordan, Azadea Holding Group, a Lebanese limited liability company operating in the retail of fashion, restaurants and electronics, 2007G to 2012G. • General manager, El Zay Company, a Jordanian public joint-stock company operating in the manufacture of ready-made garments, 2006G to 2007G. • Director of public relations, International Tobacco and Cigarette Company, a Jordanian public joint-stock company operating in the tobacco industry, 2005G to 2006G. • Assistant general manager of sales and marketing, Al Zahid Trading and Real Estate Development Co., a Saudi limited liability company operating in the retail of ready-made garments and sportswear, 1999G to 2005G. • Assistant general manager for sales and marketing, Zahid Group of Companies, a Saudi company operating in the field of tractors and heavy equipment, 1999G to 2005G.

Source: The Company

Table No. (5.35): Summary Biography of Karim Ahmed Mujahid Fayed

Name	Karim Ahmed Mujahid Fayed
Age	37 years
Nationality	Egyptian
Title	Head of Entertainment Operations Department
Academic Qualifications	Bachelor of Accounting, Faculty of Commerce, Alexandria University, Arab Republic of Egypt.
Current Positions	Head of Entertainment Operations Department at the Company, 2021G to present.
Significant Prior Experience	• Business development manager, Abdullah Al-Othaim Entertainment Co., January 2020G to August 2021G. • Head of the Finance Department, Abdullah Al Othaim Entertainment Co., October 2010G to January 2020G. • Senior accountant, Americana Kuwait Food Company, a Jordanian limited liability company operating in the food field,, December 2006G to April 2010G.

Source: The Company

Table No. (5.36): Summary Biography of Faris bin Hassan Ali Al Awfi

Name	Faris bin Hassan Ali Al Awfi
Age	39 years
Nationality	Saudi
Title	Head of Riyadh Project Department
Academic Qualifications	Bachelor of Architecture, Department of Architecture and Planning, King Faisal University, 2002G.
Current Positions	Head of Riyadh Project Department at the Company, 2021G to present.
Significant Prior Experience	• Assistant president of the General Authority of Civil Aviation for the Projects Sector. • Chief executive officer, Urban Climate Project for Development Holding Co., a Saudi company operating in real estate, 2012G to 2016G. • General manager, Almemariah Engineering Consultancy, a Saudi company with a private partnership operating in engineering consulting, 2010G to 2012G. • Regional director for the Eastern Sector, Bank Albilad, Property Management, a Saudi joint-stock company, 2008G to 2010G. • Site engineer, Bank Albilad, a Saudi joint-stock company, 2004G to 2008G.

Source: The Company

Table No. (5.37): Summary Biography of Mohamed Ratib Al Arqsoussi

Name	Mohamed Ratib Al Arqsoussi
Age	42 years
Nationality	Lebanese
Title	Director of Food and Beverage Sector Operations
Academic Qualifications	Bachelor of Business Administration (Hotels, Restaurants), Lebanon, Dekwaneh, 2001G.
Current Positions	Director of Food and Beverage Sector Operations, 2020G to present.
Significant Prior Experience	• Operations director, Emirates International Group, an investment holding company that owns portfolios in many areas (real estate - oil - gas - mining - finance - contracting - industrial and commercial trade - air transport - and others) in the United Arab Emirates, 2018G to 2019G. • Operations director, Nassib Group, an Emirati joint-stock company operating in investment, 2015G to 2017G. • Operations director, Royal Concepts, an Emirati joint -stock company operating in the restaurant and café sector, 2013G to 2015G.

Source: The Company

Table No. (5.38): Summary Biography of Ammar Yasser Abdul Ghani Shehadeh

Name	Ammar Yasser Abdul Ghani Shehadeh
Age	42 years
Nationality	Jordanian
Title	Head of Maintenance Department
Academic Qualifications	Bachelor's degree in Mechanical Engineering, Al-Balqa University, 2004G.
Current Positions	Head of Maintenance Department at the Company, 2013G to present.
Significant Prior Experience	• Director of maintenance and facilities, The International Academy - Amman, a Jordanian academy operating in education, 2012G to 2013G. • Operation and project engineer, Anova, an Emirati operation and maintenance company operating in the field of operation and maintenance, 2012G to 2013G. • Senior mechanical engineer, Maraya Tourism Investments Company, a Jordanian company operating in contracting and tourism projects, 2009G to 2010G. • Senior mechanical engineer, Al Hussam Electromechanical and Contracting Corporation, a Jordanian corporation operating in contracting and electromechanical systems, 2007G to 2009G. • Administrative engineer, Arab Movenpick Hotel, a five-star Jordanian hotel, 2006G to 2006G.

Source: The Company

Table No. (5.39): Summary Biography of Hussain Abul Hassan Hussain Mohamed

Name	Hussain Abul Hassan Hussain Mohamed
Age	42 years
Nationality	Bahraini
Title	Head of Procurement Department
Academic Qualifications	Bachelor's degree in Accounting, University of Bahrain, 2000G.
Current Positions	Head of Procurement Department at the Company, 2021G to present.
Significant Prior Experience	• Founding partner, Truetality, a Bahraini private partnership company operating in tourism, 2019G to 2021G. • Procurement manager, Gulf Air, a Bahraini government company operating in air transport, 2006G to 2018G. • Internal auditor, Gulf Air, a Bahraini government company operating in air transport, 2003G to 2006G. • Chief accountant, Gulf Horizon, a Bahraini closed joint-stock company operating in promotion and advertising, 2002G to 2002G.

Source: The Company

Table No. (5.40): Summary Biography of Amer Ali Khalif Al Anzi

Name	Amer Ali Khalif Al Anzi
Age	43 years
Nationality	Saudi
Title	Head of the Collections Department
Academic Qualifications	• Bachelor of Business Administration, King Abdulaziz University, 2012G. • Master's degree in Business Administration, King Abdulaziz University, 2014G.
Current Positions	Head of the collections department at the Company, 2022G to present.
Significant Prior Experience	• Financial and risk management advisor, Persona Creative operating in information technology services and consulting, 2021G to 2022G. • Director of collections and customer credit management, Arabian Centers Company, a Saudi joint-stock company operating in real estate, 2006G to 2019G. • Coordination and follow-up unit supervisor, Riyad Bank, a Saudi joint-stock company, 2005G to 2006G.

Source: The Company

Table No. (5.41): Summary Biography of Mohamed Wajat Khan

Name	Mohamed Wajat Khan
Age	34 years
Nationality	Pakistani
Title	Head of the Company's Internal Audit Department (Acting)
Academic Qualifications	• Bachelor of Commerce, University of Karachi, 2008G. • Master in Economics, University of Karachi, 2014G.
Current Positions	Head of the Company's Internal Audit Department (Acting), 2021G to present.
Significant Prior Experience	• Internal Audit Supervisor, Deloitte & Touche Bakr Abulkhair & Co., a Saudi private partnership company operating in review and auditing, 2017G to 2019G. • Assistant Director, Deloitte Yousuf Adil, Chartered Accountants, a Pakistani private partnership company operating in review and auditing, 2016G to 2016G. • Chief Internal Auditor, Deloitte & Touche Bakr Abulkhair & Co., a Saudi private partnership company operating in review and auditing, 2015G to 2015G. • Chief Internal Auditor, Deloitte & Touche, a Qatari Saudi private partnership company operating in review and auditing, 2014G to 2014G. • Chief Internal Auditor, Deloitte & Touche, a Qatari Saudi private partnership company operating in review and auditing, 2013G to 2013G. • Chief Auditor, Deloitte Yousuf Adil, Chartered Accountants, a Pakistani private partnership company operating in review and auditing, 2008G to 2014G.

Source: The Company

Table No. (5.42): Summary Biography of Mubarak Suleiman Thuwaini Al Anzi

Name	Mubarak Suleiman Thuwaini Al Anzi
Age	46 years
Nationality	Saudi
Title	Head of Real Estate Operations Department
Academic Qualifications	Bachelor of Arts, King Saud University, 2000G.
Current Positions	Head of Real Estate Operations Department at the Company, 2021G to present.
Significant Prior Experience	• Head of operations department, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2020G to 2021G. • Head of leasing department, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2019G to 2020G. • Head of business unit, Arabian Centers Company, a Saudi joint-stock Company operating in the real estate sector, 2018G to 2019G. • Director of the central region, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2017G to 2018G. • Director of Palm Mall, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2015G to 2017G. • Director of Tala Mall, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2013G to 2015G. • Director of quality assurance, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2009G to 2013G. • Leasing employee, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2008G to 2009G. • Collection manager, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2004G to 2008G. • Public relations assistant, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2003G to 2004G. • Director of loss and profit operations, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2002G to 2003G. • Tender employee, Arabian Centers Company, a Saudi joint-stock company operating in the real estate sector, 2000G to 2002G.

Source: The Company

Table No. (5.43): Summary Biography of Samer Adnan Hafez Kahail

Name	Samer Adnan Hafez Kahail
Age	46 years
Nationality	Lebanese
Title	Entertainment Sector Development Manager
Academic Qualifications	• Bachelor of Business Administration, Saint Joseph University, 1999G. • Master's degree in Finance, Saint Joseph University, 2000G.
Current Positions	Entertainment Sector Development Manager at the Company, 2021G to present.
Significant Prior Experience	• Chief executive officer, Kids Holding Company, a Lebanese company operating in the creation and development of family entertainment concepts, 2017G to 2021G. • Vice president of finance and investments, Kids Holding Company, a Lebanese company operating in the creation and development of family entertainment concepts, 2012G to 2017G. • Vice president of finance, Plus Holding Company, a Lebanese company operating in the field of real estate and commercial media, 2012G to 2012G. • Vice president, MENA Capital, a Lebanese joint-stock company operating in real estate and investment development and private equity, 2009G to 2012G. • Financial director, Sara Trading Holding Company, an Emirati company operating in the distribution of international brands in the luxury decoration sector, 2007G to 2009G. • Senior audit supervisor, Deloitte, Beirut office, a global private partnership company operating in review and auditing, 1999G to 2007G.

Source: The Company

5.5.5 Management Contract between Abdullah Al Othaim Fashion Co. and Lilian Co.

Abdullah Al Othaim Fashion Co. entered into a management contract with Lilian Co. (a Saudi institution based in the Kingdom and represented by Fahad Al Medaihish) on 09/11/1438H (corresponding to 08/01/2017G), pursuant to which the parties agreed that Lilian Co. would carry out the daily management and operation of Abdullah Al Othaim Fashion Co. in accordance with the business plan, KPIs and budget approved by the managers of Abdullah Al Othaim Fashion Co..

Abdullah Al Othaim Fashion Co. shall pay Lilian Co. one hundred thousand Saudi Riyals (SAR 100,000) per month for the management and operating services and Abdullah Al Othaim Fashion Co. shall pay all its outstanding dues including charges, taxes, expenses or customs fees.

The term of this contract is twelve (12) months, automatically renewable for a similar period unless either party notifies the other in writing of its intention not to renew at least thirty (30) days before the end of the original or renewed term. Abdullah Al Othaim Fashion Co. and Lilian Co. may, at any time and without compensation, terminate the contract, by a 60-day notice to the other party prior to the termination date. Abdullah Al Othaim Fashion Co. may also terminate the contract immediately if Lilian Co. does not meet any of the objectives agreed upon or if it does not fulfil any of its core obligations under the contract.

In addition, Lilian Co. shall notify Abdullah Al Othaim Fashion Co. sixty (60) days in advance of any change to its legal entity or ability to influence decisions or exercise direct or indirect control, in which case Abdullah Al Othaim Fashion Co. may either enter into a new contract under new terms or terminate the contract.

The contract shall be governed by the laws of the Kingdom. If the parties fail to amicably settle any dispute which may arise between them regarding the implementation, interpretation or application of the provisions of the contract, the dispute shall be referred to commercial arbitration in Riyadh in accordance with the laws of the Kingdom.

5.6 Remuneration of the Directors and Executive Management

The following table details the remunerations and in-kind benefits granted by the Company and its subsidiaries over the last three (3) Financial Years to the Directors and the five (5) members of the executive management receiving the highest remuneration and compensation from the Company and its subsidiaries, including the CEO and CFO.

Table No. (5.44): Remuneration and Fees of the Directors and Executive Management of the Company During the Financial Year Ending December 31, 2018G, 2019G and 2020G and September 30, 2021G

SAR	2018G	2019G	2020G	2021G
Directors	N/A	N/A	901,372	339,372
Senior Executives including the CEO and CFO	3,847,798	3,149,125	3,672,488	2,876,510
Total	**3,847,798**	**3,149,125**	**4,573,860**	**3,215,882**

Source: The Company

Table No. (5.45): Remuneration and Fees of the Board and Executive Management of the Material Subsidiaries During the Financial Year Ended December 31, 2018G, 2019G and 2020G and September 30, 2021G.

SAR	2018G	2019G	2020G	2021G
Directors	N/A	N/A	N/A	N/A
Senior Executives including the CEO and CFO	2,485,381	2,370,000	2,919,487	2,255,870
Total	**2,485,381**	**2,370,000**	**2,919,487**	**2,255,870**

Source: The Company

5.7 Cases of Bankruptcy and the Direct and Indirect Interests of the Directors and Executive Management

The Directors declare that:

1. None of the Company's Directors, executive management or Board Secretary have been declared bankrupt
2. There has been no declaration, within the last five (5) years, of any insolvency of any of the Company's Directors, Senior Executives or Board Secretary holding an administrative or supervisory position.
3. Except as disclosed in Table 4.1 "**Ownership Structure of the Company as of the Date of this Prospectus**" and Section 12.6 "**Material Contracts with Related Parties**"of this Prospectus, none of the Company's Directors, executive management, Board Secretary nor any one of their Relatives or affiliates have any direct or indirect interest in the Shares of the Company, its associates, or subsidiary or any interest in any other matter that could affect the Company's business.

4. Except as disclosed in Section 12.6 "**Material Contracts with Related Parties**" of this Prospectus, none of the Directors, executive management or Board Secretary have any interest in any applicable contract or arrangement in effect or to be concluded as of the date of this Prospectus in relation to the business of the Company, its associates and subsidiary.

5.8 Direct and Indirect Interests of the Directors and Executive Management

Except as disclosed in Table 5.2 "**Directors and Board Secretary**" and Section 12.6 "**Material Contracts with Related Parties**" of this Prospectus, none of the Company's Directors, executive management, Board Secretary nor any of their relatives or affiliates have any direct or indirect interest in the Shares of the Company, its affiliates, or subsidiaries or any interest in any other matter that could affect the Company's business. The approval of the General Assembly was obtained for all contracts and transactions of any of the Company's Directors, members of executive management, the Board Secretary or any of their Relatives or affiliates who have direct or indirect interests in the Shares of the Company, subsidiaries, associates, or any interest in any other matter that could affect the Company's business, in the General Assemblies held on 27/10/1440H (corresponding to 06/30/2019G), 17/09/1441H (corresponding to 05/10/2020G), 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G) as disclosed in Section 12.6 "**Material Contracts with Related Parties**"of this Prospectus.

Except as disclosed in Section 12.6 "**Material Contracts with Related Parties**" of this Prospectus, none of the Directors, executive management or Board Secretary have any interest in any effective contract or arrangement in effect or to be concluded as of the date of this Prospectus in relation to the business of the Company, its affiliates, or subsidiaries. The approval of the General Assembly was obtained for all contracts and arrangements of any of the Company's Directors, members of the executive management, the Board Secretary or any of their relatives or affiliates who have any interest therein in the General Assemblies held on 27/10/1440H (corresponding to 06/30/2019G), 17/09/1441H (corresponding to 05/10/2020G), 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G).

The Directors also declare that none of them participate in any activities similar to or competing with those of the Company. The Directors undertake to abide by this statutory requirement in the future and that all future transactions with Related Parties will be on a competitive basis in accordance with Article 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.

The following table shows the details of the agreements and transactions with Related Parties in which the members of the Company's Board and executive management have an interest (for more information about these agreements, please refer to Section 12.6 "**Material Contracts with Related Parties**" of this Prospectus).

Table No. (5.46): Details of Agreements and Transactions with Related Parties in which the Members of the Company's Board and Executive Management Have an Interest

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
1.	Lease agreements with Abdullah Al Othaim Markets Company	15,954,750	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder, and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder and a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
2.	Revenue of lease agreements with Abdullah Al Othaim Markets Company	13,007,077 (including the provision of electricity and public utility services to sites rented by Abdullah Al Othaim Markets Company valued at two million, eight hundred thirty-two thousand, five hundred fifty-three Saudi Riyals (SAR 2,832,553)	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder as he is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.
3.	Lease agreements with Abdullah Al Othaim Markets Company as the lessee	35,674,500	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder as he is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.
4.	Expenses of lease agreements with Abdullah Al Othaim Markets Company	26,755,875	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder as he is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
5.	Payments made by Abdullah Al Othaim Markets Company to the Company	264,216	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder as he is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.
6.	Net commercial transactions between the Company and Abdullah Al Othaim Markets Company	Acknowledgment of the opening balance of Abdullah Al Othaim Markets Company for 2021G, amounting to SAR 3,495,538, and the balance at the end of the period amounting to SAR 821,755 as of September 30, 2021G.	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder as he is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.
7.	Agreement for joint information technology services between the Company and Abdullah Al Othaim Markets Company	693,660	Abdullah Saleh Ali Al Othaim	Direct	Abdullah Al Othaim Markets Company is a Company Shareholder and Company Director Abdullah Saleh Ali Al Othaim is a Company shareholder as he is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease agreements were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
8.	Shared accommodation for the employees of Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co. with Abdullah Al Othaim Markets Company	56,997	Abdullah Saleh Ali Al Othaim	Indirect	Company Director Abdullah Saleh Ali Al Othaim is a direct and indirect Shareholder in Abdullah Al Othaim Markets Company, in addition to being a board member and indirect shareholder in Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. Abdullah Al Othaim Markets Company board member Fahd Abdullah Saleh Al Othaim is a board member of Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. board member Mohamed Abdullah Saleh Al Othaim is a Relative of Abdullah Al Othaim Markets Company board members Abdullah Saleh Ali Al Othaim, Fahd Abdullah Saleh Al Othaim, Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim, and they are also Relatives of Abdullah Saleh Ali Al Othaim who is an indirect shareholder in Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co.
9.	Three (3) agreements for labor recruitment services concluded between Mueen Company (which is a subsidiary of Abdullah Al Othaim Markets Company) with Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co.	118,818	Abdullah Saleh Ali Al Othaim	Indirect	Company Director Abdullah Saleh Ali Al Othaim is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a board member and indirect shareholder in Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. Abdullah Al Othaim Markets Company board member Fahd Abdullah Saleh Al Othaim is a board member of Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. board member Mohamed Abdullah Saleh Al Othaim is a Relative of Abdullah Al Othaim Markets Company board members Abdullah Saleh Ali Al Othaim, Fahd Abdullah Saleh Al Othaim, Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim, and they are also Relatives of Abdullah Saleh Ali Al Othaim who is an indirect shareholder in Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co.
10.	An agreement for the sale and purchase of shares of Saudi Pillar for Construction Company by the Company	-	Abdullah Saleh Ali Al Othaim	Indirect	The seller, Mohamed Abdullah Saleh Al Othaim, is a Relative of Company Director Abdullah Saleh Ali Al Othaim, who is a direct and indirect Shareholder therein, and former Company Director Fahd Abdullah Saleh Al Othaim, who was a Director on the date of the agreement.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
11.	Contract for the assignment of shares in Saudi Pillar for Construction Company to the Company	-	Abdullah Saleh Ali Al Othaim	Indirect	The Assignee, Mohamed Abdullah Saleh Al Othaim, is a Relative of Company Director Abdullah Saleh Ali Al Othaim, who is a direct and indirect Shareholder therein, and former Company Director Fahd Abdullah Saleh Al Othaim, who was a Director on the date of the agreement.
12.	An agreement for the sale and purchase of SEIC Garden Ltd shares between the Company and Al Othaim Holding Company	-	Abdullah Saleh Ali Al Othaim	Direct	Al Othaim Holding Company is a major Shareholder in the Company. Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder. He is the only shareholder and a board member of Al Othaim Holding Company, which is a major Shareholder in the Company.
13.	An agreement for the sale and purchase of shares of SEIC Hospitality LLC between the Company and Al Othaim Holding Company	-	Abdullah Saleh Ali Al Othaim	Direct	Al Othaim Holding Company is a major Shareholder in the Company. Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder. He is the only shareholder and a board member of Al Othaim Holding Company, which is a major Shareholder in the Company.
14.	An assignment agreement for the lease of a plot in Rabwah District between the Company and Abdullah Saleh Ali Al Othaim	-	Abdullah Saleh Ali Al Othaim	Direct	Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder. He is the only shareholder and a board member of Al Othaim Holding Company, which is a major Shareholder in the Company.
15.	Trademark license agreement with Al Othaim Holding Co.	-	Abdullah Saleh Ali Al Othaim	Direct	Al Othaim Holding Company is a major Shareholder in the Company. Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder as well as the sole shareholder in Al Othaim Holding Company and a member of its board.
16.	The Company's administrative expenses for Queel Real Estate Investment Co.	Acknowledgment of a carry-over balance for Queel Real Estate Investment Co. in the amount of SAR 668,425 as of September 30, 2021G.	Abdullah Saleh Ali Al Othaim	Direct	Company Director Abdullah Saleh Ali Al Othaim is a shareholder in Queel Real Estate Investment Co.
17.	Administrative expenses from the Company for Abdullah Al Othaim Malls Co.	Acknowledgment of the opening balance of Abdullah Al Othaim Malls Co. for 2021G, amounting to SAR 641,815, and the balance at the end of the period amounting to SAR 599,974 as of September 30, 2021G.	Abdullah Saleh Ali Al Othaim	Direct	Company Director Abdullah Saleh Ali Al Othaim is a shareholder in Abdullah Al Othaim Malls Co.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
18.	Right Transfer Agreement between the Company and FAW International Co. Ltd.	15,000,000 The Company collected SAR 2,096,100 and the carried forward balance for FAW International Co. Ltd. became SAR 12,903,900 as of September 30, 2021G.	Abdullah Saleh Ali Al Othaim	Direct	Company Director Abdullah Saleh Ali Al Othaim is a Relative of one of the shareholders of FAW International Co. Ltd., Fahd Abdullah Saleh Al Othaim. He was also a Company Director on the date the agreement was concluded.
19.	Administrative expenses from Al Othaim Holding Company for the Company	153,456	Abdullah Saleh Ali Al Othaim	Direct	Al Othaim Holding Company is a major Shareholder in the Company. Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder as well as the sole shareholder in Al Othaim Holding Company and a member of its board.
20.	Transfer of amounts from the Company to Al Othaim Holding Company in 2018G and 2019G		Abdullah Saleh Ali Al Othaim	Direct	Al Othaim Holding Company is a major Shareholder in the Company. Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder as well as the sole shareholder in Al Othaim Holding Company and a member of its board.
21.	Lease agreements between the Company and Wamda Cinemas Company	8,657,922	Abdullah Saleh Ali Al Othaim	Indirect	Former Company Director Fahd Abdullah Saleh Al Othaim was a Director on the date the commercial transactions were concluded and is a board member of Wamda Cinemas Company. In addition, Wamda Cinemas Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect Shareholder Abdullah Saleh Ali Al Othaim. In addition, Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Wamda Cinemas Company.
22.	Rental revenues between the Company and Wamda Cinemas Company	1,877,128	Abdullah Saleh Ali Al Othaim	Indirect	Former Company Director Fahd Abdullah Saleh Al Othaim was a Director on the date the commercial transactions were concluded and is a board member of Wamda Cinemas Company. In addition, Wamda Cinemas Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect Shareholder Abdullah Saleh Ali Al Othaim. In addition, Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Wamda Cinemas Company.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
23.	Administrative expenses from the Company for Wamda Cinemas Company	Acknowledgment of the opening balance of Wamda Cinemas Company for 2021G, amounting to SAR 34,832,378, and the balance at the end of the period, amounting to SAR 35,421,035 as of September 30, 2021G.	Abdullah Saleh Ali Al Othaim	Indirect	Former Company Director Fahd Abdullah Saleh Al Othaim was a Director on the date the commercial transactions were concluded and is a board member of Wamda Cinemas Company. In addition, Wamda Cinemas Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect Shareholder Abdullah Saleh Ali Al Othaim. In addition, Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Wamda Cinemas Company.
24.	Construction agreements between the Company and Saudi Pillar for Construction Company	36,382,275	Abdullah Saleh Ali Al Othaim	Indirect	Former Company Director Fahd Abdullah Saleh Al Othaim was a Director on the date the commercial transactions were concluded and a board member of Saudi Pillar for Construction Company. In addition, Saudi Pillar for Construction Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect shareholder Abdullah Saleh Ali Al Othaim. In addition, Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Saudi Pillar for Construction Company.
25.	Commercial transactions between the Company and Saudi Pillar for Construction Company	Acknowledgment of the opening balance of Saudi Pillar for Construction Company for 2021G, amounting to zero. and the balance at the end of the period, amounting to two million, six hundred ninety-two thousand, one hundred ninety-eight Saudi Riyals (SAR 2,692,198) as of September 30, 2021G.	Abdullah Saleh Ali Al Othaim	Indirect	Former Company Director Fahd Abdullah Saleh Al Othaim was a Director on the date the commercial transactions were concluded and a board member of Saudi Pillar for Construction Company. In addition, Saudi Pillar for Construction Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect Shareholder Abdullah Saleh Ali Al Othaim. In addition, Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Saudi Pillar for Construction Company.

#	Contract/ Transaction	Transaction Value as of September 30, 2021G (in SAR)	Members of the Board and Executive Management with an Interest Therein	Type of Interest	Cause of Interest
26.	Lease Contracts between the Company and its Material Subsidiaries	SAR 109.9 million for lease agreements concluded with Abdullah Al Othaim Entertainment Co. SAR 29.3 million for lease agreements concluded with Abdullah Al Othaim Fashion Co. SAR 110 million for lease agreements concluded with Abdullah Al Othaim Food Co.	Abdullah Saleh Ali Al Othaim	Indirect	Former Company Director Fahd Abdullah Saleh Al Othaim was a Director on the date the commercial transactions and lease agreements were concluded, and a board member of the Material Subsidiaries. In addition, Material Subsidiaries board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect shareholder Abdullah Saleh Ali Al Othaim. In addition, Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in the Material Subsidiaries.
27.	Administrative expenses incurred on behalf of its wholly owned subsidiaries (these are Asasat Al Nafel Operation and Maintenance Company, Abdullah Al Othaim Malls Co., World Seas Investment Company in Riyadh, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co., Abdullah Al Othaim Food Co., Orion Holding Company, Al Riyadh Alwaed Real Estate Management Company, Takamol Al-Aziziya Property Management Company and Elham El Mostaqbal Real Estate Management Company)	928,403	Abdullah Saleh Ali Al Othaim	Indirect	Company Director Abdullah Saleh Ali Al Othaim is a board member of the subsidiaries wholly owned by the Company and is an indirect shareholder therein.

Source: The Company

5.9 Corporate Governance

The Company approved the Governance Manual pursuant to the Board of Directors Resolution dated 28/09/1441H (corresponding to 05/21/2020G), the Charter of the Audit Committee pursuant to the Company's Ordinary General Assembly Resolution dated 17/09/1441H (corresponding to 05/10/2020G), amended pursuant to the Company's Ordinary General Assembly Resolution dated 20/11/1442H (corresponding to 06/30/2021G), the Regulations of the Nomination and Remuneration Committee pursuant to the Company's Ordinary General Assembly Resolution dated 17/09/1441H (corresponding to 05/10/2020G), amended pursuant to the Company's Ordinary General Assembly Resolution dated 15/02/1442H (corresponding to 09/22/2021G), the Charter of the Executive Committee, the executive management administrative succession plan and the policy on reporting violations pursuant to the Board Resolution dated 10/01/1443H (corresponding to 08/18/2021G) and the code of professional conduct, the conflict of interest and Related Party transactions policy, the internal Governance Manual, the stakeholders' complaints and grievances settlement policy and the Company employee complaints and grievances settlement policy under the Board Resolution dated 25/01/1441H (corresponding to 09/24/2019G), the remuneration policy for Directors, Board committee members and executive management pursuant to the resolution of the Company's Ordinary General Assembly dated 27/10/1440H (corresponding to 06/30/2019G), the policy, standards and procedures of Board membership pursuant to the resolution of the Company's Ordinary General Assembly dated 18/04/1441H (corresponding to 12/15/2019G) and the social responsibility policy and the competitive activity standards policy pursuant to the resolution of the Company's Ordinary General Assembly dated 15/02/1443H (corresponding to 09/22/2021G) (collectively, the "**Governance Manual**"). This manual was prepared pursuant to Article 94 of the Corporate Governance Regulations, the Companies Law and the Company's Bylaws.

The Governance Manual and Internal Governance Regulations comprise:

a. The Company's Governance Regulations
b. The Charter of the Audit Committee
c. The Charter of the Nomination and Remuneration Committee
d. The Charter of the Executive Committee
e. The Risk Management Policy
f. The Conflict of Interest and Related Party Transactions Policy
g. The Internal Control Policy
h. The Code of Professional Ethics
i. The Executive Management Succession Plan
j. The Policy for Reporting Violations
k. The Policy on the Remuneration of Directors, Board Committee Members and Executive Management
l. The Policy, Standards and Procedures of Board Membership pursuant to the Shareholders General Assembly
m. The Social Responsibility Policy and Competitive Activity Standards Policy

These regulations are intended to establish an effective legal framework for the Company's governance and they are particularly aimed at:

a. Enhancing the role of the Company's Shareholders and facilitating the exercise of their rights.
b. Setting out the competencies and responsibilities of the Board and executive management.
c. Enhancing the role of the Board and Board Committees and developing their capabilities to enhance the Company's decision-making mechanisms.
d. Achieving transparency, integrity and fairness in the Exchange, its transactions and the business environment and promoting disclosure.
e. Providing effective and balanced tools for dealing with conflicts of interest.
f. Enhancing accountability and control mechanisms for the Company's employees.
g. Establishing the general framework for dealing with stakeholders and protecting their rights.
h. Supporting the effectiveness of the Company's oversight system and its tools.
i. Raising awareness on and promoting professional behavior and adopting and developing it in line with the Company's nature.

The Company shall comply with the mandatory governance requirements applicable to public joint stock companies, except for certain provisions that are applicable to listed companies and are currently not adhered to by the Company, given that the Company's Shares have not yet been listed on the Exchange, as follows:

- Paragraph a of Article 8 providing that upon calling for a General Assembly, the Company shall announce information about the nominees for membership on the Board on the Exchange's website.
- Paragraph c of Article 8 related to voting in the General Assembly, which is confined to the Board nominees whose information has been announced in accordance with paragraph a of Article 8.

- Paragraph d of Article 13 related to the publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Paragraph c of Article 14 related to the availability of information on the items of the General Assembly through the websites of the Exchange and the Company.
- Paragraph e of Article 15 related to disclosing to the public, the CMA and the Exchange the results of the General Assembly meeting through the websites of the Exchange and the Company.
- Paragraph d of Article 17 providing that the Company notify the CMA of the names of the Directors, a description of their membership and any changes that may affect their membership.
- Paragraph b of Article 19 providing that upon termination of the membership of a Director, the Company must promptly notify the CMA and the Exchange and specify the reasons for such termination.
- Article 68 providing that the Company publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated for membership on the Board.
- Article 89, Article 90, Paragraph b of Article 91, Article 92 and Article 93 related to disclosure policies and procedures.

5.10 Conflicts of Interest

Neither the Company's Bylaws nor any of the internal regulations and policies grant any powers enabling a Director to vote on a contract or offer in which they have a material direct or indirect interest pursuant to Article 71 of the Companies Law, which provides that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the Ordinary General Assembly.

Under the said Article, a Director must inform the Board of any personal interests they have in the transactions and contracts made for the Company's account. The Chairman shall disclose to the General Assembly, when it is convened, transactions and contracts in which any of the Directors have a personal interest, provided that such disclosure is supported with a special report from the Auditor. Said disclosure shall be recorded in the minutes of the Board meeting. The interested Director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare the following:

- They will comply with Articles 71 and 72 of the Companies Laws and Articles 44 and 46 of the Corporate Governance Regulations.
- They will not vote in General Assembly meetings that relate to any Related Party contracts in which the Directors have an indirect interest.
- They will not compete with the Company's business and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.

As of the date of this Prospectus, none of the Company's directors practice any business that competes or is similar to the business of the Company or its Material Subsidiaries, through their membership in the boards of directors of other companies.

5.11 Employee Shares

The Company does not have any employee stock ownership plans in place prior to submission of the application for registration and offer of securities. None of the Company's employees hold shares in the Company and there are no other arrangements involving employees in the Company's capital (for further information about the Company's employees and compliance with Saudization, see Section 4.9 "**Employees**" of this Prospectus).

6. Management Discussion and Analysis of Financial Position and Consolidated Results of Operations

The following section provides a review of the consolidated financial condition and operational performance of Abdullah Al Othaim Investment Company ("**AOIC Group**" or the "**Group**"). This section is based on the Group's audited consolidated financial statements for the Financial Years ended December 31, 2018G, 2019G and 2020G and should be read in conjunction with the reviewed consolidated financial statements for the nine-month period ended September 30, 2021G.

The aforementioned consolidated financial statements are considered part of this Prospectus. Such consolidated financial statements were prepared by the Group and were audited by Baker Tilly MKM & Co. for the Financial Year ended December 31, 2018G Ernst & Young & Co. for the Financial Year ended December 31, 2019G and Dr. Mohamed Al-Amri & Co. for the Financial Year ended December 31, 2020G and the nine-month period ended September 30, 2021G, in accordance with the International Financial Reporting Standards approved in the Kingdom and other standards and declarations approved by the Saudi Organization for Charted and Professional Accountants (SOCPA). Baker Tilly MKM & Co., Ernst & Young & Co. and Dr. Mohamed Al-Amri & Co. and their subsidiaries do not have any shareholding or interest of any kind in the Group. Baker Tilly MKM & Co. (for the Financial Year ended December 31, 2018G), Ernst & Young and Co. (for the Financial Year ended December 31, 2019G) and Dr. Mohamed Al-Amri & Co. (for the Financial Year ended December 31, 2020G and the nine-month period ended September 30, 2021G) have furnished and not withdrawn their written consent to the reference in the Prospectus to their role as auditors of the Group.

All amounts are in SAR, unless stated otherwise, and percentages are rounded off to one decimal place. Therefore, calculating the percentage of increase/decrease using the numbers in the tables (shown in millions) may not accurately reflect the percentages mentioned in the tables. Further, for the purposes of this management discussion and analysis, the financial information from the comparative financial information contained in the Group's financial statements for the Financial Years ended December 31, 2019G has been used for the Financial Year ended December 31, 2018G . Whereas information for the Financial Year ended December 31, 2018G and 2019G has been used from the comparative financial information contained in the financial statements of the Group for the Financial Years ended December 31, 2020G. Further, information for the Financial Year ended December 31, 2020G has been used from the comparative financial information contained in the financial statements of the Group for the nine-month period ended September 30, 2021G.

This section may include forward-looking statements in connection with the Group's future prospects based on the management's current plans and expectations regarding the Group's growth, results of operations and financial condition, and as such involve risks and uncertainties. The Group's actual results could differ materially from those expressed or implied in these forward-looking statements due to various factors and future events, including those discussed below and elsewhere in the Prospectus, particularly in the "Risk Factors" section of this Prospectus.

Please note that the figures in this section have been rounded up to the nearest million.

6.1 Directors' Declaration on the Financial Information

The financial information contained in Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" is extracted without material change and presented in a manner consistent with the Group's audited consolidated financial statements for the Financial Year ended December 31, 2018G, 2019G and 2020G and the reviewed consolidated financial statements for the nine-month period ended September 30, 2021G with the notes attached thereto, which have been prepared in accordance with the IFRS issued by the International Accounting Standards Board approved in the Kingdom and other standards and publications issued by the Saudi Organization for Certified Public Accountants without any material change thereto and prepared on a consolidated basis.

In addition, the Board of Directors declares the following:

- There has been no interruption in the business of the Company or any of its Material Subsidiaries which could impact or has had a noticeable impact on the financial position during the last 12 months as of the date of this Prospectus.
- Neither the Company nor any of its Material Subsidiaries has granted any commissions, discounts, brokerage fees or non-cash compensation to any member of the Board of Directors or any of the Senior Executives or experts in connection with the issuance or offering of any securities during the three years immediately preceding the date of submitting the application for registration and Offering the securities subject of this Prospectus.
- There has been no material adverse change in the financial and commercial position of the Company or its Material Subsidiaries during the three years immediately preceding the date of submitting the application for registration and Offering of securities subject of this Prospectus or in the period covered by the Auditor's Report until the issuance of this Prospectus.
- Except as mentioned in Section 4.1.4"**Overview of the Company's Shareholders**" and Section 5.10 "**Conflicts of Interest**" of this Prospectus, neither the Directors nor any of their Relatives have any shares or interest of any kind in the Company or in any of its subsidiaries.

- The Board Directors confirm that the Company (independently or with its subsidiaries) has working capital sufficient for a period of at least twelve (12) months immediately following the publication date of the Prospectus.
- The Board of Directors declares that none of the Shares of the Company or its Material Subsidiaries are under an option contract as of the date of this Prospectus, and that none of the capital of the Company or its Material Subsidiaries is under an option right.
- The Board of Directors declares that the Company and its Material Subsidiaries do not intend to make material changes to the Company's activities in the future.
- The Board of Directors confirms that all material facts related to the Company or its Material Subsidiaries and their financial performance have been disclosed in this Prospectus and that there are no other facts the omission of which would make any statement contained herein misleading.
- The Directors confirm that there are no significant fixed assets set to be purchased or leased by the Company or its Material Subsidiaries as of the date of this Prospectus and as of September 30, 2021G, outside the scope of its normal activities.
- The Directors also confirm that the Company and its Material Subsidiaries have no property, including contractual securities or other assets whose value is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of the financial position.
- The Directors affirm that there have been no amendments to the share capital of the Company or Material Subsidiaries during the three years immediately preceding the date of filing the request to register and offer the securities subject of this Prospectus.
- The Directors also confirm that there is no reservation in the Auditor's Report regarding the financial statements of the Company or its Material Subsidiaries for any of the three Financial Years immediately preceding the date of submitting the request to register and offer the securities subject of this Prospectus.

6.2 Overview of the Group

Abdullah Al Othaim Investment Company ("AOIC Group", the "Group" or the "Company"), formerly known as Al Othaim Real Estate Investment and Development Company ("OREIDCO"), is a Saudi closed joint stock company registered in Riyadh under Commercial Registration No. 1010213454 dated 19 Ramadan 1426H (corresponding to October 22, 2005G).

The Group converted its legal status from a limited liability company to a closed joint stock company with all its rights and obligations on October 22, 2008G.

The business of the Group is mainly generated through following four business segments/entities:

6.2.1 Abdullah Al Othaim Investment Company (Standalone)

Abdullah Al Othaim Investment Company ("AOIC") is a holding company operating shopping malls across various cities in the Kingdom. According to its Bylaws, it was established to conduct the following business: general construction of residential and non-residential buildings, rental of investment properties, construction and management of games, parks and entertainment centers, wholesale and retail trade of ready-made clothing, operation and management of restaurants and cafés.

6.2.2 Abdullah Al Othaim Entertainment Co. (formerly known as "Fun World International for Investment" in 2017G and "Leader Leisure LLC" in 2018G)

Abdullah Al Othaim Entertainment Co. ("AOEC") is principally engaged in establishing and managing games and entertainment parks, equestrian clubs, tourism beaches and swimming pools, organizing exhibitions, establishing and maintaining central markets, commercial and residential complexes, furnished apartments, sports clubs, playgrounds and bowling centers and maintaining and managing sports centers.

AOEC is a limited liability group operating in the Kingdom under Commercial Registration No. 1010371062 dated 7 Jumada al-Thani 1434H (April 17, 2013G). The Group's head office is located in Riyadh, Kingdom of Saudi Arabia.

AOEC's financial condition and results of operations cover the activities of AOEC and the following subsidiaries:

Table No. (6.1): Subsidiaries of Abdullah Al Othaim Entertainment Co.

Name	Country	Ownership %			
		FY Ended December 31			Six-month Period Ended June 31
		2018G	2019G	2020G	2021G
Fun World for Tourism & Entertainment	Egypt	100.0%	100.0%	100.0%	100.0%
Cairo for Operation and Maintenance	Egypt	100.0%	100.0%	100.0%	100.0%
Fun World Investments LLC	Qatar	100.0%	100.0%	100.0%	100.0%
Fun World Entertainment LLC	UAE	100.0%	100.0%	100.0%	100.0%
International Leisure Company LLC	UK	100.0%	100.0%	100.0%	100.0%
Fun World Entertainment LLC	Oman	100.0%	100.0%	100.0%	100.0%

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the nine-month period ended September 30, 2021G

6.2.3 Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. is a limited liability company operating in the Kingdom under Commercial Registration No. 1010228837 dated 6 Safar 1428H (corresponding to February 24, 2007G). Its registered office is in Riyadh, Saudi Arabia.

Abdullah Al Othaim Food Co. is principally engaged in the operation and management of restaurants and cafés, import and export and wholesale and retail trade of foodstuffs. It has obtained licenses from various franchisers to establish restaurants and cafés in the Kingdom. These restaurants and cafés are established only in malls operated and owned by AOIC.

6.2.4 Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. (AOFC) is a limited liability company operating in the Kingdom under Commercial Registration No.1010228886 dated 6 Safar 1428H (February 2, 2007G). Its registered office is in Riyadh, Saudi Arabia. It was acquired by AOIC on January 1, 2018G from Abdullah Al Othaim Holding Company (AOHC).

Abdullah Al-Othaim Fashion Company mainly works in tailoring and sewing women's wear (women's clothing tailoring stores), including (women's sewing workshops), retail trade of personal goods in large markets that operate under one management, including (clothing, shoes, leather goods, perfumes, cosmetics, Jewelry, accessories, appliances, household items, children's toys, sports equipment, etc.) and service restaurants.

6.3 Key Factors Affecting the Results of Operations

Following is a discussion of the most significant factors that have affected or are expected to affect the Group's financial position and results of operations. These factors are based on the information currently available to the Group and may not represent all of the factors that may have an impact on the Group's business. (For more information, please refer to Section 2 "**Risk Factors**").

6.3.1 Competition

The markets in which the Group operates are competition-based. A number of factors such as the high rate of population growth in the Kingdom and high levels of demand for retail malls have contributed to the opening and development of a number of new shopping malls throughout the Kingdom. Factors affecting the competitive environment in which the Group operates include, among others:

- Some of the Group's competitors may have greater financial, technical, marketing or other resources and, therefore, may be able to withstand competition more successfully than the Group.
- Some of the Group's competitors may have a lower cost of capital and access to funding sources that are not available to the Group and, therefore, may be able to invest more heavily or effectively in their businesses than the Group.
- Competition from Government-owned entities receiving preferential treatment in obtaining permissions or access to land and infrastructure.
- With regard to any of the Group's ventures outside the Kingdom, some of the Group's competitors in these new markets may have a deeper cultural understanding of these markets and therefore may be able to operate more efficiently in such markets.
- Certain competitors may introduce new concepts which may divert the Group's customers.

The inability of the Group to maintain its competitive advantages may have a material adverse effect on its business, financial position, results of operations and prospects (for more information about the risks related to competition, please refer to Section 2.2.4 "**Risks Related to Increased Competition with the Company and its Material Subsidiaries**" of this Prospectus).

6.3.2 Reliance of leasing revenue on anchor tenants

The leasing segment is the main contributor to the total revenue of the Group, representing 53.2%, 49.5% and 60.5% of the total revenue (net) during the years ended December 31, 2018G, 2019G and 2020G, respectively.

The concentration of the leasing segment's revenue in the top ten (10) anchor tenants (excluding Related Parties) constituted, on average, 32.8% of the total revenue generated between the year ended December 31, 2018G and December 31, 2020G and the six-month period ended June 30, 2020G and 2021G. In terms of leased area, these anchor tenants occupied an average of 34.9% of the total net leasable area of malls.

Table No. (6.2): Revenue Concentration

	FY Ended December 31						Six-month Period Ended June 30	
	2018G		2019G		2020G		2021G	
	Audited		Audited		Audited		Reviewed	
	SAR Million	%	SAR Million	%	SAR Million	%	SAR Million	%
Top 10 customers (excluding Related Parties)	198.8	33.8%	197.2	33.4%	194.9	34.1%	82.2	29.8%
Other	390.2	66.2%	393.9	66.6%	376.5	65.9%	194.0	70.2%
Total	**589.0**	**100.0%**	**591.1**	**100.0%**	**571.4**	**100.0%**	**276.2**	**100.0%**

Source: Management information

Top tenants have leased multiple shops and are operating under different brand names, which indicates the Group's dependency on these key contracts/accounts.

Loss of any anchor tenant or any dispute or suspension of business relationships with these business groups could have an adverse impact on the financial performance of the leasing segment in the future.

In addition to the above, Related Parties also occupy, on average, 29.7% of the total net leasable area of the malls. However, Abdullah Al Othaim Investment Company does not anticipate any concerns or risks related to such Related Parties (for more information about the risks related to the dependence of rental sector revenues on anchor tenants, please refer to Section 2.1.3 "**Risks Related to the Reliance of the Company's Revenues on Anchor Tenants**" of this Prospectus).

6.3.3 Reliance of fashion segment revenue on franchise agreements

Abdullah Al Othaim Fashion Co. was acquired by AOIC on 1 January 2018G from AOHC. AOFC is the retail arm of the Group and operates a portfolio of various international fashion brands under franchise agreements. Growth in the fashion segment is subject to mandatory development plans included in franchise agreements, which require opening a certain number of stores within a given time line. In case of non-compliance, the franchisor has the right to either withdraw exclusivity or terminate the contract. Therefore, the injection of a significant amount of capital expenditures if required for the segment's growth. The segment reported accumulated losses of SAR 28.8 million, SAR 13.1 million, SAR 15.7 million and SAR 17.8 million as of December 31, 2018G, 2019G and 2020G and June 30, 2021G, respectively. Therefore, additional financing will be required for expansion in the future.

The Company is negotiating with the franchisors to adjust development plans based on the current situation in the region (for more information on the risks related to the reliance of fashion sector revenues on franchise agreements, please refer to Section 2.1.15 "**Risks Related to the Protection of Intellectual Property Rights**" and Section 2.1.19 "**Risks Related to the Inability to Renew or Amend the Franchise Agreements of the Company and its Subsidiaries**" of this Prospectus).

6.3.4 Discounts

The Company grants lease discounts to tenants on a case by case basis depending on multiple factors, including the relevant tenant's quality and brand portfolio, in order to maintain tenants who are considered main components in attracting clients. Other factors include the size of the relevant tenant and the overall contribution to the Company's portfolio.

Table No. (6.3): Discounts

SAR Million	FY Ended December 31			Six-month Period Ended June 30		Increase/(Decrease)			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Reviewed	2021G Reviewed	2019G Audited	2020G Audited	Six-month Period of 2021G Reviewed	2018G–2020G
Gross leasing revenue	589.0	591.1	571.3	288.2	276.2	0.4%	(%3.3)	(%4.2)	(1.5%)
Discounts (not including COVID-19 discounts)	52.2	39.2	74.6	48.4	42.7	(24.9%)	90.3%	(11.7%)	19.5%
As a % of gross leasing revenue	**8.9%**	**6.6%**	**13.1%**	**16.8%**	**15.5%**	**-**	**-**	**-**	**-**

Source: Management information

The increase in customer discounts between the Financial Years ended December 31, 2018G, 2019G and 2020G and the nine-month period ended September 30, 2021G was to maintain mall performance and strategic relations with tenants to ensure the business continuity of tenants during challenging market conditions. Discounts for the six-month period ended June 30, 2020G and 2021G include a COVID-19 discount of SAR 67.7 million and SAR 13.1 million, respectively, given to all customers.

6.3.5 Reliance on capital intensity and availability of financing

The Group engages in projects which require a substantial amount of capital and other long-term expenditures. The capital commitments associated with the development of new shopping malls and leisure concepts may exceed the Group's cash inflows over the period of the projects. In the past, these expenditures and investments have been financed through a variety of means, including internally generated cash, external borrowings and equity capitalization.

The Group's ability to arrange external financing and the cost of such financing is dependent on numerous factors, including its future financial condition, general economic and capital market conditions, interest rates, credit availability from banks or other lenders or investors, lender and investor confidence in the Group's business and the markets in which it operates, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction. The Group makes no guarantee that it will always be able to arrange or provide any external financing on commercially reasonable terms or at all. It may be required to obtain concessional financing on its assets and/or agree to contractual restrictions on the operation of its business. The inability of the Group to obtain adequate financing as required to meet its contractual obligations could lead to defaults under existing contracts, delays in completion and damage to the Group's reputation as a reliable contracting party which could have a material adverse effect on the Group's business, financial position, results of operations and prospects (for more information about the risks related to the business's dependence on capital intensity and availability of financing, please refer to Section 2.1.11 "**Risks Related to the Development of Malls**" and Section 2.1.21 "**Risks Related to the Company's Financial Resources**" of this Prospectus).

6.3.6 Possibility of changes in interest rates adversely affecting the Group's performance

Interest rates are highly sensitive to various factors beyond the Group's control, including interest rate and other monetary policies of the Kingdom's Government. As of June 30, 2021G, all of the Group's interest-bearing loans and borrowings carried interest at floating rates. A hypothetical 1.0% increase in interest rates of floating rate debts (assuming all other relevant factors remain constant), would result in a decrease in the Group's profit before Zakat by SAR 17.8 million (SAR 13.7 million at December 31, 2020G). The Group's interest-bearing loans and borrowings are subject to interest rate risks resulting from fluctuations in the relevant reference rates underlying such instruments. Therefore, any increase in such reference rates will lead to an increase in the Group's interest rate expenses, and could have a material adverse effect on the Group's business, financial position, results of operations and prospects (for more information about the risks related to the impact of changing interest rates on the Group's performance, please refer to Section 2.2.5 "**Risks Related to Adverse Changes in Interest Rates**" of this Prospectus).

6.3.7 Economic Factors

The Group carries out most of its business in the Kingdom. As a result, the operations of the Company are and will be significantly affected by financial, economic and/or political developments in or affecting Saudi Arabia. Challenging economic conditions in the past have delayed collections from tenants due to protracted negotiations over discounts and the renegotiation of lease agreement terms. Such delays also resulted in recognizing an increase in provisions against receivables amounting to SAR 22.1 million in 2018G, SAR 24.8 million in 2019G and SAR 121.2 million in 2020G. The provisions against receivables decreased by SAR 20 million in the financial period ended September 30, 2021G. In addition, the Company wrote-off receivables amounting to SAR 13.1 million as of the financial period ended September 30, 2021G.

During March 2020G, the spread of the coronavirus (COVID-19) resulted in the regulatory closure of shopping malls and entertainment centers in the Kingdom. This required the Company to extend additional discounts to tenants in order to maintain mall occupancy at the expense of decreased revenue and profitability margins. In addition to the normal discounts, the Company provided special COVID-19 discounts amounting to SAR 75.3 million and SAR 13.1 million during the Financial Year ended December 31, 2020G and the nine-month period ended September 30, 2021G. On the other hand, the Company adopted a new collection policy that was applied to customers, with a few exceptions, which resulted in a noticeable improvement in proceeds during the financial period ended September 30, 2021G, represented in an actual collection of SAR 391.1 million, which is equivalent to 81% of the annual plan as of the end of September 2021G.

Due to the continued existence of the effects of COVID-19, the Company may have to provide further discounts to tenants to maintain mall occupancy at the expense of reduced profitability. In addition, the Company may also face collection challenges that lead to an accumulation of rent receivables and an increase in the provision for expected credit losses (for more information, please refer to Section Error! Reference source not found. "**Risks Related to the Economy of the Kingdom and the Middle East**" and Section 2.1.8 "**Risks Related to Late Collection of Rent**" of this Prospectus).

6.3.8 Seasonality

The Company's business is affected by seasonal factors. For example, the Company's revenues depend on income from rent collected from tenants in its malls (for further details about Company's malls, see Section 4.4.2 "**Operational Malls**" of this Prospectus). Tenants' ability to pay rent to the Company depends on their financial performance, which is affected by a number of factors related to the retail sector and visitor turnover and purchasing power. The revenue of the Material Subsidiaries depends on their income from sales. Therefore, the revenue of the Material Subsidiaries is also affected by factors related to the retail sector and visitor turnover and purchasing power (for further details about the Material Subsidiaries, see Section 4.1.6 "**Overview of Material Subsidiaries**" of this Prospectus).

As a result, the Company's malls and the business of its subsidiaries are exposed to risks associated with the commercial activity of the retail sector, which is directly affected by rapid and/or sometimes unexpected changes in the market, which affect the behavior and spending power of visitors to the Company's malls and the sites of its subsidiaries, in addition to seasonal fluctuations in demand for their products and services and the presence of competing entertainment destinations (for further details about the risks associated with the retail sector, see Section 2.2.1 "**Risks Related to the Retail Sector**" and Section 2.2.4 "**Risks Related to Increased Competition with the Company and its Material Subsidiaries**" of this Prospectus). If the Company, its tenants, or Material Subsidiaries misjudge market changes or if they do not respond to them appropriately, this will have a material effect on the business, results of operations, financial position and future prospects of the Company and its subsidiaries.

Under some lease agreements concluded by the Company with some of its tenants, rent is also determined based on a specific rent and/or a proportion of sales, or the higher of the two. Given this mechanism for determining rent, the Company's revenues from renting spaces and locations in its malls may be subject to unexpected fluctuations as a result of seasonal changes in spending patterns or visitor behavior, which may ultimately affect the number of visitors to the Company's malls.

In addition, the revenues of some tenants of the Company's malls, including Abdullah Al Othaim Fashion Co., and in particular the tenants working in the clothing and fashion trade, are subject to seasonal fluctuations. In general, visitor numbers and sales volume reach their highest levels during holidays, public events, seasonal change periods and the back-to-school season and their lowest levels between the end of Hajj and December each year. Tenants may not be able to anticipate seasonal fluctuations in visitor numbers and sales volume and their revenues may not always exceed their operating expenses, which may place them at risk of facing financial difficulties.

For more information on the impact of seasonality, please refer to Section 2.1.1 "**Risks Related to the Connection Between the Company's Performance, its Tenants in the Retail Sector, Visitors' Movement and Spending**", Section 2.1.13 "**Risks Related to the Connection Between the Company's Revenue and Tenant Sales**" and Section 2.2.1 "**Risks Related to the Retail Sector**".

6.4 Significant Accounting Policies (Consolidated)

Foreign Currencies

Transactions and Balances

Transactions carried out in foreign currencies are converted into Saudi Riyals at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities denominated in foreign currencies on the date of preparing the financial statements are converted at the exchange rates prevailing on such date. Profits and losses resulting from settlement and translation of foreign currency transactions are included in the interim consolidated statement of comprehensive income. The conversion of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items which are measured in terms of historical cost and denominated in a foreign currency are converted at the exchange rates prevailing on the date of the transaction.

Non-monetary assets that are measured at fair value and denominated in a foreign currency are converted at the exchange rates prevailing on the date when the fair value was determined. Profit or loss resulting from the conversion of non-monetary items measured at fair value is treated in line with the recognition of the profit or loss resulting from the change in the fair value of the item (that is, the conversion differences arising from the items for which the fair value profit or loss is recognized in the interim consolidated statement of comprehensive income).

Group Companies

Assets and liabilities related to foreign operations are converted into Saudi Riyals at the exchange rate prevailing on the date of preparing the financial statements. The statement of comprehensive income is translated at the exchange rates prevailing on the dates of the transactions. Conversion differences arising from the exchange of currencies for the purpose of consolidation are recognized in other comprehensive income. When an external operation is excluded, the items of other comprehensive income related to that external operation are reclassified to profit or loss.

Basis for Consolidation of the Financial Statements

The interim consolidated financial statements include the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed to risks or has rights to variable returns from its involvement with the investee company and has the ability to affect those returns through its power over the investee company. Specifically, the Group controls an investee company only when the Group has:

- Control over the investee company (i.e. the existence of rights granting the Group the ability to direct the activities related to the investee company).
- Exposure to risks or rights to various returns from its relationship with the investee company.
- Ability to exert its control over the investee company to affect its returns.

In general, there is a presumption that a majority of voting rights results in control. In support of this presumption, when the Group has less than a majority of the voting rights or similar rights in an investee company, the Group considers all relevant facts and circumstances when ascertaining whether it exercises control over the investee company or not. This includes the following:

- Contractual arrangement(s) with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it exercises control over an investee company when facts and circumstances indicate that there has been a change in one or more of the three elements of control. Consolidation of the financial statements of a subsidiary begins when the Group obtains control over the subsidiary. The process of consolidation ceases when the Group relinquishes the exercise of such control. The assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim consolidated financial statements as of the date on which control is transferred to the Group and until it ceases to exercise such control.

Profit or loss and each component of other comprehensive income relate to the Group's shareholders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All assets and liabilities as well as equity, revenues, expenses and cash flows relating to intra-group transactions are eliminated in full upon consolidation of the financial statements.

Any change to the ownership interest in a subsidiary, without loss of control, is treated as an equity transaction.

In the event that the Group loses control over a subsidiary, it ceases to recognize assets (including goodwill), liabilities and other equity items, while all resulting profits or losses are recognized in income. Held investments are recognized at fair value.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, which is measured at fair value on the acquisition date, and the amount of non-controlling interest in the acquiree company. For each business combination, the Group decides whether the non-controlling equity in the acquiree company should be measured at fair value or at the proportionate share of the acquiree company's identifiable net assets. Acquisition costs are entered as expenses when incurred and included in administrative expenses. When the Group acquires a business, the assets and financial liabilities that have been pledged are estimated for appropriate classification and allocation in accordance with the contractual terms and economic conditions prevailing on the acquisition date.

The contingent consideration to be transferred by the acquiring company will be recognized at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability that represents a financial instrument and falls within the scope of IFRS 9 "Financial Instruments: Recognition and Measurement" is measured at fair value. Changes in fair value are included in the statement of comprehensive income in accordance with IFRS 9. Other contingent consideration which does not fall within the scope of IFRS 9 is measured at fair value on the date of preparing the interim consolidated financial statements, and changes in fair value are included in the statement of comprehensive income.

Classification of Assets and Liabilities as Current and Non-Current

The Group shows the assets and liabilities in the interim consolidated statement of financial position as current/non-current. Assets are considered current in the following cases:

- When they are expected to be realized or intended to be sold or exhausted in the normal course of operations.
- If acquired primarily for trading purposes.
- When they are expected to be realized within twelve months after the financial period.
- When they are cash and cash equivalents, unless there are restrictions on their exchange or use to pay any liabilities for a period of not less than twelve months after the financial period.

The Group classifies all other liabilities as non-current.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. This cost includes the cost of replacing equipment parts and borrowing costs related to long-term construction projects, if the recognition criteria are met. If significant parts of equipment must be replaced in stages, the Group depreciates them independently over their specified useful lives. Conversely, when a major examination is performed, the related cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the interim consolidated statement of comprehensive income when incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The following table shows the useful lives of assets:

	Useful Life
Leasehold improvements	10 years or the lease period, whichever is less
Machinery and equipment	10 years
Games	5–10 years
Vehicles	5–7 years
Computers and information technology	5–7 years
Furniture and fixtures	3–8 years

Projects under construction that are not ready for their intended purpose are not depreciated.

Property and equipment items and any significant part thereof initially recognized is derecognized upon disposal (i.e. when control is transferred to the recipient), or when no future economic benefits are expected from its use. Any profits or losses arising from the derecognition of an asset (which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the interim consolidated statement of comprehensive income when the asset is derecognized.

Real estate investments

Real estate investments consist of completed properties and properties under construction or development that are held for the purpose of generating rental income, capital appreciation or both. Properties acquired under a lease agreement are classified as real estate investments if they are acquired for the purpose of rental income generation or capital appreciation or both, and not for the purpose of selling them during the normal business cycle or for use for production or administrative functions.

Real estate investments are recognized at cost less accumulated depreciation and any provision for impairment. Real estate investments (except for land and real estate investments under construction) are depreciated using the straight-line method over the useful life of the properties as follows.

	Useful Life
Buildings	50 years
Machinery and equipment	10 years
Furniture and fixtures	3–8 years
Leasehold improvements	10 years or the lease period, whichever is less

Originally, real estate investments are measured at cost including transaction costs. After initial recognition, real estate investments are shown at cost less accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of assets, the cost of replacing parts of real estate investments and borrowing costs related to long-term construction projects, if the recognition criteria are met. All repair and maintenance costs are recognized in the interim consolidated statement of comprehensive income when incurred.

Intangible Assets

Intangible assets acquired separately are measured at cost upon initial recognition. After initial recognition, intangible assets are recognized at cost less accumulated amortization and impairment losses. Internally developed intangible assets are not capitalized except for capitalized development costs. Related expenses are included in income during the period in which they are incurred.

Intangible assets that have a finite life are amortized over their estimated useful lives, and are reviewed for impairment when there is evidence indicating that such impairment has occurred. The period and method of amortization of intangible assets with a finite life are reviewed at least once at the end of each financial period. Changes to the expected useful life or the method of consumption of future economic benefits embodied in the asset are accounted for by adjusting the amortization period or method, as appropriate, and are treated as changes to accounting estimates. The amortization expenditures for intangible assets with a finite life are recognized in income as an expenditure in line with the function of the intangible assets.

Intangible assets are derecognized upon disposal (i.e. on the date on which control is transferred to the receiving entity), or when no future economic benefits are expected from their use or disposal. All profits or losses arising from the derecognition of an asset (which are calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the interim consolidated statement of comprehensive income.

The following table set out the estimated useful lives for the current and comparative periods:

	No. of Years
Franchise fees	Agreement duration
Computer software	3 years

Intangible assets are amortized on a straight line basis.

Borrowing Costs

Borrowing costs that are directly related to the purchase, construction or production of an asset that take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the underlying asset. All other borrowing costs are recognized as an expenditure during the period in which they are incurred. Borrowing costs consist of financing costs and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of Non-Current Financial Assets

On the date of preparing each financial statement, the Group makes an assessment as to whether there is an indication that an asset may be impaired or not. If such evidence exists or when annual impairment testing is required, the Group estimates the asset's recoverable amount. The recoverable amount is the greater of the fair value of the asset or cash-generating unit, less costs of sale and the present value. The recoverable amount of an asset is determined unless the asset generates cash flows that are considered largely independent of other assets or groups of assets. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and reduced to its recoverable amount.

In assessing the present value, estimated future cash flows are discounted to their present value using a discount rate (before Zakat) which reflects current market assessments of the time value of money and the risks inherent in the asset. In determining the fair value less costs of sale, recent market transactions are taken into account. In the event that such transactions cannot be determined, appropriate valuation methods are used. Such calculations are supported by valuation multiples, quoted share prices for listed companies and other available indicators of fair value.

The Group calculates impairment on the basis of detailed budgets and forecasts that are prepared separately for each cash-generating unit in the Group to which the asset is allocated. Such budgets and forecasts usually cover a period of five years. The long-term growth rate is calculated and applied to the project's future cash flows after the fifth period.

Impairment losses in the continuing operations are recognized within the categories of expenses in line with the function of the asset whose value has been impaired.

For assets, an assessment is made on the date of preparing each financial statement to confirm whether there is any indication that previously recognized impairment losses do not exist or have decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years. Such reversal is recognized in income.

Financial instruments

A financial instrument is a contract that creates a financial asset of one entity and financial liabilities or an equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Upon initial recognition, financial assets are classified as subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

The classification of financial assets on initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group's business model for managing them. With the exception of lease receivables that do not include a significant financing component or for which the Group has used a practical expedient, the Group originally measures financial assets at fair value plus financial assets not included at fair value through profit or loss, while lease receivables that do not include a significant financing component or in respect of which the Group has used a practical expedient at the determined transaction price are measured in accordance with IFRS 15.

For financial assets to be measured at amortized cost or at fair value through other comprehensive income, they must generate cash flows that represent only payments of the principal and commission on the principal amount outstanding. This valuation is referred to as the "Payment-Only Test of Principal and Commission", and is performed at the financial instrument level.

The Group's business model for managing financial assets refers to how such financial assets are managed in order to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows or the sale of financial assets or both.

Purchases or sales of financial assets, which require delivery of assets within the time period stipulated by regulations or those recognized in the market (ordinary transactions), are recognized on the trade date, i.e., the date on which the Group commits to purchase or sell the asset. Financial assets are classified at amortized cost.

Subsequent Measurement

For the purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortized cost
- Derivative instruments at FVPL
- Derivative instruments at FVPL
- Financial assets at amortized cost

This category is strongly related to the Group. The Group measures financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows which are solely payments of the principal and commission on the principal amount outstanding.

Financial assets included at amortized cost are subsequently measured using the actual commission rate method and are subject to impairment. Profits or losses are recognized within profit or loss when the asset is derecognized, modified or impaired.

The Group's amortized cost financial assets include lease receivables, amounts due from Related Parties and cash and cash equivalents.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group may irrevocably elect to classify the investments in equity instruments as held at fair value through other comprehensive income when the criteria for defining equity in accordance with IAS 32 - Financial Instruments: Presentation are met and they are not acquired for trading purposes. The rating is determined for each instrument separately.

Profits or losses from such financial assets are not recycled to profit or loss. Dividends are recognized as other revenues in the interim consolidated statement of comprehensive income upon recognition of the right to pay them, unless the Group benefits from such proceeds to recover part of the cost of the financial asset. In such case, such profits are recorded in other comprehensive income. Investments in equity instruments at fair value through other comprehensive income are not subject to an assessment of impairment. The Group has elected to irrevocably classify the investments in its non-current equity instruments within this category.

Derivative Instruments at FVPL

Financial assets at fair value through profit or loss are recorded in the interim consolidated statement of financial position at fair value, and the net changes in fair value are recognized in the interim consolidated statement of comprehensive income.

Derecognition

A financial asset (or part of it or part of a group of similar financial assets, where applicable) is derecognized (that is, removed from the Group's interim consolidated statement of financial position) when:

- The rights to receive cash flows from the assets expire, or
- The Group transfers the rights to receive cash flows from the asset or promises to pay the received cash flows in full to another party without delay under "spot arrangements" and if (a) the Group transfers substantially all the risks and rewards associated with the asset, or (b) the Group does not transfer or retains most of the risks and rewards of the asset but transfers control over the asset.

In cases where the Group transfers the rights to receive cash flows from the asset or enters into a spot arrangement agreement, it must evaluate whether and to what extent it has retained the risks and rewards of ownership. In cases where most risks and benefits of the asset are not transferred or retained or the control over the asset is not transferred, the Group continues to recognize the asset to the extent of its continuing relation to it. In such case, the Group also recognizes the associated liabilities. The transferred assets and the associated liabilities are measured on the same basis, which reflects the rights and liabilities that the Group has retained.

An ongoing commitment in the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the assets or the maximum amount that the Group must pay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses on all financial assets not held at fair value through profit or loss. For lease receivables, the Company uses the simplified method when calculating expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses on each reporting date. The Group has established a provision matrix based on past experience of credit losses, which is adjusted for future factors specific to debtors and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 360 days past due. However, in some cases, the Group may also deem a financial asset to be in default when internal and external information indicates that it is not likely that the Group will receive the full contractual amounts outstanding before it takes into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss or loans or payables, as appropriate.

All financial liabilities are initially recognized at fair value. As for loans and payables, they are shown net of directly related transaction costs. The Group's financial liabilities include loans and trade payables, amounts due to Related Parties, amounts payable and other current liabilities and loans.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as shown below:

Loans

This category is strongly related to the Group. After initial recognition, loans are subsequently measured at amortized cost using the actual commission rate method. Profits and losses are recognized in the interim consolidated statement of comprehensive income when the liabilities are derecognized, as well as through the actual commission rate amortization process.

Financial Liabilities at FVPL

Financial liabilities entered at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated on initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred with the intention of repurchasing them in the near future. This category includes derivative financial instruments entered into by the Group but not designated as hedging instruments as stipulated in IFRS 9. Derivatives included within other separate financial instruments are also classified as held for trading unless they are designated as effective hedging instruments.

Derecognition

Financial liabilities are derecognized when the liability specified in the contract is paid, canceled or its term expires. In the event that current financial liabilities are replaced by others from the same lender on completely different terms, or the terms of the current liabilities are modified, then such change or modification shall be considered as derecognition of the original liabilities and recognition of new liabilities. The difference between the respective book values is recognized in the interim consolidated statement of comprehensive income.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and included net in the interim consolidated statement of financial position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the assets with the liabilities on a net basis or to sell the assets and settle the liabilities simultaneously.

Fair Value Measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability under an orderly transaction carried out between dealers in the market at the measurement date. The fair value measurement is determined by assuming that the transaction to sell the assets or transfer the liabilities takes place either:

- In the Main Market for the assets or liabilities, or
- In the absence of the Main Market, in the most advantageous market for the assets and liabilities.

The main or most advantageous market must be accessible to the Group.

The fair value of assets or liabilities is measured assuming that market dealers would benefit when pricing the assets and liabilities and that they seek to achieve their best economic interests.

The Group uses valuation techniques which are appropriate according to the circumstances and for which sufficient data are available to measure fair value, increase the use of observable inputs and reduce the use of unobservable inputs.

All assets and liabilities that are measured at fair value or disclosed in the interim consolidated financial statements are categorized within the fair value hierarchy listed below and based on the lowest level inputs which are significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities.
- Level 2: Valuation techniques that deem the lowest level inputs significant to the fair value measurement observable, whether directly or indirectly.
- Level 3: Valuation techniques that consider the lowest level inputs significant to the fair value measurement unobservable.

As for assets and liabilities that are recognized in the interim consolidated financial statements at fair value on a recurring basis, the Group ascertains whether transfers have taken place between levels of the fair value hierarchy by reassessing classification (based on the lowest level inputs significant to the fair value measurement as a whole) at the end of each financial period.

The Group determines the policies and procedures for recurring fair value measurements and non-recurring fair value measurements. External appraisers evaluate real estate investments for the purpose of disclosure. The work of external appraisers is determined by the Group after discussing the same with the management of the Group and obtaining its approval. Selection criteria include familiarity with the market, reputation, independence and whether professional standards are observed or not. The Group determines, after discussion with the Group's external appraisers, which assessment methods and inputs are used for each case.

On the date of preparing each financial statement, the Group analyzes changes in the value of assets and liabilities that need to be remeasured or revalued in accordance with the Group's accounting policies. For the purposes of this analysis, the Group verifies the key inputs used in the most recent valuation by matching the information used in calculating the valuation with contracts and other related documents. The Group also compares the change in the fair value of each class of assets and liabilities with relevant external sources to determine whether the change is reasonable or not.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities and the hierarchy of levels of fair value measurements mentioned above.

Lease Contracts

At the beginning of a contract, the Group assesses whether the contract is a lease or contains a lease. That is, if the contract conveys the right to control the use of a specific asset for a period of time for a consideration, the Group applies a single recognition and measurement approach to all lease agreements, except for short-term lease agreements, and lease agreements of low-value assets.

The Group recognizes lease obligations to make lease payments and right-of-use assets that represent the right to use the underlying assets.

A. Right-of-use assets

The Group acknowledges right-of-use assets on the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any re-measurement of lease obligations. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred and lease payments made on or before the commencement date less any lease incentives received. Recognized right-of-use assets are amortized on a straight-line basis over the estimated useful life and term of the lease contract, whichever is shorter. Right-of-use assets are subject to impairment.

B. Lease obligations

On the commencement date of the lease contract, the Group recognizes lease obligations measured at the present value of the lease payments to be made throughout the lease term.

Lease payments include fixed payments (including substantial fixed payments) less any receivable lease incentives, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the payment of lease termination penalties, if the lease term reflects the Group's exercise of the termination option. Variable lease payments that do not depend on an index or rate are recognized as expenses in the period during which the event or condition that led to the payment occurs.

In calculating the present value of lease payments, the Group uses the additional borrowing rate on the commencement date of the lease if the implicit interest rate in the lease is not easily defined. After the commencement date, the amount of the lease obligations is increased to reflect the accrual of interest and reduced for the lease payments made. In addition, the carrying amount of lease obligations is remeasured if there is an amendment, modification in the lease term, a change in lease payments (for example, a change in future payments resulting from a change in the indicator or rate used to define lease payments) or a change in valuation to purchase the underlying asset.

C. Short-term leases and leases of low-value assets

The Group applies the Proof of Short-Term Lease Exemption to short-term leases (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease exemption from recognizing low-value assets on leases that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis throughout the lease term.

Inventory

Inventory is stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method.

Net realizable value consists of the estimated selling price less selling and distribution costs. A provision is made, if necessary, for items that are obsolete and slow-moving.

The value of goods is reduced to net realizable value in cases where the cost may not be recoverable due to damage or obsolescence, or in the event of a decrease in the selling prices of the items of goods.

Cash and Cash Equivalents

For the purposes of preparing the cash flow statement, cash and cash equivalents consist of bank balances, cash in hand and short-term deposits with an original maturity period of three months, which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognized when the Group has liabilities (legal or constructive) as a result of past events, and when it is probable that resources embodying economic benefits will be required to settle the liabilities and a reliable estimate can be made of the amount of the liabilities. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditures required to settle the current liabilities at the end of the financial period. The discount rate used to determine the present value is the pre-Zakat rate that reflects current market assessments of the time value of money and the risks associated with the liabilities. The increase in the provision as a result of the passage of time is recognized as a financial burden.

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected credit unit method, with actuarial valuations being carried out at the end of each financial period. Re-measurements that include actuarial profits and losses are recognized immediately in the interim consolidated statement of financial position, with the increase or decrease recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are recognized immediately in retained earnings and will not be reclassified to income in subsequent periods. Changes in the present value of the defined benefit liabilities arising from a modification or curtailment of the plan are recognized directly in income as past service costs. Commission is calculated by applying the discount rate at the beginning of the period to the net defined benefit liabilities. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, previous service cost, plus profits and losses resulting from downsizing and adjustments)
- Commission expense
- Re-measurements

The Group recognizes the first two components of defined benefit costs in profit or loss under the respective items.

Short-term employee benefits

A liability is recognized for benefits payable to employees for salaries, wages, annual leaves, travel tickets and sick leaves that are expected to be paid in full within twelve months after the end of the period in which the employees render the related services. The liability is recognized for the non-discounted amount of the benefits expected to be paid for those services.

Employee Defined Contribution Plan

The Group has a defined contribution plan with the General Organization for Social Insurance, whereby the Group contributes a specified percentage of employee salaries to the its employees' retirement. Such program is qualified as a defined contribution plan. The contributions payable to the defined contribution plan are recognized as an expense in profit or loss.

Retirement benefits on defined contribution plans are recognized as an expense when incurred.

Zakat and tax

Zakat

The Group is regulated by the laws of the Saudi General Authority of Zakat and Tax (GAZT). A Zakat provision is set aside on the accrual basis, and it is calculated and charged on the basis of the Zakat base. Adjustments, if any, are made to the Zakat provision upon obtaining the final assessments from GAZT.

Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant tax authorities. The tax brackets and tax laws used in calculating the amount are those issued or in effect on the date of preparing the financial statements. Current income tax related to items recognized directly in other comprehensive income is also recognized in other comprehensive income and not in profit or loss. The management periodically evaluates positions taken in tax returns regarding cases in which applicable tax regulations are subject to interpretation and provision allocation, as appropriate.

Deferred tax

A provision is made for deferred tax using the liability method for temporary differences between the book value of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax brackets expected to be applied for the period in which the assets are realized or the liabilities are paid based on the tax brackets (and tax regulations) issued and in effect as of the date on which the financial statements are prepared. The tax effects arising from temporary differences within non-current liabilities are disclosed as deferred tax.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available and used against tax losses and unused tax credits. The book value of deferred tax assets is reviewed on the date on which the financial statements are prepared and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to carry out the settlement. Deferred tax assets are disclosed within non-current assets as deferred tax assets.

Current and deferred tax is recognized as an expenditure or benefit in the statement of profit or loss and other comprehensive income except when it relates to items that are credited to or deducted directly from equity, in which case the tax is also recognized directly in the statement of changes in equity.

Revenues from Contracts concluded with Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be measured reliably, regardless of the date on which the payment is made. Revenues are measured at the fair value of the consideration received or receivable after taking into account specific contractual payment terms and after excluding taxes or duties. Amounts disclosed are shown as revenues after deducting trade provisions and discounts. The Group has found that it acts as principal in all of its revenue arrangements.

Rental income

The Group is a lessor under various operating lease agreements. Rental income arising from operating lease agreements related to real estate investments is accounted for using the straight-line method over the lease terms and is included in revenues in the interim consolidated statement of comprehensive income due to its operating nature, except for conditional rental income which is recognized when it is incurred. Accrued revenues are recognized to the extent of revenues that have been earned but not yet billed.

Lease incentives offered to tenants, including rental discounts, are recognized as a decrease in the rental income on a straight-line basis over the term of the lease. The term of the lease contract represents the irrevocable period of the lease plus any additional term during which the tenant has the option to continue the contract or when the management is reasonably certain, at the inception of the lease contract, that the tenant will exercise such option.

Amounts received from tenants to terminate lease contracts or compensate for damage are recognized in the interim consolidated statement of comprehensive income when the right to receive it is established.

Service and administration fees and other expenses recoverable from tenants

Income resulting from expenses recharged to tenants is recognized in the period in which compensation becomes due. Service and administrative expenses related to the repair and maintenance of building facilities and other proceeds are included in revenues, while related costs are included as part of the cost of revenue, as the management believes that the Group is acting as principal in this regard.

Service charges relating to public benefits for users who overuse services are recognized net of related costs and recorded as part of the "net commission income on provision of public benefits to users who overuse services" within revenues in the interim consolidated statement of comprehensive income, as the management considers that the Group is acting as an agent in this regard.

Sale of Game Cards

The Group sells rechargeable magnetic game cards to customers for cash. Rechargeable magnetic game cards allow card holders to access gaming and driving services. Cash received on the sale date of the cards is recorded as unearned gaming revenue (contract liabilities) and revenues are recognized once the customer starts utilizing the card. Accordingly, revenues are recognized on the basis of the date on which the service is transferred to the customers.

The Group usually awards customers additional "reward points", to be used in the same way as regular purchased points. Rewards points result in an independent performance liability because it gives the customer an intrinsic right. A portion of the transaction price is allocated to the reward points awarded to customers based on the independent relative sale price and recognized as contract liabilities until the points are redeemed. Revenues are recognized when points are redeemed by the customer or when they expire.

Sale of clothing and other supplies

Revenues resulting from the sale of clothing and other supplies is recognized when the control over assets is transferred to the customer, usually upon the delivery of purchase orders. All sales are made in cash only or via an electronic payment channel and are subsequently deposited by the respective banks into the Group's bank account.

The Group considers whether there are other covenants contained in the contract representing separate performance liabilities to which part of the transaction price (such as warranties and loyalty program points) must be allocated. To determine the transaction price for the sale of meals, the Group considers the effects of variable consideration, presence of significant financing components, non-cash consideration and consideration owed to the customer (if any). If the consideration stipulated in the contract includes a variable amount, the Group estimates the amount of consideration it is entitled to in exchange for transferring the goods to the customer. Variable consideration is estimated at the beginning of the contract and is restricted so that it is highly probable that a material reversal of revenues for the amount of revenues accrued will not occur when the uncertainty related to the variable consideration subsequently ends. Since the Group's sales of clothing and other supplies are made on a cash-only basis, the effects of the variable consideration (e.g., discounts, buy one get one free, etc.) are deducted from total sales, and revenues are recorded after deducting the variable consideration. Some equipment sale contracts give customers a right of return.

Product Return Rights

Some contracts concluded with customers provide for the right to return the goods within a specified period of time. The Group uses the expected value method to estimate the goods which will not be returned because this method better determines the amount of variable consideration which the Group will be entitled to. IFRS 15 requires imposing limitations on estimates of variable consideration to determine the amount of potential consideration which may be included in the transaction price. As for goods expected to be returned, the Group recognizes a refund liability in lieu of revenues. Right to return assets (and the settlement of the corresponding cost of sales) are also recognized against the right to recover products from the customer.

Determining a method for estimating variable consideration and evaluating limitations

Some contracts for the sale of clothing and related supplies include a product return right which results in variable consideration. In estimating variable consideration, the Group must use either the expected value method or the most likely amount method, depending on which method best predicts the amount of consideration the Group will be entitled to.

The Group found that the expected value method is the appropriate method for estimating variable consideration for selling its products that involve product return rights, given the large number of contracts which have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group checks whether the amount of variable consideration is restricted or not. The Group found that the variable consideration estimates are not restricted based on its past experience, business expectations and current economic conditions. In addition, the uncertainty related to variable consideration will be addressed within a short time.

Dividends

Dividends on investments are recognized when the Group's right to receive the same is established.

Other Revenue

All other revenues are recognized on an accrual basis when the Group's right to it is established.

Expenses

Selling, distribution and general and administrative expenses include direct and indirect costs that are not specifically part of the cost of sales. Allocation between cost of sales, selling and distribution expenses and general and administrative expenses, when necessary, is made on a fixed basis.

Statutory reserve

In accordance with the provisions of the Saudi Companies Law, the Company must transfer 10% of the net income for the period to the statutory reserve until the total of this reserve reaches 30% of the capital. This reserve is not available for distribution.

Value Added Tax (VAT)

Revenues, expenses and assets are recognized after deducting the Value Added Tax, except for:

- VAT incurred on the purchase of assets or services that not recoverable from the tax authority, in which case VAT shall be recognized as part of the cost of purchasing the asset or as part of the item expense, where applicable; and
- When showing accounts receivable and payable that include VAT.

The net amount of VAT recoverable from or due to the tax authority is included as part of accounts receivable or payables in the interim consolidated statement of financial position.

Contract Liabilities

Contract liabilities are obligations to transfer goods or services to customers for which the Group has received consideration (or consideration was due) from the customer. If the consideration is paid by the customer before the Group transfers the goods or services to the customer, the contract liabilities are recognized when the amount is paid or due (whichever occurs first; contract liabilities are recognized as revenue when the Group performs under the contract). The Group's contracts recognize the unused portion of magnetic card balances or unused loyalty point coupons.

6.5 Results of Operations

6.5.1 Income Statement – Consolidated

The following table presents the Group's consolidated income statement for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.4): Consolidated Income Statement

SAR Million	FY Ended 31 December			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Revenue	924.8	1,008.7	761.9	9.1%	(24.5%)	(9.2%)
Cost of revenue	(453.4)	(471.0)	(375.5)	3.9%	(20.3%)	(9.0%)
Gross profit	**471.4**	**537.7**	**386.4**	**14.1%**	**(28.1%)**	**(9.5%)**
Selling and distribution expenses	(92.6)	(112.8)	(68.6)	21.8%	(39.2%)	(14.0%)
General and administrative expenses	(84.7)	(131.5)	(151.6)	55.2%	15.3%	33.8%
Dividends for financial assets held at FVOCI	0.6	-	-	(100.0%)	N/A	(100.0%)
Operating income	**294.6**	**293.4**	**166.2**	**(0.4%)**	**(43.3%)**	**(24.9%)**
Finance charges	(30.7)	(65.8)	(60.3)	114.5%	(8.4%)	40.2%
Other income/expenses	(0.0)	-	-	(100.0%)	N/A	(100.0%)
Other sources of income	(1.0)	17.8	14.9	NM	(16.2%)	N/A
Company's share of (loss) from associates	-	-	0.6	N/A	N/A	N/A
Net income before Zakat	**262.9**	**245.3**	**121.4**	**(6.7%)**	**(50.5%)**	**(32.0%)**

SAR Million	FY Ended 31 December			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Zakat and tax	(13.1)	(12.7)	(5.2)	(3.2%)	(59.2%)	(37.1%)
Net income for the year	**249.8**	**232.6**	**116.3**	**(6.9%)**	**(50.0%)**	**(31.8%)**
Net income margin (%)	27.0%	23.1%	15.3%	(14.6%)	(33.8%)	(24.8%)

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

Note: "NM" refers to "not meaningful" and is used for growth/decline percentages greater than 500.0% for the purposes of the management discussion and analysis section of this Prospectus

IFRS 16 became effective as of January 1, 2019G and the Group assessed its contractual arrangements in order to ascertain whether a contract contains a lease at the beginning of the contract. For all such lease arrangements, the Group recognized right-of-use assets and lease liabilities except for short-term leases and leases of low value assets. (Refer to the section "Significant Accounting Policies" for details on measurement and recognition criteria.) The following table presents the impact of the adoption of IFRS 16 on the Group's income statement for the Financial Year ended December 31, 2019G.

Table No. (6.5): Impact of the Adoption of IFRS 16 on the Income Statement

SAR Million	FY Ended December 31	
	2019G	2020G
Amortization expenses of right-of-use assets	55.3	59.7
Finance cost on lease liabilities	16.1	14.0
Total	**71.4**	**73.7**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

The revenue of the Company is generated largely through four business segments, namely: leasing (accounting for an average of 54.0% of the consolidated net revenue between 2018G and 2020G), entertainment (26.7%), food & beverage (2.3%) and fashion retail (16.9%).

During 2019G, revenues increased by 9.1%, from SAR 924.8 million in 2018G to SAR 1,008.7 million in 2019G, primarily due to an increase in revenues of SAR 30.9 million and SAR 39.8 million from the entertainment and fashion sectors, respectively. The increase in entertainment sector revenues is attributed to an increase in revenues of SAR 22.4 million collectively in family entertainment centers (Faby Land) in the Kingdom of Saudi Arabia and the opening of new family entertainment centers in Oman. Whereas the increase from the fashion sector is due to an increase in the number of customers from 1.1 million in 2018G to 1.4 million in 2019G. During 2019G, management restructured the fashion segment by closing stores that had incurred losses and expanding profitable branches. Revenue declined by 24.5% in 2020G driven by decline from all the business segments as a result of closure of malls, entertainments centres and fashion stores between March 2020G and June 2020G.

The majority of the Group's cost of sales consist of fixed and semi-fixed variables, therefore, movement in revenue is not directly reflected in the cost of sales. During 2019G, the cost of sales increased by 3.9%, from SAR 453.4 million in 2018G to SAR 471.0 million in 2019G, primarily due to the increase in the cost of sales for the entertainment sector as a result of the opening of new family entertainment centers in Emirates and Oman in 2019G. Such increase in the cost of sales was partially offset by a decline in the leasing segment due to lower depreciation expenses in 2019G as compared to 2018G. Cost of sales declined by 20.3% compared to a 24.5% decline in revenue in 2020G. This was due to higher lease discounts provided to tenants during the lockdown period.

Selling and marketing expenses mainly pertain to the fashion segment, which accounted for an average of 83.2% of the selling and marketing expenses between 2018G and 2020G. The expenses increased by 21.7% in 2019G, from SAR 92.6 million in 2018G to SAR 112.8 million in 2019G. This was primarily due to the increase in expenses in the leasing segment by SAR 7.4 million and the fashion segment by SAR 8.1 million. The increase in rental sector expenses is attributed to the increase in marketing events organized by Abdullah Al Othaim Investment Company in malls during 2019G (e.g., free coupons, free cars, African and Chinese circus, etc.). Whereas, in the fashion segment it was associated with the opening of a new Kiabi store in Khurais. Selling and marketing expenses decreased by 39.2% in 2020G, from SAR 112.8 million in 2019G to SAR 68.6 million in 2020G. This was due to closure of malls from March 16, 2020G to April 28, 2020G as well as reduced spending on advertisement activities during 2020G.

General and administrative expenses increased by 55.2% in 2019G, from SAR 84.7 million in 2018G to SAR 131.5 million in 2019G. This primarily resulted from the increase of the provision for bad debt from SAR 22.1 million in 2018G to SAR 60.3 million in 2019G. The increase in provision expenses was driven by the increase in gross receivables from SAR 153.4 million at December 31, 2018G to SAR 217.4 million at December 31, 2019G as a result of a delay in collections. General and administrative expenses further increased by 15.3% in 2020G, from SAR 131.5 million in 2019G to SAR 151.6 million in 2020G. This primarily resulted from the increase of the provision for bad debt from SAR 60.3 million in 2018G to SAR 101.3 million in 2020G. The increase in provision expenses was driven by the increase in gross receivables from SAR 217.4 million at December 31, 2019G to SAR 397.9 million at December 31, 2020G as a result of a delay in collections (for more information, see the section "Standalone Financial Statements of Abdullah Al Othaim Investment Company").

Dividends from financial assets held at FVOCI represent the income received from Group's investment in listed equity shares of Almabani Company. The fair value of these listed shares amounted to SAR 8.6 million as of December 31, 2018G. The Group disposed of the equity shares of Almabani Company in 2019G.

In 2019G, the cost of financing increased by 114.5%, from SAR 30.7 million in 2018G to SAR 65.8 million in 2019G. This is mainly due to gains recorded from a hedging instrument amounting to SAR 6.6 million in 2018G, in addition to an increase in bank borrowings in 2019G. The cost of financing decreased by 8.4% in 2020G, from SAR 65.8 million in 2019G to SAR 60.3 million in 2020G. This is primarily due to lower financing costs as a result of repaying highly profitable sukuk using low profit Murabaha loans.

Foreign exchange differences did not witness any significant changes during the period between 2018G and 2019G.

Other income (expenses) mainly includes penalties imposed on contractors for delays in projects, profits and losses from the sale of property and equipment and investment properties. Other expenses amounting to SAR 1.0 million in 2018G was converted into income of SAR 17.8 million in 2019G. This was primarily due to a loss on disposal of property and equipment (SAR 5.3 million) and intangibles (SAR 4.3 million) recognized by the fashion segment in 2018G. The fashion segment closed certain loss-making brands in 2018G which resulted in the disposal of property & equipment and the write-off of the franchisee fees paid to brand owners. No such significant disposals were incurred during 2019G in the fashion segment. Other sources of income in 2020G represent the reversal of obligations that are no longer required. This is related to the reversal of the lease entitlement associated with Marfa Mall in Jubail, which was canceled in 2019G, and therefore the obligation was reversed in 2020G.

The Company's share in the profits of associate companies also represents its investment in Saudi Pillar for Construction Company and Wamda Cinemas Company of SAR 0.2 million and SAR 0.6 million, respectively. The contribution to this investment is 70% and 55%, respectively, and both are classified as an associate in the Company's financial statements. As Abdullah Al Othaim Investment Company does not have control over both the investee companies; therefore, they are classified as associates rather than subsidiaries. Wamda Cinemas Company is a joint venture between Abdullah Al Othaim Investment Company (owning 55%) and Bright Minds Education (owning the remaining 45%) to operate Empire Cinemas at Al Othaim Mall and other malls in the Kingdom. Wamda will lease locations for cinemas in Al Othaim Malls and operate cinemas. The leases will be at arms-length. There is an official approved agreement between Abdullah Al Othaim Investment Company and Bright Minds. In 2020G, lease contracts were signed to operate cinemas in Hail, Arar, Khurais, Rabwah and Al-Ahsa Mall and the preparation of cinemas began in Arar and Hail. These two cinemas are likely to open in the last quarter of 2021G.

Zakat and tax declined by 3.2%, from SAR 13.1 million in 2018G to SAR 12.7 million in 2019G. Expenses continued to decrease by 59.2%, from SAR 12.7 million in 2019G to SAR 13.1 million in 2020G. The decrease was mainly due to a decrease in net income during the financial period.

6.5.1.1 Key Performance Indicators

The following table presents Group's key performance indicators for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.6): The Group's Key Performance Indicators

%	FY Ended December 31		
	2018G	2019G	2020G
Financial KPIs - Consolidated			
1. Gross profit margin (%)	51.0%	53.3%	50.7%
2. Net profit margin (%)	27.0%	23.1%	15.3%
3. Return on assets (%)	7.7%	6.1%	3.2%
4. Return on equities (%)	16.3%	14.5%	7.2%
5. Current ratio (x)	0.9	0.3	0.9
6. Debt to equity (x)	0.9	0.8	0.8
7. Days sales outstanding (no.)	103	146	271
8. Days payable outstanding (no.)	25	26	28
9. Days inventory outstanding (no.)	50	48	50

Source: Management information

Note:

1. Gross profit margin = gross profit for the year / revenue for the year
2. Net profit margin = net profit for the year / revenue for the year
3. Return on assets = net profit for the year / assets at year end
4. Return on equity = net profit for the year / equity as at year end
5. Current ratio = total current assets at year end / total current liabilities at year end
6. Debt to equity ratio = total liabilities at year end / total equity at year end
7. Days receivables outstanding = (trade accounts receivable at year end (related only to leasing) / Gross leasing revenue for the year) x 365
8. Days payables outstanding = (trade accounts payable at year end / cost of revenue for the year) x 365
9. Days inventory outstanding = (inventory at year end / cost of revenue for the year)x 365

6.5.1.2 Revenue

The following table presents revenue for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.7): Revenue

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Rental revenue	469.4	469.9	479.6	0.1%	2.1%	1.1%
Entertainment revenues	263.1	293.9	163.8	11.7%	(44.3%)	(21.1%)
Retail revenues	147.0	186.8	155.0	27.1%	(17.0%)	2.7%
Service revenues	54.9	52.9	50.4	(3.7%)	(4.8%)	(4.2%)
Restaurant revenues	22.8	24.7	14.6	8.6%	(41.1%)	(20.0%)
Other	7.4	10.8	-	46.0%	(100.0%)	(100.0%)
Advertising revenues	12.4	8.8	6.7	(29.0%)	(23.7%)	(26.4%)
Discounts	(52.2)	(39.2)	(108.2)	(25.0%)	176.2%	44.0%
Total	**924.8**	**1,008.7**	**761.9**	**9.1%**	**(24.5%)**	**(9.2%)**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

Rent revenue represents the income generated from leasing retail space to tenants in AOIC-operated malls as well as fees charged to certain customers as a percentage of their revenues (in accordance with the agreement with the tenant). Rent revenues did not witness any material fluctuation between 2018G and 2020G.

Entertainment revenues include income generated from the entertainment segment operated by Abdullah Al Othaim Entertainment Co. Entertainment revenue increased by 11.7%, from SAR 263.1 million in 2018G to SAR 293.9 million in 2019G. This was primarily due to an increase in revenue by SAR 19.1 million from Faby Land FECs in Saudi Arabia and the opening of new FECs in Oman. On the other hand, entertainment revenue decreased by of 44.3%, from SAR 293.9 million in 2019G to SAR 163.8 million in 2020G. This was primarily due to the suspension of work in several locations during 2020G due to COVID-19.

Retail sale revenues include income generated from the fashion segment operated by Abdullah Al Othaim Fashion Co. Retail revenue increased by 27.1%, from SAR 147.0 million in 2018G to SAR 186.8 million in 2019G. The increase is primarily due to the increase in the number of transactions from 1.1 million in 2018G to 1.5 million in 2019G. The increase in revenues resulting from the increase in the number of transactions was offset in part by a decrease in the average ticket size per transaction from SAR 133.0 per transaction in 2018G to SAR 127.9 per transaction in 2019G, primarily due to a decrease in the average ticket size of one of the Parfois brands as a result of the decrease in sales volume in the last quarter of 2019G due to the late arrival of stocks. On the other hand, retail revenue decreased by 17.0%, from SAR 186.8 million in 2019G to SAR 155.0 million in 2020G. This primarily resulted from the decline in the number of transactions from 1.5 million in 2019G to 1.0 million in 2020G. Such decline was driven by the lockdown measures (including mall closures) imposed by Government between March 2020G and July 2020G in the wake of COVID-19 pandemic.

Service revenue relates to the cost charged by AOIC to tenants for the consumption of utilities, which includes the cost of electricity, water, gas and air conditioning. Service revenue decreased at a CAGR of 4.2% between 2018G and 2020G, from SAR 54.9 million in 2018G to SAR 50.4 million in 2020G. This is primarily due to a decrease in electricity consumption as the leased area over the year declined from 405,504 in 2019G to 387,114 in 2020G.

Restaurant revenues represent income generated by the restaurant segment operated by Abdullah Al Othaim Food Co. Restaurant revenue increased by 8.6%, from SAR 22.8 million in 2018G to SAR 24.7 million in 2020G. This was primarily driven by opening of a new branch of Oliver Brown in Arar during 2019G, which contributed an additional revenue of SAR 1.7 million. In contrast, revenue decreased by 41.1% in 2020G, from SAR 24.7 million in 2019G to SAR 14.6 million in 2020G. This was primarily due to the suspension of work in several locations during 2020G due to COVID-19.

Other revenue includes income generated from sponsors as well from marketing coupons. Sponsor revenue is derived through Abdullah Al Othaim Markets Company, which leases space to vendors for organizing their promotional campaigns in AOIC-operated malls. Other revenue increased by 46.0%, from SAR 7.4 million in 2018G to SAR 10.8 million in 2019G. This was primarily due to an increase in leased space in Al Othaim Mall - Al-Rabwah, where revenue increased from SAR 4.3 million in 2019G to SAR 5.5 million in 2020G. No revenue from sponsors or marketing coupons was earned by AOIC during 2020G.

Advertising revenues represent the revenue generated by running marketing campaigns and promotional activities organized by mall tenants. Advertising revenues decreased by 29.0% in 2019G, from SAR 12.4 million in 2018G to SAR 8.8 in 2019G. Revenue from this stream decreased further by 23.7% in 2020G, from SAR 8.8 million in 2019G to SAR 6.7 million in 2020G. The primary reason for decrease was a drop in advertising activities in malls as well as the COVID-19 pandemic, as malls were closed for three (3) months.

AOIC grants discounts on lease contracts to tenants in order to maintain occupancy of the malls and to support tenants that are critical in attracting footfall. Discounts declined by 25.0% in 2019G, from SAR 52.2 million in 2018G to SAR 39.2 million in 2019G. Discounts increased by 176.2% in 2020G, from SAR 39.2 million in 2019G to SAR 108.2 million in 2020G. The discount percentage is decided on a case-by-case basis depending on multiple factors, including the relevant tenant's quality, brand portfolio and its overall contribution to AOIC's business. Discounts are granted to maintain the performance of the malls and to maintain strategic relations with tenants to ensure the business continuity of tenants during challenging market conditions. Therefore, discounts may fluctuate on a yearly basis.

6.5.1.3 Cost of revenue

The following table presents cost of revenue for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.8): Cost of Revenue

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Cost of merchandise sold	93.9	119.9	84.2	27.7%	(29.7%)	(5.3%)
Depreciation	113.9	113.4	111.0	(0.4%)	(2.1%)	(1.3%)
Employee salaries and other benefits	100.2	84.2	65.9	(16.0%)	(21.7%)	(18.9%)
General benefits	59.2	61.3	50.7	3.6%	(17.3%)	(7.5%)
Depreciation - right-of-use assets	-	32.6	46.0	N/A	41.0%	N/A
Maintenance	13.1	12.8	11.4	(2.1%)	(10.9%)	(6.6%)
Rent	51.2	-	-	(100.0%)	-	(100.0%)
Other	21.9	46.8	6.2	113.2%	(86.8%)	(46.9%)
Total	**453.4**	**471.0**	**375.5**	**3.9%**	**(20.3%)**	**(9.0%)**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

The cost of merchandise sold consists of the cost of inventory sold by Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co.. The cost of merchandise sold increased by 27.7%, from SAR 93.9 million in 2018G to SAR 119.9 million in 2019G. This is primarily due to the high cost of merchandise sold at Abdullah Al Othaim Entertainment Co., as a result of opening entertainment centers in the UAE and Oman in 2019G. On the other hand, the cost of merchandise sold decreased by of 29.7%, from SAR 119.9 million in 2019G to SAR 84.2 million in 2020G. This is primarily due to the decrease in the cost of merchandise sold for the fashion sector, which decreased by 31.4% amounting to SAR 30.3 million, driven by a decrease in sales volume.

Depreciation relates to depreciation of real estate investments (shopping malls, machinery and equipment) and fixed assets (machinery and equipment, games, computers and information technology). Depreciation did not witness any material fluctuation between 2018G and 2020G.

Employee salaries and other benefits are related to the salaries and benefits of operational employees, which represented an average of 19.2% of the cost of revenue during the period between 2018G and 2020G. Employee salaries and other benefits decreased by 16.0% and 21.7%, from SAR 100.2 million in 2018G to SAR 65.9 million in 2020G. The decrease is primarily due to a decrease in employee salaries and other benefits related to subsidiaries during the period between 2018G and 2020G.

Public utilities generally consist of electricity, water and gas expenses. Public utilities decreased by 17.3%, from SAR 61.3 million in 2019G to SAR 50.7 million in 2020G. This is due to the closure of shopping malls for a period of three (3) months due to the COVID-19 pandemic, and thus public utilities expenses decreased in 2020G compared to 2019G. Further, the Government provided a subsidy for electricity expenses, which resulted in lower electricity costs in 2020G. Public utilities did not witness any material movement between 2018G and 2019G.

The depreciation of right-of-use assets related to leased land, shopping malls and employee accommodation amounted to SAR 32.6 million and SAR 46.0 million in 2019G and 2020G, respectively. The Company approved IFRS 16 on January 1, 2019G.

Maintenance is related to expenses incurred for the repair and maintenance of malls. Maintenance expenses decreased at a compound annual growth rate of 6.6% during the period between the Financial Years 2018G and 2020G. The Management introduced cost improvement measures prior to the Financial Year 2019G for the purpose of effective asset management, which resulted in a reduction in maintenance costs.

Rent represents the expenses paid for leased land, shopping malls, and employee accommodation. During 2018G, expenses related to the rent paid for Al Othaim Mall - Dammam and part of Al Othaim Mall - Al-Rabwah, amounting to SAR 34.9 million and SAR 11.1 million annually, respectively. The Company adopted IFRS 16 and it was implemented on January 1, 2019G.

Other expenses relate to general expenses incurred by subsidiaries, including transportation expenses, government expenses, insurance expenses and branch licensing costs.

6.5.1.4 Selling and distribution expenses

The following table presents selling and distribution expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.9): Selling and Distribution Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Employee salaries and other benefits	30.8	38.1	28.1	23.4%	(26.2%)	(4.6%)
Advertising	19.7	32.3	9.5	63.9%	(70.8%)	(30.8%)
Amortization of right-of-use assets	-	21.8	12.7	N/A	(41.8%)	N/A
Depreciation	10.0	9.9	9.1	(1.7%)	(8.2%)	(5.0%)
Amortization	-	-	0.1	-	N/A	N/A
Rent	25.9	-	-	(100.0%)	-	(100.0%)
Other	6.1	10.7	9.2	75.3%	(14.2%)	22.6%
Total	**92.6**	**112.8**	**68.6**	**21.7%**	**(39.2%)**	**(14.0%)**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

Selling and distribution expenses mainly relate to the fashion segment, which accounted for an average of 83.2% of the selling and marketing expenses between 2018G and 2020G. The expenses increased by 21.7% in 2019G, from SAR 92.6 million in 2018G to SAR 112.8 million in 2019G. This was primarily due to the increase in expenses in the leasing segment by SAR 7.4 million and the fashion segment by SAR 18.1 million. The increase in rental sector expenses is attributed to the increase in marketing events organized by Abdullah Al Othaim Investment Company in malls during 2019G (e.g., free coupons, free cars, African and Chinese circus', etc.). Whereas, in the fashion segment it was associated with the opening of a new Kiabi store in Khurais. Selling and distribution expenses decreased by 39.2% in 2020G, from SAR 112.8 million in 2019G to SAR 68.6 million in 2020G. This was due to closure of malls from March 16, 2020G to April 28, 2020G as well as reduced spending on advertisement activities during 2020G.

Employee salaries and other benefits are related to salaries and benefits for selling and distribution employees. Employee salaries and other benefits increased by 23.4% in 2019G, from SAR 30.8 million in 2018G to SAR 38.1 million in 2019G. This is primarily due to the increase in employee salaries in the retail sector. On the other hand, employee salaries and other benefits decreased by 26.2%, from SAR 38.1 million in 2019G to SAR 28.1 million in 2020G. The decrease is primarily due to the fact that the government incurred a portion of the salaries of Saudi employees within the SANED program, which was activated during 2020G.

During 2019G, advertising expenses increased by 63.9%, from SAR 19.7 million in 2018G to SAR 32.3 million in 2019G. On the other hand, advertising expenses decreased by 70.8% in 2020G, from SAR 32.3 million in 2019G to SAR 9.5 million in 2020G. This is primarily due to the decrease in promotional campaigns in the rental sector, which in turn led to a decrease in the cost of advertising.

Amortization of right-of-use assets expenses decreased by 41.8% in 2020G, from SAR 21.8 million in 2019G to SAR 12.7 million in 2020G. This is primarily due to the decrease in the number of rented locations in the retail sector. There were no expenses related to amortization of right-of-use assets in 2018G.

Depreciation did not witness any substantial movement during 2020G. Depreciation did not witness any costs in 2018G.

Rent expenses decreased by 100.0%, from SAR 25.9 million in 2018G to SAR nil in 2019G and 2020G. The decline is due to the adoption of IFRS 16 during 2019G.

Other expenses mainly relate to expenses related to certain services (electricity, gas, water, etc.) paid by the Group under lease agreements. The fashion segment represents the largest portion of such expenses. Other expenses increased by 75.3%, from SAR 6.1 million in 2018G to SAR 10.7 million in 2019G. This primarily resulted from the recognition of service charges of SAR 3.2 million in 2019G due to the application of IFRS 16. Prior to the adoption of IFRS 16, such expenses were included as part of rent expenses. Other expenses declined by 14.2% in 2020G, from SAR 10.7 million in 2019G to SAR 9.2 million in 2020G. This primarily resulted from the reduction in card commission and shopping bag expenses associated with the fashion segment by SAR 0.6 million, driven by a decline in sales during the COVID-19 pandemic.

6.5.1.5 General and Administrative Expenses

The following table presents general and administrative expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.10): General and Administrative Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Provision for expected credit losses	22.1	60.3	101.3	173.3%	67.9%	114.2%
Employee salaries and other benefits	40.0	39.3	32.6	(1.5%)	(17.3%)	(9.7%)
Professional fees	4.1	7.7	1.0	87.9%	(86.5%)	N/A
Depreciation	3.7	5.5	5.2	46.9%	(4.3%)	18.6%
Insurance	1.0	1.0	0.1	0.2%	(93.6%)	(74.6%)
Depreciation	-	-	0.0	-	N/A	N/A
Amortization of right-of-use assets	-	0.9	1.0	N/A	13.2%	N/A
Licenses	0.9	0.8	0.9	(5.7%)	6.3%	0.1%
Rent	2.2	0.7	0.9	(67.2%)	25.4%	(35.8%)
Maintenance	1.1	0.6	0.9	(46.3%)	61.1%	(7.0%)
Other	9.7	14.7	7.7	50.9%	(47.5%)	(11.0%)
Total	**84.7**	**131.5**	**151.6**	**55.2%**	**15.3%**	**33.8%**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

General and administrative expenses increased by 55.2% in 2019G, from SAR 84.7 million in 2018G to SAR 131.5 million in 2019G. This primarily resulted from the increase of the provision for bad debt from SAR 22.1 million in 2018G to SAR 60.3 million in 2019G. The increase in provision expenses was driven by the increase in gross receivables from SAR 153.4 million at December 31, 2018G to SAR 217.4 million at December 31, 2019G as a result of a delay in collections. General and administrative expenses further increased by 15.3% in 2020G, from SAR 131.5 million in 2019G to SAR 151.6 million in 2020G. This primarily resulted from the increase of the provision for bad debt from SAR 60.3 million in 2018G to SAR 101.3 million in 2020G. The increase in provision expenses was driven by the increase in gross receivables from SAR 217.4 million on December 31, 2019G to SAR 397.9 million on December 31, 2020G as a result of a delay in collections (for more information, see the section "**Standalone Financial Statements of Abdullah Al Othaim Investment Company**").

The expected credit loss provision increased by 173.3%, from SAR 22.1 million in 2018G to SAR 60.3 million in 2019G. This is primarily due to an increase in the total receivables resulting from a delay in collections from tenants as a result of the prolonged discount related to the leasing sector. The expected credit loss provision continued to increase by 67.9%, from SAR 60.3 million in 2019G to SAR 101.3 million in 2020G. This is primarily due to an additional discount related to COVID-19 discounts of SAR 75.3 million provided to tenants on the lease agreements as an accrual of receivables as a result of delays in collection.

Employee salaries and other benefits include salaries and accruals paid to public and administrative employees including Finance, Human Resources, Management, Corporate, and IT. Employee salaries and other benefits declined by 17.3%, from SAR 39.3 million in 2019G to SAR 32.6 million in 2020G. The decrease is mainly due to the decrease in employee salaries and other benefits related to the fashion sector, as the government paid part of the salaries of Saudi employees (within the SANED program) to support the private sector during the COVID-19 period. Employee salaries and other benefits did not witness any material fluctuations between 2018G and 2019G.

Professional fees mainly relate to the cost of legal, technical, financial and Zakat advisors and external auditors. Professional fees increased by 87.9% in 2019G, from SAR 4.1 million in 2018G to SAR 7.7 million in 2019G. The increase was mainly generated from the leasing sector against the additional incurred costs of the market, legal and financial advisors due to the planned subscription. Professional fees decreased by 86.5% in 2020G, mainly due to COVID-19, as did the advisory services that the Group utilized.

Insurance costs include premiums paid for health, auto, cash and civil liability insurance. Insurance costs did not witness any significant movement during the financial period from 2018G to 2020G.

Depreciation relates mainly to equipment, furniture, fixtures, vehicles and leasehold improvements. Depreciation expenses did not witness any significant movement during the financial period from 2018G to 2020G.

Licensing costs include the Group's government licenses. Licensing costs did not witness any significant movement during the financial period from 2018G to 2020G.

Rent expenses decreased by 67.2%, from SAR 2.2 million in 2018G to SAR 0.7 million in 2019G. Lease expenses did not witness any significant movement during the financial period from 2019G to 2020G.

Maintenance costs include periodic maintenance expenses for public and administrative facilities. Maintenance costs did not witness any significant movement during the financial period from 2018G to 2020G.

Other expenses include expenses for shared services, internet provisions and subscriptions, ice supplies and hospitality. Other expenses increased by 50.9%, from SAR 9.7 million in 2018G to SAR 14.7 million in 2019G. Other expenses declined by 47.5% in 2020G, from SAR 14.7 million in 2019G to SAR 7.7 million in 2020G.

6.5.1.6 Finance costs

The following table presents finance costs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.11): Finance Costs

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Finance costs	30.1	48.9	45.6	62.4%	(6.6%)	23.2%
Finance cost - leases	-	16.1	14.0	N/A	(12.9%)	N/A
Commission expenses - end of service benefits	0.6	0.8	0.6	44.1%	(26.4%)	3.0%
Total	**30.7**	**65.8**	**60.3**	**114.6%**	**(8.4%)**	**40.2%**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

Finance cost increased by 114.6% in 2019G from SAR 30.7 million in 2018G to SAR 65.8 million in 2019G. This is mainly due to gains recorded from a hedging instrument amounting to SAR 6.6 million in 2018G, in addition to an increase in bank borrowings in 2019G. The cost of financing decreased by 8.4% in 2020G, from SAR 65.8 million in 2019G to SAR 60.3 million in 2020G. This is primarily due to lower finance costs as a result of repaying highly profitable Islamic bonds using low profit Murabaha loans.

6.5.1.7 Other Income/Expenses

The following table presents other income/expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.12): Other Income/Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Outstanding liability waived	-	0.6	19.2	N/A	3,099.7%	N/A
Loss from the disposal of property and equipment and intangible assets	(9.6)	(0.7)	(3.6)	(93.1%)	453.0%	(38.4%)
Foreign currency conversion differences	(0.8)	(0.1)	(0.7)	(90.9%)	827.3%	(8.3%)
Gain (loss) on foreign exchange	-	3.9	-			
Contract receivables settlements	3.0	3.3	-	11.6%	(100.0%)	(100.0%)
Claims provision reversal	-	3.1	-	N/A	(100.0%)	N/A
Gain from the disposal of financial assets at FVOCI	-	1.5	-	N/A	(100.0%)	N/A
Other	6.4	6.0	-	(7.2%)	(100.0%)	(100.0%)
Total	**(1.0)**	**17.7**	**14.9**	**(1,941.8%)**	**(16.2%)**	**N/A**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

Other income (expenses) mainly includes penalties imposed on contractors for delays in projects, profits and losses from the sale of property and equipment and investment properties. Other expenses amounting to SAR 1.0 million in 2018G were converted into revenue of SAR 17.8 million in 2019G. This was primarily due to a loss on disposal of property and equipment (SAR 5.3 million) and intangibles (SAR 4.3 million) recognized by the fashion segment in 2018G. The fashion segment closed certain brands that incurred losses in 2018G which resulted in the disposal of property and equipment and the write-off of the franchisee fees paid to brand owners. No such significant disposals were incurred during 2019G in the fashion segment. Other revenue in 2020G represents the reversal of obligations that are no longer required. This is related to the reversal of the lease entitlement associated with Marfa Mall in Jubail, which was canceled in 2019G, and therefore the obligation was reversed in 2020G.

6.5.2 Consolidated Income Statement

The following table presents the Group's consolidated income statement for the Financial Year ended December 31, 2020G.

Table No. (6.13): Consolidated Income Statement for 2020G

SAR Million	Abdullah Al Othaim Investment Co.	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Revenue	496.7	163.8	14.6	121.4	0.9	797.4	(35.5)	1	761.9
Cost of sales	(174.5)	(164.0)	(17.2)	(65.9)	-	(421.7)	46.2	1	(375.5)
Gross profit	322.3	(0.2)	(2.7)	55.5	0.9	375.7	10.7	-	386.4
Selling and marketing expenses	(8.7)	(10.1)	(0.0)	(66.5)	-	(85.3)	16.7	2	(68.6)
General and administrative expenses	(131.7)	(7.9)	(3.4)	(8.5)	(0.1)	(151.7)	0.1	-	(151.6)
Other sources of income	18.6	20.8	1.5	5.8	0.2	46.8	(31.9)	-	14.9
Profit (loss) from operations	200.5	2.6	(4.7)	(13.8)	0.9	185.5	(4.4)	-	181.1
Finance costs	(55.7)	(5.8)	(0.3)	(3.0)	(3.0)	(67.7)	7.4	3	(60.3)
Foreign currency exchange differences	-	-	-	(0.7)	-	(0.7)	0.7	-	-
Profit (loss) from associates	(24.6)	-	-	-	-	(24.6)	25.2	-	0.6
Net profit (loss) before Zakat	120.3	(3.2)	(4.9)	(17.5)	(2.1)	92.6	28.9	-	121.4
Zakat and tax	(4.0)	(1.2)	(0.1)	0.3	0.3	(4.8)	(0.4)	-	(5.2)
Profit/(loss) for the year	**116.3**	**(4.4)**	**(5.0)**	**(17.2)**	**(1.8)**	**87.7**	**28.5**	**-**	**116.3**
Other comprehensive income									
Employee defined benefit re-measurement profit (loss)	0.9	(0.4)	(0.1)	0.8	-	1.1	(0.3)	-	0.9
Foreign currency translation differences	(0.6)	(0.6)	-	-	-	(1.2)	0.6	-	(0.6)
Total comprehensive income for the year	**116.5**	**(5.4)**	**(5.2)**	**(16.4)**	**(1.8)**	**87.7**	**28.8**	**-**	**116.5**

Source: Management information

Amendments to the Main Consolidated Financial Statements

1. Abdullah Al Othaim Investment Company generates revenue through the leased spaces offered to its subsidiaries at its malls. The amendment represents the cancellation of the lease between the sister companies.
2. These amendments are related to the rent charged to the Related Party (Abdullah Al Othaim Fashion Co.), which classifies rental expenses under selling and marketing expenses. Therefore, they are deleted from the same item.
3. The amendment eliminates the impact of the financing cost imposed by Abdullah Al Othaim Investment Company on its subsidiaries in exchange for the financing provided for the subsidiaries.
4. The amendment is related to the difference in the share results of Abdullah Al Othaim Entertainment Co. leading to additional Zakat expenses.

The following table presents the consolidated balance sheet of the Group's income statement for the Financial Year ended December 31, 2019G.

Table No. (6.14): Consolidated Income Statement for 2019G

SAR Million	Abdullah Al Othaim Investment Co.	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Revenue	551.9	295.2	24.7	186.8	2.2	1,060.3	(52.1)	1	1008.7
Cost of sales	(210.6)	(185.0)	(21.6)	(100.3)	-	(517.5)	46.5	1	(471.0)
Gross profit	341.3	110.2	3.1	86.5	2.2	543.3	(5.6)		537.7
Selling and marketing expenses	(17.2)	(16.1)	(0.2)	(80.0)	-	(113.5)	0.7		(112.8)
General and administrative expenses	(102.8)	(16.9)	(6.5)	(11.1)	(0.2)	(138.0)	6.5	2	(131.5)
Profit (loss) from operations	221.3	77.2	(3.5)	(4.6)	2.02	292.4	1.6		293.4
Finance costs	(57.9)	(6.6)	(0.8)	(6.4)	-	(71.7)	5.9	3	(65.8)
Foreign currency exchange differences	(0.0)	-	-		(0.1)	(0.1)	-		(0.1)
Other sources of income	16.3	5.2	0.4	0.7	1.5	24.1	(6.3)	2	17.8
Profit (loss) from associates	61.4	-	-	-	-	61.4	(61.4)		-
Net profit (loss) before Zakat	241.2	75.7	(3.9)	(10.3)	3.4	306.2	(60.2)		245.3
Zakat and tax	(8.6)	(4.0)		(0.1)	(0.05)	(12.7)	-		(12.7)
Profit/(loss) for the year	**232.6**	**71.7**	**(3.9)**	**(10.4)**	**3.4**	**293.5**	**(60.2)**		**232.6**
Other comprehensive income									
Change in financial assets investment at FVTPL	1.1	-	-	-	-	1.1	-		1.1
Employee defined benefit re-measurement profit (loss)	0.4	(1.0)	0.2	(0.6)	-	(0.9)	0.3		(0.7)
Foreign currency translation differences	-	(0.9)	-	-	-	(0.9)	-		(0.9)
Net share of OCI in subsidiaries and affiliates that will later be allocated to PF	(1.9)	-	-	-	-	(1.9)	1.9		-
Total comprehensive income for the year	**232.2**	**69.9**	**(3.7)**	**(11.0)**	**3.4**	**290.8**	**(58.0)**		**232.8**

Source: Management information

Amendments to the Main Consolidated Financial Statements

1. Abdullah Al Othaim Investment Company generates revenue through the leased spaces offered to its subsidiaries at its malls. The amendment represents the cancellation of the lease between the sister companies.
2. These amendments are related to the rent charged to the Related Party (Abdullah Al Othaim Fashion Co.), which classifies rental expenses under selling and marketing expenses. Therefore, they are deleted from the same item.
3. The amendment eliminates the impact of interest on lease liabilities under IFRS 16 for lease agreements between companies as well as the financing cost imposed by Arab Insurance Company on its subsidiaries for the financing provided to the subsidiaries.

The following table presents the Group's consolidated income statement for the Financial Year ended December 31, 2018G.

Table No. (6.15): Consolidated Income Statement for 2018G

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Revenue	536.8	263.2	22.8	146.5	-	969.2	(44.3)	1	924.8
Cost of sales	(224.9)	(165.2)	(21.8)	(83.1)	-	(495.0)	41.5	1	(453.4)
Gross profit	311.8	98.0	1.0	63.4	-	474.2	(2.8)		471.4
Selling and marketing expenses	(9.8)	(10.6)	(0.4)	(71.9)	-	(92.7)	0.1		(92.6)
General and administrative expenses	(57.3)	(19.5)	(4.2)	(11.7)	(0.2)	(92.9)	8.2	2	(84.7)
Operating profit	244.7	67.9	(3.7)	(20.2)	(0.16)	288.6	5.4		294.0
Finance costs	(34.7)	(0.5)	(0.5)	(0.5)	-	(36.2)	5.5	3	(30.7)
Foreign currency exchange differences	0.01	-	-	-	-	0.0	(0.04)		(0.0)
Other income (expense)	13.8	3.2	0.0	(8.4)	-	8.6	(9.5)	2	(1.0)
Profit (loss) from associates	32.7	-	-	-	-	32.7	(32.7)		-
Dividends received from financial assets	-	-	-	-	-	-	0.6		0.6
Net profit (loss) before Zakat	256.5	70.5	(4.1)	(29.1)	(0.2)	293.6	(30.7)		262.9
Zakat and tax	(6.7)	(4.6)	(0.0)	(0.4)	0.02	(11.8)	(1.3)	4	(13.1)
Profit/(loss) for the year	**249.8**	**65.9**	**(4.2)**	**(29.5)**	**(0.1)**	**281.9**	**(32.1)**		**249.8**
Other comprehensive income									
Employee benefits remeasurement profit	0.7	-	(0.2)	0.2	-	0.7	-		0.7
Foreign currency translation differences	-	0.5	-	-	-	0.5	(0.5)		-
Net share of OCI in subsidiaries and affiliates that will later be allocated to PF	(1.12)	0.04	-	-	-	(1.1)	-		(1.1)
Total comprehensive income (loss) for the year	**249.4**	**66.5**	**(4.4)**	**(29.4)**	**(0.1)**	**282.0**	**(32.6)**		**249.4**

Source: Management information

Amendments to the Main Consolidated Financial Statements

1. Abdullah Al Othaim Investment Company generates revenue through the leased spaces offered to its subsidiaries at its malls. The amendment represents the cancellation of the lease between the sister companies.
2. These amendments are related to the rent charged to the Related Party (Abdullah Al Othaim Fashion Co.), which classifies rental expenses under selling and marketing expenses. Therefore, they are deleted from the same item.
3. The amendment eliminates the impact of interest on lease liabilities under IFRS 16 for lease agreements between companies as well as the financing cost imposed by Arab Insurance Company on its subsidiaries for the financing provided to the subsidiaries.

6.5.3 Income Statement - Other Companies

The following table shows the consolidated balance sheet of the income statement for other companies for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.16): Income Statement for Other Companies for 2018G, 2019G and 2020G

SAR'000	Net Revenue			General and Administrative Expenses			Other Sources of Income			Zakat and Tax			Total Comprehensive Income for the Year		
	2018G	2019G	2020G	2018G	2019G	2020G	2018G	2019G	2020G	2018G	2019G	2020G	2018G	2019G	2020G
Riyadh Al Waed for Property Management	-	-	-	(22)	(13)	(17)	-	-	-	-	-	-	(22)	(13)	(17)
Asasat Transportation and Maintenance Company	-	92	-	-	(20)	(38)	-	-	159	-	(2)	(13)	-	70	107
Bihar for Investment	-	-	-	(15)	(14)	(9)	-	-	-	1		(0.2)	(14)	(14)	(9)
Elham Al Mostaqbal Asset Management Company	-	-	-	(22)	(13)	(14)	-	-	-	-		-	(22)	(13)	(14)
Takamol Al-Aziziya for Property Management	-	2,115	867	(22)	(13)	(27)	-	-	-	-	(53)	(66)	(22)	2.049	774
Orion Holding Company	-	-	-	-	(149)	-	-	1,496	-	-	-	-	-	1.347	-
Al Othaim Malls Co.	-	-	-	(16)	(15)	(19)	-	-	-	16	-	(16)	1	(15)	(35)
Nimar Real Estate Development and Investment	-	-	-	(42)	(13)	-	-	-	-	1	-	-	(41)	(13)	-
Ethraa Al Hayat for Property Management	-	-	-	(22)	(13)	-	-	-	-	-	-	-	(22)	(13)	-
Total	**-**	**2,206**	**867**	**(160)**	**(262)**	**(125)**	**-**	**1,496**	**159**	**18**	**(54)**	**(96)**	**(143)**	**3.386**	**805**

Notes:

1. The revenues generated from Takamol Al-Aziziya are related to leasing agricultural land in Qassim to one lessee. These amendments are related to the rent charged to the relevant party (Abdullah Al Othaim Fashion Co.), which classifies the rental expense under selling and marketing expenses. Therefore, they are deleted from the same item.
2. General and administrative expenses mainly relate to audit fees and a small number of SADAD payments to the Government.
3. This relates to profits made on the disposal of investments by Orion Holdings.
4. Represents management fees received from other companies for Asasat Transport and Maintenance Company employees who work in other companies. The fees are based on an agreement and are charged to other entities on a monthly basis.

6.5.4 Income Statement – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's income statement for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.17): Income Statement

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Revenue	536.8	551.9	496.7	2.8%	(10.0%)	(3.8%)
Cost of revenue	(224.9)	(210.6)	(174.5)	(6.4%)	(17.2%)	(11.9%)
Gross profit	**311.8**	**341.3**	**322.3**	**9.4%**	**(5.6%)**	**1.7%**
Selling and distribution expenses	(9.8)	(17.2)	(8.7)	76.0%	(49.7%)	(5.9%)
General and administrative expenses	(57.3)	(102.8)	(105.7)	121.6%	35.4%	73.2%
Profit from operations	**244.7**	**221.3**	**181.9**	**(9.6%)**	**(17.8%)**	**(13.8%)**
Finance cost	(34.7)	(57.9)	(55.7)	66.8%	(3.8%)	26.7%
Other Revenue	13.8	16.3	18.6	18.6%	13.8%	16.2%
Company's share of profit from subsidiaries	32.7	61.4	(24.6)	87.8%	(140.1%)	N/A
Profit before Zakat	**256.5**	**241.2**	**120.3**	**(6.0%)**	**(50.1%)**	**(31.5%)**
Zakat	(6.7)	(8.6)	(4.0)	27.4%	(53.2%)	(22.8%)
Profit for the year	**249.8**	**232.6**	**116.3**	**(6.9%)**	**(50.0%)**	**(31.8%)**
Net income margin (%)	46.5%	42.1%	23.4%	(9.4%)	(44.5%)	(29.1%)

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Note: "NM" refers to "not meaningful" and is used for growth/decline percentages greater than 500.0% for the purposes of the management discussion and analysis section of this Prospectus.

IFRS 16 became effective as of January 1, 2019G and AOIC assessed its contractual arrangements in order to ascertain whether a contract contains a lease at the beginning of the contract. For all such lease arrangements, AOIC recognized right-of-use assets and lease liabilities except for short-term leases and leases of low value assets. (Refer to the section "Significant Accounting Policies" for further detail on measurement and recognition criteria.) The following table presents the impact of the adoption of IFRS 16 on AOIC's income statement for the Financial Year ended December 31, 2019G and December 31, 2020G.

Table No. (6.18): Impact of the Adoption of IFRS 16 on the Income Statement

SAR Million	FY Ended December 31, 2019G	FY Ended December 31, 2020G
Amortization expenses of right-of-use assets	36.8	37.7
Finance cost on lease liabilities	9.9	9.5
Total	**46.7**	**47.2**

Source: Abdullah Al Othaim Co.'s audited financial statements for the Financial Year ended December 31, 2019G

Revenues are mainly generated by Abdullah Al Othaim Investment Company from the following sources of income: Rental revenues, mall operation, service revenues and advertising revenues. Rent is the major contributor to gross revenues with an average contribution of 77.5% of gross revenues between 2018G and 2020G. Average contribution to gross revenue from other streams represented 11.0% from mall operation, 9.0% from service revenue and 2.0% from advertising revenue. Additionally, a marginal amount of revenue (on average 0.4% of total revenue) was contributed from other revenue streams between 2018G and 2020G.

Revenues (net) increased by 2.8%, from SAR 536.8 million in 2018G to SAR 551.9 million in 2019G. This mainly resulted from a decrease in customer discounts by 25.0% in 2019G, from SAR 52.2 million in 2018G to SAR 39.2 million In 2019G. The impact of the increase in revenue from discounts was partially offset by an increase in average rent per sq m in 2019G, from SAR 1,452 in 2018G to SAR 1,485 in 2019G. During 2019G, revenue decreased by 10.0%, from SAR 551.9 million in 2019G to SAR 496.7 million in 2020G. This primarily resulted from an increase in discounts extended to customers from SAR 39.2 million in 2019G to SAR 74.6 million in 2020G.

Cost of revenue is mainly comprised of fixed and semi-variable costs; therefore, movement in revenue does not materially impact AOIC's cost of revenue. During 2019G, the cost decreased by 6.4%, from SAR 224.9 million in 2018G to SAR 210.6 million in 2019G. This mainly resulted from the adoption of IFRS 16, where a decrease in the depreciation of right-of-use assets was recognized of SAR 36.8 million in 2019G compared to rent of SAR 46.9 million in 2018G. According to the requirements of IFRS 16, capitalized operating leases (right-of-use assets) are depreciated on a straight-line basis over the term of the lease or the useful life, whichever is lower. No rent expense is charged separately for such leases. Cost of revenue further declined by 17.2% in 2020G, from SAR 210.6 million in 2019G to SAR 174.5 million in 2020G. This resulted from the decline in utilities expenses, employee salaries and rentals by SAR 11.6 million, SAR 7.2 million and SAR 9.7 million respectively in 2020G.

During 2019G, an additional provision of SAR 60.3 million was booked against doubtful debts as a result of an increase in gross receivables from SAR 153.4 million at December 31, 2018G to SAR 214.9 million at December 31, 2019G. During 2019G, the auditors classified the provision for doubtful debts as part of general and administrative expenses and restated the comparatives. (Refer to the section "**General & Administrative Expenses**" for further details.)

During 2020G, an additional provision of SAR 102.6 million was booked against doubtful debts as a result of an increase in gross receivables from SAR 214.9 million at December 31, 2019G to SAR 395.3 million at December 31, 2020G.(Refer to the section "**General and Administrative Expenses**" for further details.)

Selling and distribution expenses mainly consist of advertising expenses, which accounted on average for 70.6% of the total selling and distribution expenses between 2018G and 2020G. The expenses increased by 76.0% in 2019G, from SAR 9.8 million in 2018G to SAR 17.2 million in 2019G. This primarily resulted from an increase in the cost of marketing events by SAR 3.7 million due to various events organized by Abdullah Al Othaim Investment Company in malls during 2019G (such as: free coupons, free cars, African and Chinese circus', etc.).

The expenses declined by 49.7% in 2020G, from SAR 17.2 million in 2019G to SAR 8.7 million in 2020G. This was primarily due to a lack of marketing events due to the closure of malls and the lockdowns imposed due to the ongoing COVID pandemic.

General and administrative expenses increased by 79.4% in 2019G from SAR 57.3 million in 2018G to SAR 102.8 million in 2019G. This primarily resulted from an increase in the provision for bad debt by 173.3% in 2019G, from SAR 22.1 million in 2018G to SAR 60.3 million in 2019G. The increase in provision expenses was driven by the increase in gross receivables from SAR 153.4 million at December 31, 2018G to SAR 214.9 million at December 31, 2019G as a result of a delay in collections.

The expenses increased by 28.1% in 2019G, from SAR 102.8 million in 2018G to SAR 131.7 million in 2019G. This was primarily due to the increase in the provision for bad debt by 67.9% in 2020G, from SAR 60.3 million in 2019G to SAR 101.3 million in 2020G. The increase in provision expenses was driven by an increase in gross receivables from SAR 214.9 million at December 31, 2019G to SAR 395.3 million at December 31, 2020G as a result of delay in collections and due to the ongoing COVID pandemic.

Other income primarily includes intercompany charges, reversal of provisions and claims. In 2019G, other sources of income increased by 18.6%, from SAR 13.8 million in 2018G to SAR 16.3 million in 2019G, primarily due to the reversal of a loss allowance of SAR 3.1 million in 2019G for SEIC Garden Company. Abdullah Al Othaim Investment Company transferred its rights in the subsidiary to Abdullah Al Othaim Holding Company Co. in 2018G and canceled the decision in 2019G. This increase was partially offset by the reclassification of the revaluation reserve of SAR 2.0 million to income as it related to the sale of an investment held at fair value though profit & loss (FVTPL). The increase was by 13.8% in 2020G, from SAR 16.3 million in 2019G to SAR 18.6 million in 2020G. This was primarily due to the reversal of accrual in other income, which is the reversal of rent accrued related to Marfah Mall in Jubail which was canceled in 2019G and hence the liability was reversed in 2020G.

Finance costs mainly relate to Islamic bonds (sukuk), Murabaha loans, lease liabilities and bank fees. These charges increased by 66.8% in 2019G, from SAR 34.7 million in 2018G to SAR 57.9 million in 2019G. This primarily resulted from the increase in finance charges by SAR 12.4 million in 2019G due to an increase in Murabaha loans by SAR 94.8 million at December 31, 2019G. Additionally, AOIC recognized interest expenses on leases of SAR 9.9 million as a result of the adoption of IFRS 16 which became effective as of January 1, 2019G. The decline was by 3.8% in 2020G, from SAR 57.9 million in 2019G to SAR 55.7 million in 2020G. This was due to the offsetting of Islamic bonds which carry a high interest rate. These were paid off upon maturity (August 2020G) and an additional Murabaha loan was received with a lower interest rate.

Share of results of subsidiaries and associates is mainly related to AOIC's share in the profits and losses arising out of its investment in various subsidiaries and associates. (Refer to the section "**Investments in Subsidiaries**" for further detail.)

Zakat expense increased by 27.4% in 2019G, from SAR 6.7 million in 2018G to SAR 8.6 million in 2019G and later decreased by 53.2% in 2020G. The movement was on account of the movement in the Zakat base between December 31, 2018G and 2020G.

6.5.4.1 Key Performance Indicators

The following table presents AOIC's key performance indicators for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.19): Key Performance Indicators

	FY Ended December 31		
	2018G	2019G	2020G
Financial KPIs			
Gross margin (%)	58.1%	61.8%	64.9%
Net profit margin (%)	46.5%	42.1%	23.4%
Return on assets (%)	7.9%	6.6%	3.4%
Return on equities (%)	16.3%	14.5%	7.2%
Current ratio (x)	1.1	0.3	0.9
Debt to equity (x)	0.9	0.8	0.8
Days sales outstanding (no.)	104	142	290
Operational KPIs			
Operational malls (no.)[1]	9	9	9
Gross lease area (m^2)	601,580	601,580	601,580
Net lease area (m^2)	456,909	456,909	457,871
Lease area (m^2)	405,504	398,142	387,114
Rent per m^2 (SAR)	1,452	1,485	1,476
Average occupancy of malls (%)	88.7%	87.1%	84.5%

Source: Management information

Note 1: This includes Akirshah Mall with a total leasable area of 6,320 sq m of operating line shops.

Note 2:

1. Gross profit margin = gross profit for the year / revenue for the year
2. Net profit margin = net profit for the year / revenue for the year
3. Return on assets = net profit for the year / assets at year end
4. Current ratio = total current assets at year end / total current liabilities at year end
5. Debt to equity = total outstanding debt as year end / total equity
6. Days sales outstanding = (gross receivables as year end / revenue for the year) x 365
7. Rent per m2 = gross revenue / average leased area

6.5.4.2 Revenue

Revenue by Sector

The following table presents an overview of AOIC's revenue by segment for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.20): Revenue by Sector

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rent revenue	514.5	520.8	514.3	1.2%	(1.2%)	(0.0%)
Service revenue	54.7	52.9	50.3	(3.3%)	(4.8%)	(4.1%)
Promotion and advertising revenue	12.4	8.8	6.7	(29.0%)	(23.7%)	(26.4%)
Other revenue	7.4	8.6	-	16.2%	(100.0%)	(100.0%)
Total revenue	589.0	591.1	571.3	0.4%	(3.3%)	(1.5%)
Discounts	(52.2)	(39.2)	(74.6)	(25.0%)	90.5%	19.6%
Net Revenue	**536.8**	**551.9**	**496.7**	**2.8%**	**(10.0%)**	**(3.8%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Between 2018G and 2020G, the auditors changed the classification of segments, therefore, we have adjusted the revenue table in order to present a consistent comparison between 2018G and 2020G. The following table presents the adjusted revenue by segment for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.21): Adjusted Revenue by Segment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rent revenue	448.7	457.6	451.1	2.0%	(1.4%)	0.3%
Operation of malls	65.8	63.1	63.2	(4.1%)	0.1%	(2.0%)
Service revenue	54.7	52.9	50.3	(3.3%)	(4.8%)	(4.1%)
Promotion and advertising revenue	12.4	8.8	6.7	(29.0%)	(23.7%)	(26.4%)
Other revenue	7.4	8.6	-	16.2%	(100.0%)	(100.0%)
Total revenue	589.0	591.1	571.3	0.4%	(3.3%)	(1.5%)
Discounts	(52.2)	(39.2)	(74.6)	(25.0%)	90.5%	19.6%
Net Revenue	**536.8**	**551.9**	**496.7**	**2.8%**	**(10.0%)**	**(3.8%)**

Source: Management information

Rent Revenue

Rent revenue represents the income generated from leasing retail space to tenants in AOIC-operated malls as well as fees charged to certain customers as a percentage of their revenues (in accordance with the agreement with the tenant).

Rent revenue increased by 2.0% in 2019G, from SAR 448.7 million in 2018G to SAR 457.6 million in 2019G. This was primarily driven by an increase in rent per sq m (basic rent revenue plus leasing percentage / average leased area) from SAR 1,106/sq m in 2018G to SAR 1,149/sq m in 2019G as a result of increases in existing rent agreements. Rent revenue declined in 2020G by 1.4%, from SAR 457.6 million in 2019G to SAR 451.1 million in 2020G, as the there was a decline in leased area from 398,142 in 2019G to 387,114 in 2020G.

Operation of Malls

This represents the fee charged by AOIC for the operation of malls at the rate of SAR 250 per sq m. During 2019G, revenues decreased by 4.1%, from SAR 65.8 million in 2018G to SAR 63.1 million in 2019G. This was primarily due to a decline in average leased area from 405,504 sq m in 2018G to 398,142 sq m in 2019G as a result of Abdullah Al Othaim Investment Company freeing up leased space in various malls to initiate the cinema development project.

Revenue did not witness material fluctuations between 2019G and 2020G.

Service Revenue

Service revenue relates to the cost charged by AOIC to tenants for the consumption of utilities, which includes the cost of electricity, water, gas and air conditioning. Service revenue declined by a CAGR of 4.1% between 2018G to 2020G primarily due to a decrease in electricity consumption as the leased area over the year declined from 405,504 in 2019G to 387,114 in 2020G.

Promotion and Advertising/Specialty Revenue

Advertising revenues represent the revenue generated by running marketing campaigns and promotional activities organized by mall tenants. The revenue from this stream decreased by 29.0% in 2019G, from SAR 12.4 million in 2018G to SAR 8.8 million in 2019G. Revenue from this stream decreased further by 23.7% in 2020G, from SAR 8.8 million in 2019G to SAR 6.7 million in 2020G.

This primary reason for decrease was a drop in advertisement activities in malls as well as the COVID pandemic, as malls were closed for three (3) months.

Other Revenue

Other revenue includes income generated from sponsors as well from marketing coupons. Sponsor revenue is derived through Abdullah Al Othaim Markets Company, which sublets space to vendors for organizing their promotional campaigns in AOIC-operated malls. Other revenue increased by 16.2% in 2019G, from SAR 7.4 million in 2018G to SAR 8.6 million in 2019G. This was primarily due to an increase in leased space in Rabwah Mall, Riyadh where revenue increased from SAR 4.3 million in 2019G to SAR 5.5 million in 2020G. No revenue from sponsors or marketing coupons was earned by AOIC during 2020G.

Discounts

AOIC grants discounts on lease contracts to tenants in order to maintain occupancy of the mall and to support tenants that are critical in attracting footfall. Discounts declined by 25.0% in 2019G, from SAR 52.2 million in 2018G to SAR 39.2 million in 2019G. However, discounts increased by 90.5% in 2020G, from SAR 39.2 million in 2019G to SAR 74.6 million in 2020G. The discount percentage is decided on a case-by-case basis depending on multiple factors, including the relevant tenant's quality, brand portfolio and its overall contribution to AOIC's business. Discounts are granted to maintain the performance of the malls and to maintain strategic relations with tenants to ensure the business continuity of tenants during challenging market conditions. Therefore, discounts may fluctuate on a yearly basis.

Mall Revenue

The following table presents an overview of AOIC's revenue by mall for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.22): Revenue by Mall

SAR Million	Year of Opening	FY Ended December 31			Increase/(Decrease)		CAGR
		2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Al Othaim Mall - Al-Rabwah	2001G	132.5	132.8	114.6	0.2%	(13.7%)	(7.0%)
Al Othaim Mall - Al-Ahsa	2007G	101.5	99.9	99.7	(1.5%)	(0.2%)	(0.9%)
Al Othaim Mall - Dammam	2011G	93.8	92.0	92.5	(1.9%)	0.5%	(0.7%)
Al Othaim Mall - Hail	2016G	63.4	63.9	67.8	0.8%	6.2%	3.4%
Al Othaim Mall - Buraidah	2000G	55.2	61.9	56.5	12.1%	(8.7%)	1.2%
Al Othaim Mall - Khurais	2008G	60.4	62.4	60.9	3.3%	(2.5%)	0.4%
Al Othaim Mall - Arar	2016G	45.9	42.5	44.3	(7.5%)	4.1%	(1.8%)
Al Othaim Mall - Unaizah	2012G	33.4	32.8	32.2	(1.7%)	(2.0%)	(1.8%)
Akirshah Mall	2011G	2.7	2.6	2.6	(5.3%)	0.2%	(2.6%)
Other		0.1	0.2	0.3	64.4%	35.7%	49.4%
Total revenue		**589.0**	**591.1**	**571.3**	**0.4%**	**(3.3%)**	**(1.5%)**
Discounts		(52.2)	(39.2)	(74.6)	(25.0%)	90.5%	19.6%
Net revenue		**536.8**	**551.9**	**496.7**	**2.8%**	**(10.0%)**	**(3.8%)**

Source: Management information

Al Othaim Mall - Al-Rabwah

The mall is located in Riyadh's Rabwah District on the Eastern Ring Road and has been in operation since 2001G (with an expansion in 2009G). The mall has a gross leasable area of 107,825 sq m, of which 76,203 sq m are rental space designed to accommodate more than 712 shops of different sizes, in addition to restaurants, Saffori Land, which covers an area of 13,560 sq m, Snow City, with an area of 4,500 sq m, and a 1,774 sq m hypermarket. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.23): Al Othaim Mall - Al-Rabwah

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	101.0	101.7	92.1	0.7%	(9.4%)	(4.5%)
Operation of malls	14.2	13.5	12.2	(4.7%)	(9.8%)	(7.3%)
Service income	10.6	10.1	8.8	(4.4%)	(12.9%)	(8.7%)
Promotion and advertising revenue	2.5	2.0	1.5	(19.9%)	(24.3%)	(22.1%)
Sponsor revenue	4.3	5.5	-	28.2%	(100.0%)	(100.0%)
Total revenue	132.5	132.8	114.6	0.2%	(13.7%)	(7.0%)
Total discounts	(19.6)	(1.0)	(12.3)	(94.7%)	1,068.7%	(21.0%)
Net revenue	112.9	131.7	102.4	16.7%	(22.3%)	(4.8%)
Operational KPIs						
Turnout rate (in millions)	7.8	9.2	5.9	17.2%	(35.8%)	(13.3%)
Net lease area (m^2)	77,431	77,431	76,203	-	(1.6%)	(0.8%)
Leased area (m^2)	72,929	68,712	62,162	(5.8%)	(9.5%)	(7.7%)
Rent per m^2 (SAR)	1,817	1,933	1,844	6.4%	(4.6%)	0.7%
Average occupancy (%)	94.2%	88.7%	81.6%	(5.8%)	(8.1%)	(6.9%)
Average annual efficiency (%) *	85.2%	99.2%	89.3%	16.5%	(10.0%)	2.4%

Source: Management information

Rabwah Mall contributed 21.7% on average of the gross revenue earned by AOIC between 2018G and 2020G. Revenue did not significantly fluctuate between 2018G and 2019G. Revenue decreased by 13.7% in 2020G, from SAR 132.8 million in 2019G to SAR 114.6 million in 2020G. This was primarily due to a decline in occupancy of the mall from 88.7% in 2019G to 81.6% in 2020G. This decline in occupancy was due to the closure of certain contracts with anchor tenants (such as: Basicxx, Centre Point, Twenty4 etc.) in order to free up space for the construction of the cinema project.

Al Othaim Mall - Al-Ahsa

The mall is located in Al Mabraz District in Al-Ahsa and has been in operation since 2007G. The mall has a gross leasable area of 85,237 sq m of which 61,162 sq m is available for lease. The mall has around 543 stores and kiosks of different sizes, in addition to restaurants and Saffori Land covering an area of 9,969 sq m. The mall also has a 6,545 sq m hypermarket. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.24): Al-Ahsa Mall

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	81.1	80.4	81.6	(0.9%)	1.5%	0.3%
Operation of malls	9.9	9.5	9.3	(3.8%)	(1.9%)	(2.9%)
Service income	8.9	8.8	8.2	(1.5%)	(6.3%)	(3.9%)
Promotion and advertising revenue	1.5	1.3	0.6	(17.6%)	(52.4%)	(37.4%)
Total revenue	**101.5**	**99.9**	**99.7**	**(1.5%)**	**(0.2%)**	**(0.9%)**
Total discounts	(9.1)	(7.2)	(12.6)	(20.9%)	75.5%	17.8%
Net revenue	92.4	92.8	87.1	0.4%	(6.1%)	(2.9%)
Operational KPIs						
Turnout rate (in millions)	8.8	8.7	5.9	(1.7%)	(31.8%)	(18.1%)
Net lease area (m^2)	61,435	61,435	61,162	-	(0.4%)	(0.2%)
Leased area (m^2)	55,913	56,144	54,343	0.4%	(3.2%)	(1.4%)
Rent per m^2 (SAR)	1,815	1,780	1,835	(1.9%)	3.1%	0.6%
Average occupancy (%)	91.0%	91.4%	88.9%	0.4%	(2.8%)	(1.2%)
Average annual efficiency (%) *	91.0%	92.8%	87.3%	1.9%	(5.9%)	(2.0%)

Source: Management information

Al-Ahsa Mall contributed 17.2% on average of the total revenue generated by AOIC between 2018G and 2020G. Revenue did not witness material fluctuation between 2018G and 2020G.

Revenue from the mall declined by a CAGR of 0.9% between 2018G and 2020G, from SAR 101.5 million in 2018G to SAR 99.7 million in 2020G. This was primarily due to a decline in average occupancy by 1.2% between 2018G and 2020G, from 91.0% in 2018G to 88.9% in 2020G, as a result of the termination of various leasing contracts in the normal course of business.

Discounts decreased by 20.9% in 2019G. from SAR 9.1 million in 2018G to SAR 7.2 million in 2019G, due primarily to the lower number of discounts extended to customers. The increase in discounts by 75.5% in 2020G was primarily due to increased discounts extended to customers.

Al Othaim Mall - Dammam

The mall is located in Abdullah Fouad District in Dammam and has been in operation since 2011G. The mall was constructed on an area of 91,770 sq m, of which 71,231 sq m are rental space designed to accommodate more than 446 stores and kiosks of different sizes. The mall also accommodates family entertainment centers; Saffori Land, Splash and Action Zone extend over an area of 13,423 sq m, in addition to a hypermarket with an area of 5,446 sq m. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.25): Al Othaim Mall - Dammam

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	72.1	70.4	71.5	(2.2%)	1.5%	(0.4%)
Operation of malls	9.7	9.7	9.8	(0.0%)	0.6%	0.3%
Service income	10.1	10.2	9.7	0.4%	(4.3%)	(2.0%)
Promotion and advertising revenue	1.9	1.7	1.5	(12.1%)	(10.4%)	(11.3%)
Total revenue	93.8	92.0	92.5	(1.9%)	0.5%	(0.7%)
Total discounts	(4.4)	(6.9)	(11.3)	58.2%	63.1%	60.7%
Net revenue	89.4	85.0	81.2	(4.9%)	(4.6%)	(4.7%)
Operational KPIs						
Turnout rate (in millions)	8.3	6.8	4.5	(18.5%)	(33.8%)	(26.6%)
Net lease area (m^2)	71,870	71,870	71,231	-	(0.9%)	(0.4%)
Leased area (m^2)	65,863	61,410	60,489	(6.8%)	(1.5%)	(4.2%)
Rent per m^2 (SAR)	1,424	1,498	1,529	5.2%	2.1%	3.6%
Average occupancy (%)	91.6%	85.4%	84.9%	(6.8%)	(0.6%)	(3.7%)
Average annual efficiency (%) *	95.3%	92.5%	87.8%	(3.0%)	(5.1%)	(4.0%)

Source: Management information

Revenue from Al Othaim Mall - Dammam represented 15.9% on average of the gross revenue earned by AOIC between 2018G and 2020G. Despite a decline in occupancy of the mall from 91.6% in 2018G to 85.4% in 2019G, revenue did not witness material fluctuation in 2019G. The effect of the decline in occupancy was partially offset by the increase in average rent per square meter from SAR 1,424 per square meter in 2018G to SAR 1,498 per square meter in 2019G. This increase was due to the reevaluation of rental agreements by AOIC in 2019G and the decision to increase the annual lease value for contracts under sale. The decline in occupancy of the mall resulted from the closure of some contracts with anchor tenants (Splash, Iconic etc.) in order to commence development of the cinema project in 2019G.

The decline in occupancy of the mall from 85.4% in 2019G to 84.9% in 2020G resulted in revenue not witnessing material fluctuation between 2019G and 2020G.

Average yearly efficiency of the mall declined at a CAGR of 4.0% between 2018G and 2020G. This was primarily due to an increase in discounts from 4.4 million in 2018G to SAR 11.3 million in 2020G.

Al Othaim Mall - Hail

The mall is located in Naqrah District on King Saud Road in the city of Hail and has been in operation since 2016G. The mall has a gross leasable area of 79,894 sq m, of which 63,524 sq m is net leasable area designed to accommodate 377 stores and kiosks of different sizes, in addition to restaurants. The mall also includes a family entertainment center (Saffori Land) and a hypermarket covering an area of 5,500 sq m and 4,680 sq m respectively. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.26): Al Othaim Mall - Hail

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	44.6	48.0	50.9	7.6%	6.1%	6.8%
Operation of malls	9.0	8.3	9.1	(7.8%)	9.2%	0.3%
Service income	8.8	7.1	7.4	(19.3%)	4.7%	(8.1%)
Promotion and advertising revenue	1.0	0.5	0.4	(50.4%)	(12.4%)	(34.1%)
Total revenue	**63.4**	**63.9**	**67.8**	**0.8%**	**6.2%**	**3.4%**
Total discounts	(4.4)	(5.1)	(10.1)	13.9%	99.7%	50.8%
Net revenue	59.0	58.8	57.7	(0.2%)	(1.9%)	(1.1%)
Operational KPIs						
Turnout rate (in millions)	4.0	4.2	3.3	5.2%	(21.7%)	(9.3%)
Net lease area (m^2)	61,552	61,552	63,524	-	3.2%	1.6%
Leased area (m^2)	50,599	50,551	51,128	(0.1%)	1.1%	0.5%
Rent per m^2 (SAR)	1,253	1,264	1,327	0.9%	5.0%	2.9%
Average occupancy (%)	82.2%	82.1%	80.5%	(0.1%)	(2.0%)	(1.1%)
Average annual efficiency (%) *	93.0%	92.1%	85.1%	(1.0%)	(7.6%)	(4.3%)

Source: Management information

The Grand Mall contributed 11.1% on average of AOIC's gross revenue between 2018G and 2020G. Revenue did not witness material fluctuation between 2018G and 2019G.

Revenue from the mall increased by 6.2% in 2020G from SAR 63.9 million in 2019G to SAR 67.8 million in 2020G. This was primarily due to the increase in rent per sq m from SAR 1,264 in 2019G to SAR 1,327 in 2020G.

Al Othaim Mall - Buraidah

The mall is located in Buraidah and has been in operation since 2000G (with an expansion in 2010G). The mall has a gross leasable area of 52,660 sq m and a net leasable area of 40,763 sq m. The rental space is designed to accommodate more than 375 stores and kiosks. The mall also has a 3,939 sq m hypermarket and a family entertainment center (Saffori Land) covering an area of 3,870 sq m. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.27): Al Othaim Mall - Buraidah

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	47.3	54.5	49.2	15.2%	(9.7%)	2.0%
Operation of malls	6.1	6.2	6.1	0.8%	(1.2%)	(0.2%)
Service income	0.8	0.8	0.8	(0.1%)	(2.3%)	(1.2%)
Promotion and advertising revenue	1.0	0.5	0.5	(52.1%)	(8.9%)	(33.9%)
Total revenue	55.2	61.9	56.5	12.1%	(8.7%)	1.2%
Total discounts	(2.4)	(5.6)	(4.1)	135.9%	(26.7%)	31.5%
Net revenue	52.9	56.4	52.4	6.6%	(7.0%)	(0.4%)
Operational KPIs						
Turnout rate (in millions)	6.6	6.4	3.9	(3.4%)	(38.7%)	(23.0%)
Net lease area (m^2)	40,858	40,858	40,763	(0.0%)	(0.2%)	(0.1%)
Leased area (m^2)	39,003	38,971	37,950	(0.1%)	(2.6%)	(1.4%)
Rent per m^2 (SAR)	1,416	1,589	1,489	12.2%	(6.3%)	2.6%
Average occupancy (%)	95.5%	95.4%	93.1%	(0.1%)	(2.4%)	(1.2%)
Average annual efficiency (%) *	95.7%	91.0%	92.8%	(4.9%)	1.9%	(1.6%)

Source: Management information

Al Othaim Mall - Buraidah contributed 9.9% on average of AOIC's gross revenue between 2018G and 2020G. In 2019G, revenues increased by 12.1%, from SAR 55.2 million in 2018G to SAR 61.9 million in 2019G, mainly due to the increase in rent per square meter from SAR 1,416 per sq m in 2018G to SAR 1,589 in 2019G. The increase was driven by the annual increase in the value of lease contracts for various customers. Further, AOIC also reevaluated active contracts in 2019G and agreed to increase the annual rent. Revenue decreased by 7.0% in 2020G, from SAR 56.4 million in 2019G to SAR 52.4 million in 2020G. This is mainly due to the decrease in rent per square meter from SAR 1,589 per square meter in 2019G to SAR 1,489 SAR in 2020G. This decrease is attributed to the annual reduction/exemption provided on the value of lease contracts for various customers. Furthermore, Abdullah Al Othaim Investment Company also reevaluated the contracts in force in 2020G. This was due to the period of downturn caused by the ongoing COVID-19 pandemic.

The occupancy of the mall did not witness material fluctuation between 2018G and 2019G. However, in 2020G it fell by 2.4%, from 95.4% in 2019G to 93.1% in 2020G. This was due to significant drop in footfall in 2020G, this was due to closure of malls for 3 months during lockdowns imposed during the COVID pandemic.

Al Othaim Mall - Khurais

The mall is located east of Riyadh at the intersection of Khurais Road and Hassan Bin Thabet Street and has been in operation since 2008G. The mall has a gross leasable area of 68,560 sq m, of which 50,656 sq m is rental space designed to accommodate around 327 stores and kiosks in addition to restaurants. The mall also has a family entertainment center (Saffori Land) covering an area of 8,070 sq m and a 5,200 sq m hypermarket. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.28): Al Othaim Mall - Khurais

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	42.9	45.0	46.5	5.0%	3.3%	4.2%
Operation of malls	6.1	5.8	6.5	(4.7%)	12.0%	3.3%
Service income	6.2	6.6	6.5	6.9%	(2.0%)	2.4%
Promotion and advertising revenue	2.2	2.0	1.4	(12.0%)	(26.5%)	(19.6%)
Sponsor revenue	3.1	3.1	-	(0.4%)	(100.0%)	(100.0%)
Total revenue	**60.4**	**62.4**	**60.9**	**3.3%**	**(2.5%)**	**0.4%**
Total discounts	(4.2)	(7.1)	(5.9)	67.0%	(16.7%)	18.0%
Net revenue	56.2	55.4	55.0	(1.5%)	(0.7%)	(1.1%)
Operational KPIs						
Turnout rate (in millions)	6.6	7.0	4.6	5.9%	(34.4%)	(16.7%)
Net lease area (m^2)	50,267	50,267	50,656	-	0.8%	0.4%
Leased area (m^2)	42,362	46,303	45,848	9.3%	(1.0%)	4.0%
Rent per m^2 (SAR)	1,427	1,348	1,328	(5.5%)	(1.5%)	(3.5%)
Average occupancy (%)	84.3%	92.1%	90.5%	9.3%	(1.7%)	3.6%
Average annual efficiency (%) *	93.0%	88.7%	90.4%	(4.6%)	1.9%	(1.4%)

Source: Management information

Khurais Mall contributed 10.5% on average of Abdullah Al Othaim Investment Company's gross revenues between 2018G and 2020G. Revenue from the mall increased by 6.9% in 2019G, from SAR 60.4 million in 2018G to SAR 62.4 million in 2019G. This was due to the increase in average occupancy of the mall from 83.7% in 2018G to 92.1% in 2019G. The impact of the increase in mall occupancy was partially offset by a decline in average rent per sq m from SAR 1,427 in 2018G to SAR 1,348 in 2019G. Revenue decreased from SAR 62.4 million in 2019G to SAR 60.9 million in 2020G due to a decrease in average occupancy of the mall from 92.1% in 2019G to 90.5% in 2020G.

Al Othaim Mall - Arar

The mall is located on King Abdulaziz Road in the city of Arar and has been in operation since 2016G. The mall has a gross leasable area of over 66,185 sq m of which 50,381 sq m are rental space designed to accommodate more than 288 stores and kiosks of different sizes in addition to restaurants. The mall also has a family entertainment center (Saffori Land) and a hypermarket covering an area of 4,370 sq m and 4,367 sq m respectively. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.29): Al Othaim Mall - Arar

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	33.6	31.2	33.0	(7.0%)	5.9%	(0.8%)
Operation of malls	6.0	5.5	5.8	(8.7%)	5.2%	(2.0%)
Service income	5.2	5.4	5.1	2.3%	(5.7%)	(1.8%)
Promotion and advertising revenue	1.0	0.4	0.4	(57.8%)	(14.4%)	(39.9%)
Total revenue	**45.9**	**42.5**	**44.3**	**(7.5%)**	**4.1%**	**(1.8%)**
Total discounts	(4.8)	(1.2)	(13.0)	(75.4%)	1,012.7%	65.3%
Net revenue	41.2	41.3	31.3	0.4%	(24.4%)	(12.9%)
Operational KPIs						
Turnout rate (in millions)	3.9	3.6	2.7	(7.3%)	(26.0%)	(17.2%)
Net lease area (m^2)	49,623	49,623	50,381	-	1.5%	0.8%
Leased area (m^2)	38,648	37,348	37,478	(3.4%)	0.3%	(1.5%)
Rent per m^2 (SAR)	1,188	1,138	1,181	(4.2%)	3.8%	(0.3%)
Average occupancy (%)	77.9%	75.3%	74.4%	(3.4%)	(1.2%)	(2.3%)
Average annual efficiency (%) *	89.7%	97.3%	70.7%	8.5%	(27.3%)	(11.2%)

Source: Management information

Al Othaim Mall - Arar contributed 7.6% on average of AOIC's gross revenue between 2018G and 2020G. In 2019G, revenues decreased by 7.5%, from SAR 45.9 million in 2018G to SAR 42.5 million in 2019G, primarily due to the decrease in the average occupancy of the mall from 77.9% in 2018G to 75.3% in 2019G due to the closure of some contracts in the course of regular business.

Revenue increased by 4.1% in 2020G, from SAR 42.5 million in 2019G to SAR 44.3 million in 2020G. The impact of the decrease in mall occupancy was partially offset by an increase in average rent per sq m from SAR 1,138 in 2019G to SAR 1,181 in 2020G.

AOIC granted fewer discounts to the tenants in 2019G. Discounts increased from SAR 1.2 million in 2019G to SAR 13.0 in 2020G as more discounts were given to customers.

Al Othaim Mall - Unaizah

The mall is located in northwest Unaizah governorate on King Saud Road and has been in operation since 2012G (with an expansion in 2016G). The mall's total leasable area is 43,129 square meters, of which 37,632 square meters are leasable and designed to accommodate more than 173 shops and kiosks of various sizes. The mall also contains a family entertainment center (Saffori Land) and a hypermarket on an area of 3,267 square meters and 2,917 square meters, respectively. The following table presents the details of the mall's revenues and operational KPIs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.30): Al Othaim Mall - Unaizah

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	23.9	24.2	24.0	1.5%	(0.8%)	0.3%
Operation of malls	4.5	4.4	4.2	(2.8%)	(4.3%)	(3.5%)
Service income	3.9	3.8	3.6	(2.4%)	(4.6%)	(3.5%)
Promotion and advertising revenue	1.2	0.5	0.4	(60.5%)	(17.1%)	(42.8%)
Total revenue	33.4	32.8	32.2	(1.7%)	(2.0%)	(1.8%)
Total discounts	(3.5)	(5.2)	(5.4)	49.1%	4.4%	24.8%
Net revenue	29.9	27.7	26.8	(7.6%)	(3.1%)	(5.4%)
Operational KPIs						
Turnout rate (in millions)	2.8	2.9	2.3	5.3%	(19.7%)	(8.1%)
Net lease area (m^2)	37,553	37,553	37,632	-	0.2%	0.1%
Leased area (m^2)	34,375	32,934	31,947	(4.2%)	(3.0%)	(3.6%)
Rent per m^2 (SAR)	971	996	1,007	2.6%	1.1%	1.8%
Average occupancy (%)	91.5%	87.7%	84.9%	(4.2%)	(3.2%)	(3.7%)
Average annual efficiency (%) *	89.6%	84.3%	83.3%	(6.0%)	(1.2%)	(3.6%)

Source: Management information

Al Othaim Mall - Unaizah contributed 5.6% on average of AOIC's gross revenue between 2018G and 2020G. Revenue did not witness material fluctuation between 2018G and 2019G. However, the occupancy of the mall declined from 91.5% in 2018G to 87.7% in 2019G. The decline in occupancy of the mall was due to the termination of some contracts with fixed tenants in order to start the construction of the cinema project.

The occupancy of the mall declined from 87.7% in 2019G to 84.9% in 2020G and the rent per sq m increased from SAR 966 per sq m in 2019G to SAR 1,007 per sq m in 2020G. Revenue decreased by 2.0% in 2020G, from SAR 32.8 million in 2019G to SAR 32.2 million in 2020G. This was primarily due to no revision to the annual lease contracts with customers in 2020G during the COVID-19 pandemic, as a result the customers shifted to cheaper options.

Akirshah Mall

A mall located in Qassim region, including direct sale shops, with a total leasable area of 7,320 square meters and containing 14 stores.

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rental income	2.2	2.1	2.1	(4.7%)	-	(2.4%)
Operation of malls	0.3	0.2	0.2	(12.8%)	-	(6.6%)
Service income	0.2	0.2	0.2	(0.1%)	-	(0.1%)
Total revenue	**2.7**	**2.6**	**2.6**	**(5.3%)**	**0.2%**	**(2.6%)**
Total discounts	(0.1)	-	-	(100.0%)	N/A	(100.0%)
Net revenue	2.6	2.6	2.6	(2.5%)	0.2%	(1.2%)
Operational KPIs						
Net lease area (m^2)	6,320	6,320	6,320	-	-	-
Leased area (m^2)	5,812	5,770	5,770	(0.7%)	-	(0.4%)
Rent per m^2 (SAR)	467	446	446	(4.6%)	0.2%	(2.2%)
Average occupancy (%)	92.0%	91.3%	91.3%	(0.7%)	-	(0.4%)
Average annual efficiency (%) *	97.1%	100.0%	100.0%	2.9%	-	1.5%

Source: Management information

Akirshah Mall contributed 0.5% on average of AOIC's gross revenue between 2018G and 2020G. Revenue declined at a CAGR of 2.6% between 2018G and 2020G, from SAR 2.7 million in 2018G to SAR 2.6 million in 2019G. This was primarily due to decline in occupancy from 92.0% in 2018G to 91.3% in 2020G due to the closure of contracts in the normal course of business as well as a reduction in annual price of lease agreements.

Other

Other primarily includes rental income from a plot of land located in Al-Kharj with an annual rent of SAR 0.15 million. The income did not witness material fluctuation between 2018G and 2020G.

Top 10 Customers Based on Revenue

The following table presents an overview of AOIC's top 10 customers based on revenue for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.31): Revenue by Top 10 Customers

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Alshaya Group	61.3	62.9	70.0	2.6%	11.3%	6.9%
Landmark Arabia Company	62.0	60.3	48.2	(2.7%)	(20.2%)	(11.9%)
Abdullah Al Othaim Entertainment Co.	34.5	32.2	31.4	(6.6%)	(2.6%)	(4.6%)
Abdullah Al Othaim Markets Company	26.7	18.0	25.0	(32.7%)	38.8%	(3.3%)
Abdullah Al Othaim Fashion Co.	19.3	18.0	17.3	(6.7%)	(4.2%)	(5.5%)
Sky Island Fashion Company Limited	15.8	17.1	17.0	8.4%	(0.4%)	3.9%
Al Abdulkarim Holding Co.	12.2	12.1	13.6	(0.3%)	11.8%	5.6%
Apparel Group (Leather Corner Trading)	13.3	10.1	12.3	(24.3%)	22.2%	(3.9%)
NESK LLC	7.5	7.0	8.8	(6.6%)	25.1%	8.1%
Fawaz Abdulaziz Alhokair & Co.	8.7	7.0	7.6	(19.6%)	9.0%	(6.4%)

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Top 10 revenue contributors	261.4	244.8	251.1	(6.3%)	2.6%	(2.0%)
Other	327.6	346.2	320.2	5.7%	(7.5%)	(1.2%)
Total revenue	**589.0**	**591.1**	**571.3**	**0.4%**	**(3.3%)**	**(1.5%)**
As a percentage of total revenue						
Alshaya Group	10.4%	10.6%	13.4%	2.3%	26.2%	13.6%
Landmark Arabia Company	10.5%	10.2%	9.2%	(3.1%)	(9.4%)	(6.3%)
Abdullah Al Othaim Entertainment Co.	5.9%	5.4%	6.0%	(6.9%)	10.6%	1.4%
Abdullah Al Othaim Markets Company	4.5%	3.0%	4.8%	(32.9%)	57.5%	2.8%
Abdullah Al Othaim Fashion Co.	3.3%	3.0%	3.3%	(7.0%)	8.7%	0.5%
Sky Island Fashion Company Limited	2.7%	2.9%	3.3%	8.0%	13.0%	10.4%
Al Abdulkarim Holding Co.	2.1%	2.1%	2.6%	(0.6%)	26.8%	12.3%
Apparel Group (Leather Corner Trading)	2.3%	1.7%	2.4%	(24.6%)	38.6%	2.2%
NESK LLC	1.3%	1.2%	1.7%	(6.9%)	41.9%	14.9%
Fawaz Abdulaziz Alhokair & Co.	1.5%	1.2%	1.5%	(19.9%)	23.7%	(0.5%)
Top 10 revenue contributors	44.4%	41.4%	44%	(6.7%)	6.2%	0.5%
Other	55.6%	58.6%	56.0%	5.3%	(4.4%)	(0.4%)
Total revenue	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**-**

Source: Management information

Alshaya Group

Alshaya Group was the largest revenue contributor to Abdullah Al Othaim Investment Company with an average contribution of 11.5% of total revenues between 2018G and 2020G. It operates several brands which mainly include H&M, Foot Locker, Victoria's Secret, Debenhams, Mothercare, Next, etc. Revenues did not witness material fluctuations between 2018G and 2019G.

Customer revenues increased by 11.3% in 2020G from SAR 62.9 million in 2019G to SAR 70.0 million in 2020G. This is mainly due to the increase in rental income from SAR 56.7 million in 2019G to SAR 64.6 million in 2020G. This increase is due to the increase in annual rent as per the lease agreements and the percentage of rental income of 2019G, which were recorded in 2020G.

Landmark Arabia Company

Landmark Arabia Company was the second largest revenue contributor to AOIC with an average contribution of 10.0% of the total revenue between 2018G and 2020G. The customer operates multiple brands within its portfolio such as Centrepoint, Max, Home Centre, Shoe Xpress etc. Revenue declined by 2.7% in 2019G, from SAR 62.0 million in 2018G to SAR 60.3 million in 2019G. This was primarily due to a decline in average leased area from around 69,537 sq m in 2018G to 58,895 sq m in 2019G. This was due to AOIC freeing up space leased by customers in order to proceed with the construction of the cinema. The impact of the decline in occupancy in 2019G was partially offset by the increase in rent per sq m from 892 per sq m in 2018G to SAR 1,025 per sq m in 2019G.

Customer revenue further declined by 20.2% in 2020G. from SAR 60.3 million in 2019G to SAR 48.2 million in 2020G. This was primarily due to a decline in leased area from 58,895 sq m in 2019G to 57,691 sq m in 2020G. A decline in rent per sq m from SAR 1,025 per sq m in 2019G to SAR 960 per sq m in 2020G further contributed to the decline.

Abdullah Al Othaim Entertainment Co.

This is a wholly owned subsidiary of AOIC which operates various family entertainment centers across the Kingdom in AOIC-operated malls. (For further details, see the section "**Division of Revenue by Related and Non-Related Parties**").

Abdullah Al Othaim Markets Company

Abdullah Al Othaim Markets Company is a shareholder of AOIC, with a holding of SAR 13.65% as of December 31, 2020G. (For further details, see the section "**Division of Revenue by Related and Non-Related Parties**").

Abdullah Al Othaim Fashion Co.

AOIC acquired a 100.0% equity stake in Abdullah Al Othaim Fashion Co. from AOHC on January 1, 2018G. (For further details, see the section "Division of Revenue by Related and Non-Related Parties").

Sky Island Fashion Company Limited

This customer remained the sixth largest contributor with an average contribution of 2.9% of gross revenues between 2018G and 2020G. This customer operates the brands Red Tag and Twenty4 across various AOIC-operated malls. During 2019G, revenues increased by 8.4%, from SAR 15.8 million in 2018G to SAR 17.1 million in 2019G, mainly due to the increase in rent per square meter from SAR 13,541 per sq m in 2018G to SAR 13,825 in 2019G. Additionally, the annual rent increase of three existing contracts also contributed additional revenue in 2019G.

Revenues did not witness significant fluctuations between 2019G and 2020G, as there was no change in the leased area and rent per square meter between the two periods.

Al Abdulkarim Holding Co.

The customer operates several brands within its portfolio, such as Blue Age, Charanga, Rena, The Accessory, etc. Revenues did not witness material fluctuations between 2018G and 2019G. Revenues increased by 11.8% in 2020G, from SAR 12.1 million in 2019G to SAR 13.6 million in 2020G. The increase is due to the increase in rent per square meter from SAR 1,644 per square meter in 2019G to SAR 1,838 per square meter in 2020G, while the leased space remained the same at SAR 7,390 in 2019G and 2020G.

Apparel Group (Leather Corner Trading)

This client operates many brands Abdullah Al Othaim Investment Company's malls, which mainly include: Crocs, Tim Hortons, Inglot, Skechers, Beverly Hills Polo Club, Aeropostale, Athletes, Dune and others. Revenues decreased by 24.3% in 2019G, from SAR 13.3 million in 2018G to SAR 10.1 in 2019G. This was primarily due to decline in leased area from 6,705 sq m in 2018G to 6,543 sq m in 2019G due to closure of some brands in 2019G.

Revenues increased by 22.2% in 2020G from SAR 10.1 million in 2019G to SAR 12.3 million in 2020G. This was primarily due to an increase in leased area from 6,543 square meters in 2019G to 8,235 square meters in 2020G.

NESK LLC

This operates several fashion franchises and brands from the US and European territories that deal in clothing, such as tuxedos, family and children's wear and women's underwear.

During 2019G, revenues decreased by 6.6%, from SAR 7.5 million in 2018G to SAR 7.0 million in 2019G, primarily due to the termination of one contract at the end of 2018G, whose impact was removed in 2019G. Revenues increased by 25.1% in 2020G, from SAR 7.0 million in 2019G to SAR 8.8million in 2020G. This was primarily due to the renewal of six (6) contracts in the month of October 2020G which resulted in an increase of SAR 1.7 million.

Fawaz Abdulaziz Alhokair & Co.

This customer contributed 1.4% on average of the total revenue generated by AOIC between 2018G and 2020G. It operates in many brands including Monsoon, Sweet Blanco, Aldo Accessories, Pull & Bear, etc. Revenues decreased by 19.6% in 2019G, from SAR 8.7 million in 2018G to SAR 7.0 in 2019G. This was primarily due to a decline in leased area from 5,320 sq m in 2018G to 4,264 sq m in 2019G due to closure of certain outlets by the customer.

Revenues increased by 9.0% in 2020G, from SAR 7.0 million in 2019G to SAR 7.6 million in 2020G. This is mainly due to the increase in rent per square meter from SAR 1,631 per square meter in 2019G to SAR 1,864 per square meter in 2020G. This was offset by a decrease in the leased area from 4,264 square meters in 2019G to 4,068 square meters in 2020G.

Division of Revenue by Related and Non-Related Parties

The following table presents an overview of Abdullah Al Othaim Investment Company's revenues divided by related and non-Related Party for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.32): Division of Revenues by Related and Non-Related Parties (Total)

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Related Party						
Abdullah Al Othaim Entertainment Co.	34.5	32.2	31.4	(6.6%)	(2.6%)	(4.6%)
Abdullah Al Othaim Markets Company	26.7	18.0	25.0	(32.7%)	38.8%	(3.3%)
Abdullah Al Othaim Fashion Co.	19.3	18.0	17.3	(6.7%)	(4.2%)	(5.5%)
Abdullah Al Othaim Food Co.	4.6	5.3	5.2	13.9%	(0.9%)	6.2%
Total income	85.1	73.5	78.8	(13.7%)	7.3%	(3.8%)
Non-Related Party	503.8	517.6	492.5	2.7%	(4.8%)	(1.1%)
Total revenue	**589.0**	**591.1**	**571.4**	**0.4%**	**(3.3%)**	**(1.5%)**

Source: Management information

Abdullah Al Othaim Entertainment Co.

Abdullah Al Othaim Entertainment Co. is a wholly owned subsidiary of Abdullah Al Othaim Investment Company and is involved in the operation of the family entertainment centers Saffori Land, Faby Land, Snow City, Action Zone, Splash etc. The subsidiary leased space to operate family entertainment centers in malls operated by Abdullah Al Othaim Investment Company Related Parties occupied 13.3% on average of the total net leasable area across various AOIC-operated malls.

Revenue decreased at a CAGR of 4.6% between 2018G and 2020G, from SAR 34.5 million in 2018G to SAR 31.4 million in 2020G. This was primarily due to decline in leased area from 61,966 sq m in 2018G to 59,627 sq m in 2020G as a result of certain space being freed up from the Related Party for the cinema project.

Abdullah Al Othaim Markets Company

Revenue is derived from leasing space to the Related Party to operate hypermarkets in AOIC-operated malls. Related Parties occupied 8.8% on average of the total net leasable area across various AOIC-operated malls.

During 2019G, revenues decreased by 32.7%, from SAR 26.7 million in 2018G to SAR 18.0 million in 2019G, mainly due to the lack of sponsor revenues in 2019G compared to SAR 7.4 million in 2018G.

Revenue increased by 38.8% in 2020G from SAR 18.0 million in 2019G to SAR 25.0 million in 2020G. This is mainly due to the increase in rent per square meter from SAR 1,631 per square meter in 2019G to SAR 1,864 per square meter in 2020G. This was offset by a decrease in leased area from 39,963 square meters in 2019G to 38,890 square meters in 2020G. In addition, there was no sponsor revenue in 2020G.

Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. was 100% acquired by AOIC on January 1, 2018G from Abdullah Al Othaim Holding Company. The subsidiary operates various brands in the Kingdom under franchise agreements. Revenue from the customer represents the rent charged by AOIC for the leased outlets in AOIC-operated malls. Related Parties occupied 4.1% on average of the total net leasable area across various AOIC-operated malls.

Revenue decreased by 5.5% in 2018G, from SAR 19.3 million in 2018G to SAR 17.3 million in 2020G. This was primarily due to a decline in leased area from 16,880 sq m in 2018G to 14,120 sq m in 2020G due to the exiting of brands in their portfolio leading to the closure of outlets.

Abdullah Al Othaim Food Co.

This entity is 100% owned by AOIC and is engaged in operating various food and beverage outlets leased in AOIC-operated malls. Related Parties occupied 0.5% on average of the total net leasable area across various AOIC-operated malls.

Rent revenue increased by 13.9% in 2019G, from SAR 4.6 million in 2018G to SAR 5.3 million in 2019G. This was primarily due to the increase in leased area from 2,246 square meters in 2018G to 2,540 square meters in 2019G. Revenue did not witness material fluctuations between 2019G and 2020G.

6.5.4.3 Cost of sales

The following table presents AOIC's cost of sales for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.33): Cost of Sales

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Cost of revenue						
Depreciation	68.3	60.2	57.3	(11.9%)	(4.8%)	(8.4%)
General benefits	48.4	51.3	39.7	6.0%	(22.6%)	(9.5%)
Employee salaries and other benefits	27.9	32.8	25.6	17.6%	(21.9%)	(4.2%)
Depreciation expense - leases	-	36.8	27.1	N/A	(26.3%)	N/A
Outsourcing services	15.0	14.9	12.2	(0.8%)	(18.2%)	(9.9%)
Maintenance	7.9	6.8	8.2	(13.2%)	19.2%	1.8%
Rent	46.9	-	0.1	(100.0%)	N/A	(96.6%)
Other	10.5	7.8	4.4	(25.9%)	(43.3%)	(35.2%)
Total	**224.9**	**210.6**	**174.5**	**(6.4%)**	**(17.2%)**	**(11.9%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Depreciation relates to the investment properties (buildings, machinery and equipment, furniture and fixtures and leasehold improvements) and fixed assets (equipment, computers etc.) of AOIC. Consumption decreased by 11.9% in 2019G, from SAR 68.3 million in 2018G to SAR 60.2 million in 2019G. This was primarily due to a decline in depreciation of machinery and equipment by SAR 10.8 million in 2019G. Various assets were fully depreciated in 2018G. Therefore, no depreciation was charged for such assets in 2019G. Depreciation decreased by 4.8%, from SAR 60.2 million in 2019G to SAR 57.3 million in 2020G. This was primarily due to a decline in the net book value of depreciable investment properties.

Public utilities represent electricity, water and gas expenses incurred during the year. During 2019G, the cost increased by 6.0%, from SAR 48.4 million in 2018G to SAR 51.3 million in 2019G, mainly as a result of the increase in the unit price of electricity by the Saudi Electricity Company in 2019G. Cost declined by 22.6% in 2020G, from SAR 51.3 million in 2019G to SAR 39.7 million in 2020G. This primarily resulted from closure of malls for 3 months on account of the COVID pandemic and hence all utilities were reduced in 2020G as compared to 2019G. Further, the Government provided a subsidy for electricity expenses, which resulted in lower electricity costs.

Employee salaries and other benefits represent the compensation paid to operational staff. During 2019G, the cost increased by 17.6%, from SAR 27.9 million in 2018G to SAR 32.8 million in 2019G, mainly as a result of the increase in the number of operational employees from 452 in 2018G to 471 in 2019G. Further, annual increments in the salaries of existing staff also contributed to an increase in the expense in 2019G. The cost decreased by 21.9% in 2020G, from SAR 32.8 million in 2019G to SAR 25.6 million in 2020G. This was mainly caused by a reduction in the number of employees, which led to lower salaries and end of service benefits. Furthermore, there was a 60% subsidy given by Sanad program for Saudi employees during the COVID pandemic. The expenses were reduced to only 40% of the cost and the rest was paid to Saudi employees directly by the government.

Depreciation expenses – leases were recognized in 2019G as a result of the adoption of IFRS 16. AOIC recognizes right-of-use of assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Such right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. AOIC recognized SAR 36.8 million as a depreciation charge for the year in 2019G against right-of-use of assets. Prior to 2019G, the expense was recognized as rent expense as a separate line item in cost of sales. In 2020G, there was a rent concession (COVID-19 relief) of SAR 9.3 million in lease liabilities which resulted in the reduction of the depreciable amount of the right-of-use asset on account of COVID-19 relief, provided primarily for the rent of Dammam Mall.

Outsourcing services represent the cost of temporary labor obtained from a Related Party workforce supplier. AOIC has an agreement with Asasat Al Nafel Company (a subsidiary) for the provision of outsourced labor. During 2019G, the auditors presented the cost as a separate line item and restated the comparatives. Prior to 2019G, the cost was included as part of salaries and benefits. Expenses did not witness material fluctuation between 2018G and 2019G. The outsource services declined by 18.2% in 2020G from SAR 14.9 million in 2019G to SAR 12.2 million in 2020G, this was primarily due to closure of malls for 3 months so a discount was negotiated with the supplier to reduce the cost.

Maintenance costs include expenses incurred for the repair and maintenance of malls. Abdullah Al Othaim Investment Company has outsourced maintenance services to various vendors including air conditioning, central gas system, system maintenance, automatic doors, escalators, elevators, fire alarm system, etc. Overall, there was no change between 2018G to 2020G. Maintenance costs increased at a CAGR of 1.8%, from SAR 7.9 million in 2018G to SAR 8.2 million in 2020G. The increase was partially set off by a decline in the cost of annual maintenance contracts driven by the provision of discounts by vendors. Further, management introduced cost optimization measures between 2018G and 2019G in order to effectively manage the assets, which resulted in a decline in maintenance costs.

Rent mainly related to the rent paid by AOIC for leased lands, a leased mall and staff accommodations. The expenses mainly included the rent paid for Dammam Mall, which is owned by Abdullah Al Othaim Markets Company (a Shareholder). AOIC leased the mall at an annual rental cost of SAR 34.9 million. In addition to this, AOIC also pays an annual rent of SAR 11.1 million for a part of the Rabwah Mall land, which is owned by a third party. From 2019G onwards, the rent was recognized in accordance with the requirements of IFRS 16 and the expenses were charged by depreciating the capitalized right-of-use assets on a straight-line basis over the lease term.

Other costs mainly include donations, cleaning expenses, insurance, transport, fines and violations, Government charges, branch licenses, office supplies, cost of uniforms for workers and other miscellaneous expenses. The cost declined by a CAGR of 35.2%, from SAR 10.5 million in 2018G to SAR 4.4 million in 2020G. This primarily resulted from a decrease in fines, violations and permits and renewal fees.

6.5.4.4 Selling and Distribution Expenses

The following table presents Abdullah Al Othaim Investment Company's selling & distribution expenses for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.34): Selling and Distribution Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Advertising	7.2	13.4	5.2	85.4%	(61.1%)	(15.1%)
Employee salaries and other benefits	2.1	3.4	3.2	57.6%	(4.5%)	22.7%
Depreciation	0.1	0.1	0.1	(18.8%)	(9.5%)	(14.3%)
Other	0.3	0.3	0.1	14.9%	(57.6%)	(30.2%)
Total	**9.8**	**17.2**	**8.7**	**76.0%**	**(49.7%)**	**(5.9%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Advertising includes the cost of media and press marketing, printing expenses, marketing gifts and events, expenses incurred for organizing festivals in AOIC-operated malls and consultancy expenses. During 2019G, expenses increased by 85.4%, from SAR 7.2 million in 2018G to SAR 13.4 million in 2019G. This mainly resulted from the increase in the cost of marketing activities from SAR 3.9 million in 2018G to SAR 7.6 million in 2019G. Abdullah Al Othaim Investment Company organized many marketing events in 2019G which mainly include free coupons, free cars, African and Chinese circus', etc. These events declined by 61.1% in 2020G, from SAR 13.4 million in 2019G to SAR 5.2 million in 2020G. The primary reason was the restrictions imposed by the COVID-19 pandemic resulting in fewer marketing campaigns.

Employee salaries and other benefits include salaries and benefits paid to sales and marketing staff. The expenses increased at a CAGR of 22.7% between 2018G and 2020G. This was primarily due to an increase in the number of staff in accordance with AOIC's manpower plan as a replacement cost.

Depreciation mainly relates to the electronic screens and advertising boards installed in the malls for marketing purposes. Depreciation expenses did not witness material fluctuation between 2018G and 2020G.

Other mainly represents expenses pertaining to business travel, entertainment and hospitality and subscription expenses. These expenses declined by a CAGR of 30.2% between 2018G and 2020G. These expenses fluctuate depending on AOIC's requirements which may vary on a yearly basis.

6.5.4.5 General and Administrative Expenses

The following table presents AOIC's general and administrative expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.35): General and Administrative Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Provision for expected credit losses	22.1	60.3	101.3	173.3%	67.9%	114.2%
Employee salaries and other benefits	21.8	23.5	20.5	7.5%	(12.6%)	(3.1%)
Professional fees	2.7	6.0	0.4	120.7%	(93.6%)	(62.5%)
Depreciation	2.1	3.1	2.8	45.6%	(11.8%)	13.3%
Depreciation expense - leases	-	0.5	0.6	N/A	18.2%	N/A
Insurance	1.0	0.9	-	(4.0%)	(100.0%)	(100.0%)
Recruitment	0.8	0.9	-	7.3%	(100.0%)	(100.0%)
Licenses	0.9	0.8	0.7	(5.7%)	(15.0%)	(10.5%)
Maintenance	0.3	0.4	0.7	10.7%	85.9%	43.4%
Outsourcing	0.2	0.1	0.1	(5.8%)	(0.6%)	(3.2%)
Rent	0.8	0.1	-	(85.8%)	(100.0%)	(100.0%)
Provisions	-	-	-	N/A	N/A	N/A
Other	4.5	6.1	4.7	33.6%	(23.9%)	1.3%
Total	**57.3**	**102.8**	**131.7**	**79.4%**	**28.1%**	**51.6%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

The provision for expected credit losses include the ECL provision and a provision for customer discounts. ECL relate to doubtful receivables calculated in accordance with the requirements of IFRS 9. During 2019G, the auditors classified the provision for doubtful debts as part of general and administrative expenses and restated the comparatives. The provision for doubtful debts increased by 173.3% in 2019G, from SAR 22.1 million in 2018G to SAR 60.3 million in 2019G. This was primarily due to the increase in gross receivables from SAR 153.4 million at December 31, 2018G to SAR 214.9 million at December 31, 2019G. The increase in receivables was due to a delay in collections from tenants as a result of prolonged discount negotiations. Expenses increased by 67.9% in 2020G, from SAR 60.3 million in 2019G to SAR 101.3 million in 2020G. The increase in receivables was due to a delay in collections from tenants and days sales outstanding almost doubling from 142 days in 2019G to 290 days in 2020G. The customer discount provision is similar to bad debts and has an accrual in accrued expenses and other liabilities. (For further details, see the section "**Accrued Expenses and Other Liabilities**").

Employee salaries and other benefits include salaries and benefits paid to public and administrative employees including Finance, Human Resources, Management, Corporate, IT, etc. Cost decreased at a CAGR of 3.1% between 2018G and 2020G, from SAR 21.8 million in 2018G to SAR 20.5 million in 2020G. This was primarily due to an increase in the number of staff in accordance with AOIC's manpower plan as a replacement cost.

Professional fees mainly relate to the cost of legal advisors and technical, financial and Zakat consultants and the fees of external auditors. The fees increased by 120.7% in 2019G, from SAR 2.7 million in 2018G to SAR 6.0 million in 2019G. This was mainly on account of additional costs incurred for the technical advisor, legal advisor, and financial advisor due to AOIC's planned IPO as well as costs incurred for the external audit of the financial statements for the nine-month period ended September 31, 2019G. The fees further declined by 93.6% in 2020G, from SAR 6.0 million in 2019G to SAR 0.4 million in 2020G. This was mainly due to the fact that in 2019G there were many consultancy services related to the following:

a. Orchestra Project - France.
b. Expenses related to the IPO.
c. Legal consultancies.

In 2019G, a few of the costs related to the IPO were charged to the income statement under professional fees and some were reversed in 2020G. Thus, fees for 2020G decreased compared to 2019G, due to the reversals.

Depreciation is primarily associated with equipment, furniture and fixtures, vehicles and leasehold improvements. Depreciation expenses increased by 45.6% in 2019G, from SAR 2.1 million in 2018G to SAR 3.1 million in 2019G. This is due to the addition of SAR 3.4 million to property and equipment in 2019G. Expenses decreased by 11.8% in 2020G, from SAR 3.1 million in 2019G to SAR 2.8 million in 2020G. This was due to the disposal of a vehicle for the amount of SAR 0.2 million.

Insurance costs include the premium paid for health, auto, cash, and civil liability insurance. Expenses did not witness material fluctuation between 2018G and 2019G. There was no insurance cost in 2020G, due primarily to the auditors' classification of insurance costs in cost of sales.

Recruitment mainly represents fees paid to a human resource management company (a Related Party) for providing manpower to AOIC. In 2019G, the auditors presented the cost as a separate line item and restated the comparative. During 2019G, the cost increased by 7.3%, from SAR 0.8 million in 2018G to SAR 0.9 million in 2019G, mainly due to the overall increase in the annual contract cost. No recruitment costs were incurred in 2020G.

Licenses mainly represent the cost of software licenses. Expenses did not witness material fluctuations between 2018G and 2020G.

Maintenance costs relate to repairs to computers, vehicles, cooling system, etc. Maintenance costs increased by 10.7% in 2019G, from SAR 0.3 million in 2018G to SAR 0.4 million in 2019G. Maintenance is carried out by AOIC on an as-needed basis, which may fluctuate yearly depending on the requirement. Maintenance costs increased by 85.9% in 2020G, from SAR 0.4 million in 2019G to SAR 0.7 million in 2020G. This increase was due to an increase in maintenance of air conditioners and coolers in malls in 2020G.

Outsourcing services expenses relate to the security service contract. During 2019G, the external auditor separated the contract cost (other than staff cost) and presented it as a separate line item and restated the comparative. Expenses did not witness material fluctuations between 2018G and 2020G.

Rent expenses relate to short term leases, which include staff accommodation leased by AOIC. AOIC applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations, and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SAR 20,000). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term. Lease expenses decreased by 85.8% in 2019G, from SAR 0.8 million in 2018G to SAR 0.1 million in 2019G. This primarily resulted from the addition of a high value leased asset of SAR 0.9 million in 2018G which was recognized in accordance with the requirements of IFRS 16 in 2019G. In 2020G, there were no rent expenses as all expenses were transferred as part of IFRS 16 in the form of depreciation and interest.

Provisions mainly relate to ongoing legal cases with customers and other parties. During all three years between 2018G and 2020G, such provisions were included as part of other by the external auditor and the comparative restated.

Other mainly includes shared service expenses, utilities, provisions, Internet, subscriptions, office supplies, hospitality, etc. Other expenses increased by 33.6% in 2019G, from SAR 4.5 million in 2018G to SAR 6.1 million in 2019G. This was primarily due to the increase in shared service expenses (infrastructure, HR, IT, internal Audit, treasury, legal affairs, administration, recruitment, asset management etc.) by SAR 2.7 million in 2019G due to the non-allocation of shared expenses to subsidiaries (AOEC, AOFC and Abdullah Al Othaim Food Co.) due to the management's internal decision. Expenses decreased by 23.9% in 2020G, from SAR 6.1 million in 2019G to SAR 4.7 million in 2020G. This was primarily due to the reduction of bank and finance fees in 2019G, which were SAR 2.7 million in 2019G and decreased to just SAR 0.5 million in 2020G.

6.5.4.6 Other Revenue

The following table presents AOIC's other revenues for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.36): Other sources of income

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Intercompany charges	10.4	8.6	-	(17.8%)	(100.0%)	(100.0%)
Reversal of provision claims	-	3.1	-	N/A	(100.0%)	N/A
Reversal of accrual	-	-	18.2	N/A	N/A	N/A
Customer settlements	3.0	3.3	-	11.6%	(100.0%)	(100.0%)
Other	-	1.3	0.4	N/A	(70.6%)	N/A
Total	**13.8**	**16.3**	**18.6**	**18.6%**	**13.8%**	**16.2%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

AOIC recognizes income from rental income and other intercompany income.

Reversal of provision claims related to the loss provision recognized by Abdullah Al Othaim Investment Company in previous periods to SEIC Garden. Abdullah Al Othaim Investment Company transferred its rights in the subsidiary to Abdullah Al Othaim Holding Company Co. in 2018G and canceled the decision in 2019G.

The reversal of accrual in other revenues is the reversal of the rent payable related to Marfa Mall in Jubail, which was canceled in 2019G. Therefore, the obligation was reversed in 2020G.

6.5.4.7 Finance Costs

The following table presents AOIC's finance cost for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.37): Finance Cost

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Financial burdens	34.2	46.6	45.7	36.2%	(2.0%)	15.5%
Commission expenses - lease agreements	-	9.9	9.5	N/A	(4.1%)	N/A
Bank fees	0.1	0.8	0.2	653.2%	(81.0%)	19.8%
Commission cost on benefit liabilities	0.3	0.5	0.3	44.9%	(34.6%)	(2.7%)
Total	**34.7**	**57.9**	**55.7**	**66.8%**	**(3.8%)**	**26.7%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Financial burdens mainly relate to Islamic bonds (sukuk) and Murabaha loans. Financial burdens increased by 36.2% in 2019G, from SAR 34.2 million in 2018G to SAR 48.7 million in 2019G. This primarily resulted from an increase in Murabaha loans by SAR 94.8 million on December 31, 2019G as well as an increase in SIBOR between 2018G and 2019G. These financial burdens decreased by 2.0% in 2020G, from SAR 46.6 million in 2019G to SAR 45.7 million in 2020G. This was primarily caused by the repayment of a sukuk loan in August 2020G and was offset by the increase in other bank loans. Bank loans (excluding sukuk) increased from SAR 469.8 million in 2019G to SAR 1,366.7 million in 2020G.

Commission expenses - leases mainly represent the finance cost on lease liabilities recognized in accordance with the requirements of IFRS 16 which became effective as of January 1, 2019G. An expense of SAR 9.9 million and SAR 9.5 million was recognized in 2019G and 2020G respectively. No such cost was recorded in 2018G.

Bank fees represent the charges incurred on banking transactions and acquiring loans. During 2019G, fees increased by 653.2%, from SAR 0.1 million in 2018G to SAR 0.8 million in 2019G. Abdullah Al Othaim Investment Company obtained additional facilities amounting to SAR 1.0 billion from various banks in 2019G to settle the upcoming instruments in August 2020G. Such facilities remained unused as of December 31, 2019G; however, AOIC incurred additional bank fees in 2019G. Bank fees decreased by 81.0% in 2020G, from SAR 0.8 million in 2019G to SAR 0.2 million in 2020G. This was mainly because it represents initial loan arrangement fees amortized over the term of the loan; as a result of such loans being settled, the expense has decreased as well. (For further information, see the section "**Financing**").

6.5.4.8 Zakat

The following table presents AOIC's Zakat for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.38): Zakat

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Balance at beginning of the year	13.2	14.2	9.1	7.5%	(36.3%)	(17.2%)
Charges during the year	6.7	8.6	4.0	27.4%	(53.2%)	(22.8%)
Paid during the year	(5.7)	(13.7)	(5.9)	139.7%	(57.2%)	1.2%
Balance at end of the year	14.2	9.1	7.2	(36.3%)	(20.5%)	(28.8%)

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Zakat is calculated in accordance with the rules and regulations issued by the Zakat, Tax and Customs Authority (ZATCA). The Zakat charge increased by 27.4% in 2019G, from SAR 6.7 million in 2018G to SAR 8.6 million in 2019G. This primarily resulted from an increase in the Zakat base from SAR 266.8 million at December 31, 2018G to SAR 316.3 million at December 31, 2019G. The Zakat based declined to SAR 229.3 million at December 31, 2020G which resulted in a decline in the charge for the year ended December 31, 2020G.

Abdullah Al Othaim Investment Company independently submitted its Zakat returns to Zakat, Taxes and Customs Authority for the years up to December 31, 2018G and obtained the relevant Zakat certificates. Zakat, Taxes and Customs Authority raised the Zakat returns for the years starting from 2013Gtill 2015G, as Zakat obligations increased by SAR 0.2 million, SAR 68,802 and SAR 2,297 for the years 2013G, 2014G and 2015G, respectively. Abdullah Al Othaim Investment Company agreed to be linked and fulfilled all the above obligations.

Zakat returns from 2016G till 2020G are open and have not yet been reviewed by Zakat, Tax and Customs Authority.

6.5.4.9 Net Income

Net income declined at a CAGR of 32.0% between 2018G and 2020G. Further, the net profit margin also declined from 46.8% in 2018G to 23.4% in 2020G. This was primarily due to increased discounts extended to customers as well as an increase in the provision for bad debts resulting from a delay in collection. The following table presents the discounts and provisions for bad debts recognized during 2018G, 2019G and 2020G.

Table No. (6.39): Impact on net income

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Discounts	52.2	39.2	74.6	(25.0%)	90.5%	19.6%
Provision for bad debts	22.1	60.3	101.3	173.3%	67.9%	114.2%
Total	**74.3**	**99.5**	**175.9**	**34.0%**	**76.8%**	**53.9%**
Percentage of total revenue	12.6%	18.0%	30.8%			

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

6.5.5 Income statement – Abdullah Al Othaim Entertainment Co. (consolidated)

The following table presents AOEC's income statement for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.40): Statement of Profit and Loss for AOEC

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Revenue	263.2	295.2	163.8	12.2%	(44.5%)	(21.1%)
Cost of revenue	(165.2)	(185.0)	(164.0)	12.0%	(11.3%)	(0.4%)
Total profit (loss)	98.0	110.2	(0.2)	12.4%	(100.2%)	N/A
Selling and distribution expenses	(10.6)	(16.1)	(10.1)	52.1%	(37.7%)	(2.7%)
General and administrative expenses	(19.5)	(16.9)	(7.9)	(13.4%)	(53.0%)	(36.2%)
Operational profit (loss)	67.9	77.2	(18.2)	13.6%	(123.6%)	N/A
Finance costs	(0.5)	(6.6)	(5.8)	1,152.2%	(11.5%)	233.0%
Other revenue	3.2	5.2	20.8	63.6%	303.8%	157.0%
Net income (loss) before Zakat and income tax	70.5	75.7	(3.2)	7.4%	(104.2%)	N/A
Income tax	–	(0.8)	(0.3)	N/A	(64.4%)	N/A
Zakat provision	(4.6)	(3.2)	(1.0)	(29.9%)	(70.3%)	(54.4%)
Net income (loss) for the year	65.9	71.7	(4.4)	8.8%	(106.2%)	N/A

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

IFRS 16 became effective as of January 1, 2019G and AOEC has assessed its contractual arrangements in order to ascertain whether a contract contained a lease at the beginning of the contract. For all such lease arrangements, AOEC recognized right-of-use assets and lease liabilities except for short-term leases and leases of low value assets. (For further details on measurement and recognition criteria, see the section "**Significant Accounting Policies**"). The following table presents the impact of the adoption of IFRS 16 on AOEC's income statement for the Financial Years ended December 31, 2019G and 2020G

Table No. (6.41): Impact of the Adoption of IFRS 16 on the Income Statement

SAR Million	FY Ended December 31	
	2019G	2020G
Amortization of right-of-use assets	39.1	39.5
Finance cost on lease liabilities	6.6	5.8
Total	**45.7**	**45.3**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended 2020G

Revenue is mainly generated by AOEC through several family entertainment centers (FECs). Revenues increased by 12.2%, from SAR 263.2 million in 2018G to SAR 295.2 million in 2019G, primarily due to an increase in revenues by SAR 19.1 million from Faby Land family entertainment centers in Saudi Arabia and the opening of new family entertainment centers in Oman. Revenue decreased by 44.5% in 2020G, from SAR 295.2 million in 2019G to SAR 163.8 million in 2020G. This was primarily due to the suspension of work in several locations for 98 days during 2020G due to COVID-19.

During 2019G, the cost of revenue increased by 12.0%, from SAR 165.2 million in 2018G to SAR 185.0 million in 2019G, primarily due to an increase in labor costs by SAR 8.9 million as a result of the opening of two new Faby Land family entertainment centers in Saudi Arabia in 2019G. Cost of revenue declined by 11.3% in 2020G from SAR 185.0 million in 2019G to SAR 164.0 million in 2020G. This was primarily due to a decline of SAR 9.5 million and SAR 6.6 million in labor costs and direct operating costs, respectively, driven mainly by the suspension of work in several locations for 98 days during 2020G due to COVID-19.

Selling and distribution expenses include labor costs, marketing expenses and professional and other fees. Expenses increased by 52.1% in 2019G, from SAR 10.6 million in 2018G to SAR 16.1 million in 2019G. This was primarily due to the inclusion of non-recurring professional fees of SAR 8.5 million in 2018G. Selling and distribution expenses decreased by 37.7% in 2020G, from SAR 16.1 million in 2019G to SAR 10.1 million in 2020G. This was primarily due to a decline in marketing expenses by SAR 4.9 million.

General and administrative expenses include labor costs, shared expenses and professional and other fees. During 2019G, expenses decreased by 13.4%, from SAR 19.5 million in 2018G to SAR 16.9 million in 2019G, primarily due to the increase in labor costs by SAR 2.4 million. Expenses further declined by 53.0% in 2020G, from SAR 16.9 million in 2019G to SAR 7.9 million in 2020G. This primarily resulted from a decline in employee salaries and other benefits by SAR 2.0 million in 2020G.

Finance costs are mainly related to interest expenses on leases due to the adoption of IFRS 16: Leases. During 2019G, financing costs increased by 1,152.2%, from SAR 0.5 million in 2018G to SAR 6.6 million in 2019G, primarily due to the inclusion of interest expenses on leases as a result of the adoption of IFRS 16: Lease Contracts. Finance costs decreased by 11.5% in 2020G, from SAR 6.6 million in 2019G to SAR 5.8 million in 2020G. This was primarily due to the revision of rent contracts for some locations in the UAE and Oman from fixed rent to rent as a percentage of revenue; therefore, this was removed from the asset calculations.

Other income primarily includes other revenue and foreign exchange gain/loss. During 2019G, other sources of income increased by 63.6%, from SAR 3.2 million in 2018G to SAR 5.2 million in 2019G, primarily due to foreign exchange gains of SAR 2.9 million in 2020G. Other sources of income increased by 303.8% in 2020G, from SAR 5.2 million in 2019G to SAR 20.8 million in 2020G. This was primarily due to COVID-19 discounts which amounted to SAR 20.4 million in 2020G.

In 2019G, net income increased by 8.8%, from SAR 65.9 million in 2018G to SAR 71.7 million in 2019G, primarily due to increased revenues. Net income declined by 106.2% in 2020G, from SAR 71.7 million in 2019G to a net loss of SAR 4.4 million in 2020G. This was primarily due to a decline in revenue.

6.5.5.1 Key Performance Indicators

The following table presents AOEC's key performance indicators for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.42): Key Performance Indicators of AOEC

	FY Ended December 31		
	2018G	2019G	2020G
Financial KPIs			
Gross margin	43.3%	37.2%	(0.1%)
Net profit margin	25.9%	25.0%	(2.7%)
Return on Assets (%)	19.8%	15.7%	(0.7%)
Return on Equities (%)	25.8%	20.0%	(1.1%)
Current ratio	0.8	1.1	1.0
Total liabilities to equity	**0.30**	**0.28**	**0.74**
Days payable outstanding	27	28	30
Days inventory outstanding	32	43	46
Cash conversion ratio	4.9	15.4	16.7
Operational KPIs			
Entertainment centers	29	37	37
Total number of visitors (in millions)	4.1	4.7	3.0
Average revenue per customer	63.6	62.4	53.9

Source: Management information

Note:

1. Gross profit margin = gross profit for the year / revenue for the year
2. Net profit margin = net profit for the year / revenue for the year
3. Return on assets = net profit for the year / assets at year end
4. Return on equity = net profit for the year / equity as at year end
5. Current ratio = total current assets at year end / total current liabilities at year end
6. Debt to equity ratio = total current liabilities as at year end / total equity as at year end
7. Days payables outstanding = (trade accounts payable at year end / cost of revenue for the year) x 365
8. Days inventory outstanding = (inventory at year end / cost of revenue for the year) x 365
9. Cash conversion cycle = days inventory outstanding - days payables outstanding

6.5.5.2 Revenue

Abdullah Al Othaim Entertainment Co. provides entertainment services and goods through entertainment centers, where it sells rechargeable magnetic game cards to customers for cash. The magnetic cards entitle the holder to enjoy the services of games and rides. Cash received at the time of sale of the cards is recorded as unearned games revenue (contract liability) and revenue is recognized once the customer starts utilizing the card. Thus, revenue is recorded when the control of goods or service is passed to the customers.

AOEC also awards customers additional "Bonus Points", which are utilized in the same manner as regular purchased points. These Bonus Points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to Bonus Points awarded to customers based on relative stand-alone selling price and is recognized as a contract liability until the points are redeemed. Revenue is recognized upon redemption of the points by the customer.

Revenue by Family Entertainment Center

The following table presents AOEC's revenue by family entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.43): Revenue by Family Entertainment Center

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Saffori Land	140.9	140.3	94.2	(0.4%)	(32.8%)	(18.2%)
Faby Land	68.9	88.0	44.7	27.8%	(49.2%)	(19.5%)
Snow City	17.0	24.4	12.2	44.2%	(50.1%)	(15.2%)
Xtreme Land	28.8	25.1	3.9	(12.8%)	(84.5%)	(63.3%)
Splash Water Park	1.5	1.5	-	(2.6%)	(100.0%)	(100.0%)
Action Zone	2.4	2.3	1.5	(4.9%)	(35.4%)	(21.6%)
My Town	2.9	7.4	3.5	150.0%	(51.9%)	9.6%
Xtreme Zone	1.1	6.3	3.8	485.2%	(39.3%)	88.5%
Total	**263.4**	**295.2**	**163.8**	**12.1%**	**(44.5%)**	**(21.1%)**

Source: Management information

Saffori Land

An indoor amusement park that offers a variety of amusement games and rides, including European rides and other family-friendly attractions, rides for kids, prize games, face painting and a kids' hair salon. The following table presents the key performance indicators of the entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.44): Key Performance Indicators

Saffori Land	FY Ended December 31		
	2018G	2019G	2020G
	Audited	Audited	Audited
(Number of) branches	10	10	10
Number of visitors (in millions)	2.3	2.3	1.7
Average ticket size per visitor (SAR)	61.3	61.0	55.4
(Number of) employees	670	686	464

Source: Management information

Revenue did not witness material fluctuation between 2018G and 2019G. Revenue decreased by 32.8% in 2020G, from SAR 140.3 million in 2019G to SAR 94.2 million in 2020G. This was primarily due to a decline in the number of visitors by 0.6 million, driven by the lockdown and closure of malls during the pandemic.

Faby Land

This family entertainment center caters to all age groups and offers various amusement rides, attractions and games. The following table presents the key performance indicators of the entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.45): Key Performance Indicators

Faby Land	FY Ended December 31		
	2018G	2019G	2020G
	Audited	Audited	Audited
(Number of) branches	8	11	12
Number of visitors (in millions)	1.2	1.6	0.9
Average ticket size per visitor (SAR)	57.4	55.0	49.7
(Number of) employees	95	138	454

Source: Management information

Revenues increased by 27.8%, from SAR 68.9 million in 2018G to SAR 88.0 million in 2019G, primarily due to the 23.8% increase in the number of visitors to family entertainment centers located in Saudi Arabia, which contributed to the realization of additional revenues of SAR 11.2 million in 2020G. Further, one new family entertainment center was opened during 2020G in Oman, which generated an additional SAR 8.8 million in revenue. Revenue decreased by 49.2% in 2020G, from SAR 88.0 million in 2019G to SAR 44.7 million in 2020G. This was primarily due to a decline in the number of visitors by 0.7 million, driven by the lockdown and closure of malls during the pandemic. Further, a decline in average ticket size per visitor from SAR 55.0 in 2019G to SAR 49.7 in 2020G also contributed to the downward movement in revenue.

Snow City

An entertainment center providing a snow environment and offering several types of activities for kids and adults. The following table presents the key performance indicators of the entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.46): Key Performance Indicators

Snow City	FY Ended December 31		
	2018G	2019G	2020G
	Audited	Audited	Audited
(Number of) branches	1	2	2
Number of visitors (in millions)	0.1	0.2	0.1
Average ticket size per visitor (SAR)	169.5	122.2	122.0
(Number of) employees	75	62	156

Source: Management information

Revenues increased by 44.2%, from SAR 17.0 million in 2018G to SAR 24.4 million in 2019G, primarily due to the opening of a new Snow City family entertainment center in Egypt, which generated additional revenues of SAR 5.1 million. Revenue decreased by 50.1% in 2020G, from SAR 24.4 million in 2019G to SAR 12.2 million in 2020G. This was primarily due to the decrease in the number of visitors by 0.1 million in 2020G due to the closure of family entertainment centers during the COVID-19 pandemic.

Xtreme Land

The entertainment center is located in Qatar and offers multiple activities and games.

Table No. (6.47): Key Performance Indicators

Xtreme Land	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	1	1	1
Number of visitors (in millions)	0.2	0.2	0.04
Average ticket size per visitor (SAR)	143.9	125.4	96.9
(Number of) employees	58	48	58

Source: Management information

Revenue declined at a CAGR of 63.3% between 2018G and 2020G, from SAR 28.8 million in 2018G to SAR 3.9 million in 2020G. This was due to a decline in footfall from 0.2 million visitors in 2018G to 43,550 visitors in 2020G. A major decline was observed in 2020G due to the slowdown in the economy because of the COVID-19 pandemic.

Splash Water Park

An outdoor water park located in Al Othaim Mall - Dammam offering a variety of water rides and fun games. The following table presents the key performance indicators of the entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.48): Key Performance Indicators

Splash Water Park	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	1	1	-
Number of visitors (in millions)	0.03	0.03	-
Average ticket size per visitor (SAR)	49.8	48.5	-
(Number of) employees	8	4	-

Source: Management information

Revenue did not witness material fluctuation between 2018G and 2019G. Revenue decreased by 100.0% in 2020G, from SAR 1.5 million in 2019G to nil in 2020G. This was primarily due to the closure of a family entertainment center in 2019G by AOEC.

Action Zone

This offers multiple activities and games which include bowling, archery and shooting, billiards, table tennis and various computer games.

The following table presents the key performance indicators of the entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.49): Key Performance Indicators

Action Zone	FY Ended December 31		
	2018G	2019G	2020G
	Audited	Audited	Audited
(Number of) branches	2	2	2
Number of visitors (in millions)	0.1	0.1	0.1
Average ticket size per visitor (SAR)	23.9	22.7	14.7
(Number of) employees	22	20	13

Source: Management information

Revenue did not witness material fluctuation between 2018G and 2019G. Revenue decreased by 35.4% in 2020G, from SAR 2.3 million in 2019G to SAR 1.5 million in 2020G. This was primarily due to a decline in average ticket size per visitor by SAR 8, driven by lower customer spending as a result of COVID-19.

My Town

This consists of a mini edutainment center and a play structure with other activities. My Town has three elements:

- Entertainment Play Structure – offering a variety of play activities including slides, trampolines, obstacle courses, climbing walls
- Edutainment Park - an interactive edutainment park
- Science Museum

The following table presents the key performance indicators of the entertainment center for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.50): Key Performance Indicators

My Town	FY Ended December 31		
	2018G	2019G	2020G
	Audited	Audited	Audited
(Number of) branches	5	6	6
Number of visitors (in millions)	0.2	0.2	0.1
Average ticket size per visitor (SAR)	14.7	36.8	35.4
(Number of) employees	14	8	45

Source: Management information

Revenues increased by 150.0%, from SAR 2.9 million in 2018G to SAR 7.4 million in 2019G, primarily due to the increase in the number of visitors to family entertainment centers in Egypt, which contributed to an increase in revenues by SAR 0.3 million during 2019G in addition to the opening of a new center. Further, the overall increase in the average ticket size per visitor from SAR 14.7 in 2018G to SAR 36.8 in 2019G also contributed to the surge in revenue. Revenue decreased by 51.9% in 2020G, from SAR 7.4 million in 2019G to SAR 3.5 million in 2020G. This was primarily due to a decline in the number of visitors by 0.1 million between 2019G and 2020G, driven by the lockdown and closure of family entertainment centers during the COVID-19 pandemic.

Xtreme Zone

Xtreme Zone is equipped with the latest state-of-the art amusement rides.

Table No. (6.51): Key Performance Indicators

Xtreme Zone	FY Ended December 31		
	2018G	2019G	2020G
	Audited	Audited	Audited
(Number of) branches	1	4	4
Number of visitors (in millions)	0.01	0.1	0.1
Average ticket size per visitor (SAR)	76.9	63.0	38.3
(Number of) employees	14	83	92

Source: Management information

Revenues increased by 485.2%, from SAR 1.1 million in 2018G to SAR 6.3 million in 2019G, primarily due to the opening of two new Xtreme Zone family entertainment centers in the Emirates in addition to another one in Oman, which contributed to an increase in revenue by SAR 5.4 million during 2019G. Revenue decreased by 39.3% in 2020G, from SAR 6.3 million in 2019G to SAR 3.8 million in 2020G. This was primarily due to a decline in average ticket size per visitor from SAR 63.0 in 2019G to SAR 38.3 in 2020G, which was driven by the closure of malls during the pandemic lockdown.

Revenue by Location

The following table presents AOEC's breakdown of revenue by location for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.52): Revenue by Location

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Saudi Arabia	201.4	214.0	134.6	6.3%	(37.1%)	(18.3%)
UAE	27.5	32.2	15.6	17.1%	(51.6%)	(24.7%)
Egypt	5.7	13.5	6.4	138.2%	(52.2%)	6.7%
Qatar	28.8	25.1	3.9	(12.8%)	(84.5%)	(63.3%)
Oman	–	10.3	3.3	N/A	(68.0%)	N/A
Total	**263.4**	**295.2**	**163.8**	**12.1%**	**(44.5%)**	**(21.1%)**

Source: Management information

Revenue for the Kingdom increased by 6.3% in 2019G, from SAR 201.4 million in 2018G to SAR 214.0 million in 2019G. This was primarily due to an increase in the number of visitors by 23.8% for Faby Land family entertainment centers, which contributed SAR 11.2 million additional revenue during 2019G. Revenue decreased by 37.1% in 2020G, from SAR 214.0 million in 2019G to SAR 134.6 million in 2020G. This primarily resulted from the closure of malls during the COVID-19 lockdown.

Revenue for the UAE increased by 17.1% in 2019G, from SAR 27.5 million in 2018G to SAR 32.2 million in 2019G. This was primarily due to the opening of two additional Faby Land family entertainment centers and two Xtreme Zone family entertainment centers during 2019G. Revenue decreased by 51.6% in 2020G, from SAR 32.2 million in 2019G to SAR 15.6 million in 2020G. This primarily resulted from the closure of malls during the COVID-19 lockdown.

Revenue for Egypt increased by 138.2% in 2019G, from SAR 5.7 million in 2018G to SAR 13.5 million in 2019G. This was primarily due to the opening of the Snow City family entertainment center in Egypt during 2019G, generating additional revenue of SAR 5.1 million. Revenue decreased by 52.2% in 2020G, from SAR 13.5 million in 2019G to SAR 6.4 million in 2020G. This is primarily due to the closure of family entertainment centers during the lockdown period due to the COVID-19 pandemic.

Revenue for Qatar decreased by 12.8% in 2019G, from SAR 28.8 million in 2018G to SAR 25.1 million in 2019G. This was primarily due to the decline in revenue for the Extreme Land family entertainment center due to a decline in average ticket size per visitor from SAR 143.9 in 2018G to SAR 125.4 in 2019G. Revenue further decreased by 84.5% in 2020G, from SAR 25.1 million in 2019G to SAR 3.9 million in 2020G. This is primarily due to the closure of family entertainment centers during the lockdown period due to the COVID-19 pandemic in 2020G.

New family entertainment centers were opened in Oman, such as Faby Land and Xtreme Zone, which generated SAR 10.3 million during 2019G. Revenue for Oman decreased by 68.0% in 2020G, from SAR 10.3 million in 2019G to SAR 3.3 million in 2020G. This is primarily due to the closure of family entertainment centers during the lockdown period due to the COVID-19 pandemic in 2020G.

6.5.5.3 Cost of Revenue

The following table presents AOEC's cost of revenue for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.53): AOEC's Cost of Revenue

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Rent expenses	48.5	7.7	8.7	(84.1%)	13.0%	(82.1%)
Amortization of right-of-use assets	-	39.1	39.5	N/A	1.0%	N/A
Depreciation	44.3	51.9	52.1	17.1%	0.4%	17.6%
Employee salaries and other benefits	39.8	46.1	36.5	15.9%	(20.8%)	(8.3%)
Direct operating cost	13.4	15.9	9.4	18.4%	(40.9%)	(30.0%)
Maintenance	5.2	5.5	3.3	5.7%	(40.0%)	(36.6%)

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Electricity and utilities	7.9	9.7	10.7	22.5%	10.3%	35.1%
Insurance	0.8	0.9	0.9	12.8%	0.0%	12.8%
Amortization	-	0.1	-	N/A	(100.0%)	N/A
Other expenses	5.2	8.2	2.9	56.6%	(64.6%)	(44.6%)
Total	**165.2**	**185.0**	**164.0**	**12.0%**	**(11.4%)**	**(0.7%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Years ended December 31, 2019G and 2020G.

Rent expenses mainly relate to the rent paid by AOEC for leased properties for entertainment centers. Rent expenses declined by 84.1%, from SAR 48.5 million in 2018G to SAR 7.7 million in 2019G. This was primarily due to the adoption of IFRS 16: Leases in 2019G. Rent expenses did not witness any material fluctuation between 2019G and 2020G.

Amortization of right-of-use assets was included in 2019G due to adoption of IFRS 16: Leases in 2019G. AOEC recognized right-of-use of assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). They are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Unless AOEC is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. AOEC recognized SAR 39.1 million and SAR 39.5 million as charge for the year in 2019G and 2020G, respectively, under right-of-use of assets. Prior to 2019G, such charge was recognized as rent expense as a separate line item in cost of sales.

Depreciation represents charges on fixed assets (equipment, games, computers etc.) of AOEC. Depreciation increased by 17.1% in 2019G, from SAR 44.3 million in 2018G to SAR 51.9 million in 2019G. This was primarily due to the opening of new family entertainment centers, with one in Saudi, four in the UAE, one in Egypt and two in Oman during 2020G. Depreciation expenses did not witness any material fluctuation between 2019G and 2020G.

Employee salaries and other benefits represent the compensation paid to operational staff. During 2019G, labor costs increased by 15.9%, from SAR 39.8 million in 2018G to SAR 46.1 million in 2019G, primarily due to the opening of new family entertainment centers in 2020G, one of which is in Saudi Arabia, four in the UAE, one in Egypt and two in Oman. Labor costs declined by 20.8% in 2020G, from SAR 46.1 million in 2019G to SAR 36.5 million in 2020G. This was mainly because the Government paid a portion of the salaries of Saudi employees in order to support the private sector during the suspension of work in several locations due to COVID-19.

Direct operational costs include costs for redemption games and prize games. Direct operational costs increased by 18.4% in 2019G, from SAR 13.4 million in 2018G to SAR 15.9 million in 2019G. Direct operational costs decreased by 40.9% in 2020G, from SAR 15.9 million in 2019G to SAR 9.4 million in 2020G. This is a direct cost item and therefore fluctuates in line with the revenue generated from the redemption games and prize games business segments.

Maintenance includes expenses incurred for the repair and maintenance of entertainment centers, games, equipment and the like. During 2019G, maintenance costs decreased by 5.7%, from SAR 5.2 million in 2018G to SAR 5.5 million in 2019G, primarily due to an increase in game maintenance expenses by SAR 0.3 million for family entertainment centers in Saudi Arabia. Maintenance costs generally fluctuate in line with actual maintenance needs during a given year. Maintenance costs declined by 40.0% in 2020G, from SAR 5.5 million in 2019G to SAR 3.3 million in 2020G. This was primarily due to the suspension of work and, accordingly, there were no malfunctions in the games and machines, just preventive maintenance work for a duration of 98 days.

Electricity and utilities represent electricity costs as well as other expenses such as cleaning materials, water and other expenses. Electricity and utilities costs increased by 22.5% in 2019G, from SAR 7.9 million in 2018G to SAR 9.7 million in 2019G. This was primarily due to the opening of new family entertainment centers, with one in Saudi, four in the UAE, one in Egypt and two in Oman during 2019G. Electricity and utilities costs further increased by 10.3% in 2020G, from SAR 9.7 million in 2019G to SAR 10.7 million in 2020G.

Insurance primarily represents costs incurred for property insurance. Insurance costs did not witness material fluctuation between 2018G and 2020G.

Amortization expenses did not witness any material fluctuation between 2018G and 2020G.

Other expenses include subscription fees, government fees, business trips expenses and others. During 2019G, other expenses increased by 56.6%, from SAR 5.2 million in 2018G to SAR 8.2 million in 2019G. The increase in these expenses is partly due to the increase in subscription fees for some Government agencies by SAR 1.1 million in 2019G as a result of opening of new family entertainment centers across business districts. Other expenses declined by 64.6% in 2020G, from SAR 8.2 million in 2019G to SAR 2.9 million in 2020G. This was primarily due to the suspension of work due to COVID-19 and several locations were closed for a period exceeding three months.

6.5.5.4 Selling and distribution expenses

The following table presents AOEC's selling, distribution and marketing expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.54): AOEC's Selling and Distribution Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Marketing	3.5	7.9	3.0	124.1%	(61.8%)	(7.5%)
Employee salaries and other benefits	3.7	5.0	4.8	35.4%	(5.2%)	13.3%
Depreciation	1.6	1.4	1.7	(12.1%)	15.5%	0.7%
Maintenance	0.3	0.0	0.0	(88.4%)	(43.9%)	(74.5%)
Rent	0.4	0.3	0.3	(17.0%)	(3.8%)	(10.7%)
Electricity and public utilities	0.0	0.1	0.1	56.3%	74.2%	65.0%
Insurance	0.1	0.2	0.1	239.0%	(71.6%)	(2.0%)
Other	0.9	1.2	0.1	29.8%	(89.0%)	(62.3%)
Total	**10.6**	**16.1**	**10.1**	**52.1%**	**(37.7%)**	**(2.7%)**

Source: The audited financial statements for Abdullah Al Othaim Entertainment Co. for the Financial Years ended December 31, 2019G and 2020G

Marketing includes seasonal campaigns, advertisements and promotions. During 2019G, marketing expenses increased by 124.1%, from SAR 3.5 million in 2018G to SAR 7.9 million in 2019G, primarily due to an increase of SAR 3.3 million of media and press marketing expenses for existing operations in Saudi Arabia and Egypt. Marketing expenses declined by 61.8% in 2020G, from SAR 7.9 million in 2019G to SAR 3.0 million in 2020G. This was primarily due the lack of spending on marketing expenses due to the closure period.

Employee salaries and other benefits paid to employees working primarily for sales, distribution and marketing. During 2019G, labor costs increased by 35.4%, from SAR 3.7 million in 2018G to SAR 5.0 million in 2019G, primarily due to the opening of new family entertainment centers, one of which is in Saudi Arabia, four in the UAE, one in Egypt and two in Oman in 2020G. Labor costs declined by 5.2% in 2020G, from SAR 5.0 million in 2019G to SAR 4.8 million in 2020G. This was mainly because the Government paid a portion of the salaries of Saudi employees in order to support the private sector during the closures of several locations due to COVID-19.

Depreciation represents charges on fixed assets (equipment, games, computers etc.) of AOEC. Depreciation did not witness material fluctuations between 2018G and 2020G.

Maintenance primarily includes expenses incurred for the repair and maintenance of games. Maintenance costs declined by 88.4% in 2019G, from SAR 0.3 million in 2018G to SAR 39,602 in 2019G. This was primarily due to a decline in maintenance expenses for Saudi-based operations. This expense has been reclassified under cost of revenue as a direct cost in 2019G. Maintenance costs did not witness material fluctuation between 2019G and 2020G.

Rent expenses are mainly related to the rent paid by AOEC for stores. During 2019G, rental expenses decreased by 17.0%, from SAR 0.4 million in 2018G to SAR 0.3 million in 2019G, primarily due to the decrease in rental expenses for existing operations in Saudi Arabia. Rent expenses did not witness material fluctuation between 2019G and 2020G.

Electricity and utilities mainly include expenses for fuel and oil and telephone. Electricity and utilities witnessed no material fluctuation between 2018G and 2020G.

Insurance represent expenses incurred for insurance related to property, cash in transit and others. Insurance costs witnessed no material fluctuation between 2018G and 2020G.

Other expenses include expenses for transportation, business trips, subscriptions and the like. Other expenses increased by 29.8% in 2019G from SAR 0.9 million in 2018G to SAR 1.2 million in 2019G. This was primarily due to the issue of reclassifying expenses during the process of consolidating the financial statements. Other expenses declined by 89.0% in 2020G, from SAR 1.2 million in 2019G to SAR 0.1 million in 2020G. This was primarily due to a reduction in Government fee expenses, extension to grace periods for payment and the allowance of banks to make transfers without a fine.

6.5.5.5 General and Administrative Expenses

The following table presents AOEC's general and administrative expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.55): AOEC's General and Administrative Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Employee salaries and other benefits	8.5	6.5	4.7	(23.6%)	(27.1%)	(25.4%)
Professional fees	0.9	0.8	0.4	(4.4%)	(47.9%)	(29.4%)
Shared expenses	7.6	6.2	-	(19.0%)	(100.0%)	(100.0%)
Rent expenses	0.7	0.4	0.2	(42.3%)	(47.6%)	(45.0%)
Depreciation	0.7	0.9	0.9	29.9%	(2.6%)	12.5%
Insurance	0.0	0.1	0.0	160.1%	(72.1%)	(14.8%)
Maintenance	0.0	0.1	0.2	56.7%	161.3%	102.4%
Electricity and utilities	0.2	0.3	0.2	64.4%	(33.6%)	4.5%
Other expenses	0.9	1.7	1.3	85.9%	(21.3%)	20.9%
Total	**19.5**	**16.9**	**7.9**	**(13.4%)**	**(53.0%)**	**(36.2%)**

Source: The audited financial statements for Abdullah Al Othaim Entertainment Co. for the Financial Years ended December 31, 2019G and 2020G

The cost of employee salaries and other benefits paid to employees working at the AOEC administrative office. During 2019G, labor costs decreased by 23.6%, from SAR 8.5 million in 2018G to SAR 6.5 million in 2019G, primarily due to the layoff of senior management staff in the Saudi administrative office. Employee salaries and other benefits decreased again by 27.1% in 2020G, from SAR 6.5 million in 2019G to SAR 4.7 million in 2020G. This was primarily due to the suspension of employees traveling back to the Kingdom due to the suspension of flights and the termination of some employees who were replaced by trained employees through the Government.

Professional fees refer to audit, legal consultation and other fees. Professional fees declined by 47.9% in 2019G, from SAR 0.8 million in 2020G to SAR 0.4 million in 2020G. This was primarily due to consulting and accounting fees related to the IPO. Professional fees witnessed no material fluctuation between 2018G and 2019G.

Shared expenses include the parent company's allocation of common costs to AOEC and the expenses which AOEC allocates to its subsidiaries. During 2019G, joint expenses decreased by 19.0%, from SAR 7.6 million in 2018G to SAR 6.2 million in 2019G, primarily due to the change in the policy of Abdullah Al Othaim Entertainment Co. during 2019G where joint expenses were not charged to subsidiary companies. No shared expenses were recorded in 2020G, this was primarily due to a decision by management to suspend shared services expenses between subsidiaries by the end of 2019G and therefore no shared expenses were recorded during 2020G.

Rent expenses mainly relate to the rent paid by AOEC for administrative offices. During 2018G, rental expenses decreased by 42.3%, from SAR 0.7 million in 2018G to SAR 0.4 million in 2019G, primarily due to the decrease in Saudi office rental expenses. Rent expenses further decreased by 47.6% in 2020G, from SAR 0.4 million in 2019G to SAR 0.2 million 2020G. This was primarily due to the purchase of an administrative building in the UAE and the relocation to a new office owned by the Company in February 2020G.

Depreciation represents charges on administrative fixed assets (equipment, computers etc.) of AOEC. During 2019G, consumption increased by 29.9%, from SAR 0.7 million in 2018G to SAR 0.9 million in 2019G, primarily due to the addition of assets to the head office in Saudi Arabia in the period between 2018G and 2019G. Depreciation did not witness any material fluctuation between 2019G and 2020G.

Insurance represents expenses incurred for property insurance, cash in transit, vehicles and others. Insurance costs witnessed no material fluctuation between 2018G and 2020G.

Maintenance includes expenses incurred for the repair and maintenance of buildings, vehicles and computers. The costs witnessed no material fluctuation between 2018G and 2020G.

Electricity and utilities primarily represent expenses for electricity and telephone. Electricity and utilities costs witnessed no material fluctuation between 2018G and 2020G.

Other expenses include expenses for transportation, business trips, government fees, subscriptions, software licenses and the like. During 2019G, other expenses increased by 85.9%, from SAR 0.9 million in 2018G to SAR 1.7 million in 2019G, primarily due to the issue of reclassifying expenses during the process of consolidating the financial statements. This increase was partially due to the increase in expenses for subscriptions and business trips by SAR 0.3 million in 2019G. Other expenses declined by 21.3% in 2020G, from SAR 1.7 million in 2019G to SAR 1.3 million in 2020G. This was primarily due to due to a reduction in Government fees expenses, the extension of grace periods for payment and the allowance of banks to make transfers without a fine.

6.5.5.6 Finance Costs

Finance costs are mainly related to lease interest expenses due to the adoption of IFRS 16: Leases, short term loans and bank fees. During 2019G, financing costs increased by 1,152.4%, from SAR 0.5 million in 2018G to SAR 6.6 million in 2019G, primarily due to the inclusion of interest expenses on leases as a result of the adoption of IFRS 16: Lease Contracts. Finance costs decreased by 11.5% in 2020G, from SAR 6.6 million in 2019G to SAR 5.8 million in 2020G. This was primarily due to the revision of rent contracts for some locations in the UAE and Oman from fixed rent to rent as a percentage of revenue; therefore, this was removed from the asset calculations.

6.5.5.7 Other Revenue

The following table presents other income/expenses of AOEC for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.56): AOEC's Other Income/Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
COVID-19 discounts	–	-	20.4	N/A	N/A	N/A
Other expenses/income	3.2	5.2	0.4	63.6%	(91.6%)	(63.0%)
Total	**3.2**	**5.2**	**20.8**	**63.6%**	**303.8%**	**157.0%**

Source: The audited financial statements for Abdullah Al Othaim Entertainment Co. for the Financial Years ended December 31, 2019G and 2020G

COVID-19 discounts are mainly related to rental discounts during 2020G. COVID-19 discounts amounted to SAR 20.4 million in 2020G, this was primarily due to a three month discount during 2020G related to rentals.

Other sources of income primarily includes other revenues and foreign exchange gain/loss. Other sources of income increased by 63.6% in 2019G, from an expense of SAR 3.2 million in 2018G to an income SAR 5.2 million in 2019G. This was primarily due to a foreign exchange gain of SAR 3.0 million in 2020G resulting primarily from the price of the Egyptian Pound. Other sources of income declined by 91.6%, from SAR 5.2 million in 2019G to SAR 0.4 million in 2020G

6.5.5.8 Income Tax

Income tax was only included in 2019G and 2020G, amounting to SAR 0.8 million and SAR 0.3 million in 2020G. This was primarily due to the additional tax expense on account of the difference between AOEC's calculation of depreciation expenses and the tax authority's calculation of depreciation for non-Saudi family entertainment centers.

6.5.5.9 Zakat Provision

The Zakat provision declined by 29.9% in 2019G, from an expense of SAR 4.6 million in 2018G to SAR 3.2 million in 2019G. This was primarily due to an increase in the Zakat base for AOEC. The Zakat provision further declined by 70.3% in 2020G, from SAR 3.2 million to SAR 1.0 million in 2020G. This was primarily due to the net losses recorded by the AOEC during the period.

6.5.6 Income Statement – Abdullah Al Othaim Fashion Co.

The following table presents AOFC's income statement for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.57): Income Statement

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Sales	146.5	186.8	121.4	27.5%	(35.0%)	(8.9%)
Cost of sales	(83.1)	(100.3)	(65.9)	20.7%	(34.3%)	(10.9%)
Gross profit	**63.4**	**86.5**	**55.5**	**36.5%**	**(35.8%)**	**(6.4%)**
Selling and distribution expenses	(71.9)	(84.7)	(66.5)	17.8%	(21.4%)	(3.8%)
General and administrative expenses	(11.7)	(11.2)	(8.5)	(4.7%)	(23.7%)	(14.7%)
Other revenue/expenses	(8.4)	5.5	5.8	(165.3%)	5.1%	N/A

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Loss from operations	(28.6)	(3.9)	(13.8)	(86.3%)	253.3%	(30.5%)
Finance costs	(0.5)	(6.4)	(3.0)	1,190.7%	(53.6%)	144.7%
Loss before Zakat	(29.1)	(10.3)	(16.8)	(64.5%)	62.7%	(24.0%)
Zakat	(0.4)	(0.1)	0.3	(78.1%)	(370.4%)	N/A
Net loss for the year	**(29.5)**	**(10.4)**	**(16.5)**	**(64.7%)**	**58.8%**	**(25.2%)**
Net income margin (%)	(20.2%)	(5.6%)	(13.6%)	(72.4%)	144.3%	(17.8%)
Other comprehensive income (loss)						
Re-measurement gain (loss) on employee defined benefit liabilities	0.2	(0.6)	0.8	(443.2%)	(242.7%)	121.3%
Total comprehensive loss for the year	**(29.4)**	**(11.0)**	**(15.7)**	**(62.6%)**	**43.0%**	**(26.9%)**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

Revenue is mainly generated by AOFC through the management of various international brands across the Kingdom. Revenues increased by 27.5%, from SAR 146.5 million in 2018G to SAR 186.8 million in 2019G, primarily due to the increase in the number of transactions from 1.1 million in 2018G to 1.5 million in 2019G. The increase in revenues resulting from the increase in the number of transactions was offset in part by a decrease in the average ticket size per transaction from SAR 133.0 per transaction in 2018G to SAR 127.9 per transaction in 2019G, primarily due to a decrease in the average ticket size of one of the Parfois brands as a result of the decrease in sales volume in the last quarter of 2019G due to the late arrival of stocks. Revenue decreased by 35.0% in 2020G, from SAR 186.8 million in 2019G to SAR 121.4 million in 2020G. This primarily resulted from the decline in the number of transactions from 1.5 million in 2019G to 1.0 million in 2020G. Such decline was driven by the lockdown measures (including mall closures) imposed by Government between March 2020G and July 2020G in the wake of the COVID-19 pandemic.

During 2019G, cost of sales increased by 20.7%, from SAR 83.1 million in 2018G to SAR 100.3 million in 2019G, primarily due to the overall increase in sales volume during 2019G. Cost of sales decreased by 34.3% in 2020G, from SAR 100.3 million in 2019G to SAR 65.9 million in 2020G, in line with a decline in sales.

During 2019G, gross profit increased by 36.5%, from SAR 63.4 million in 2018G to SAR 86.5 million in 2019G. The gross profit growth was higher than the growth in revenues in 2019G due to the decrease in cost of sales as a percentage of revenue from 56.7% in 2018G to 53.7% in 2019G. Further, AOFC closed 7 loss making stores in 2019G which contributed in improvement of gross profit. Gross profit decreased by 35.8% in 2020G, from SAR 86.5 million in 2019G to SAR 55.5 million in 2020G. This primarily resulted from a decline in sales as a result of closure of malls due to the COVID-19 pandemic.

Selling and distribution expenses in 2019G increased by 17.8%, from SAR 71.9 million to SAR 84.7 million in 2019G, primarily due to the increase in employee salaries and other benefits by 20.6% in 2019G as a result of the opening of a new Kiabi store in Khurais Mall. Selling and distribution expenses decreased by 21.4% in 2020G, from SAR 84.7 million in 2019G to SAR 66.5 million in 2020G. This primarily resulted from a decline in salaries and other benefits of the selling and distribution staff driven by a decline in headcount, savings in salary costs as the Government partially paid the salaries of Saudi employees (under the SANAD program) and a reduction in staff salaries during lockdown period. Further, franchise and royalty fees also witnessed a decline in 2020G on account of lower sales in 2020G.

General and administrative expenses decreased by 4.7% in 2019G, from SAR 11.7 million in 2018G to SAR 11.2 million in 2019G. This was primarily due to decline in employees' salaries and benefits by 14.4% in 2019G due to resignation of 4 employees in head office with annual collective salary of SAR 0.5 million. General and administrative expenses decreased by 23.7% in 2020G, from SAR 11.2 million in 2019G to SAR 8.5 million in 2020G. This primarily resulted from decline in administrative staff salaries and other benefits by SAR 1.2 million in 2020G.

Other revenue (expenses) primarily include gain/loss on the disposal of property and equipment and intangibles and gain/loss on foreign currency exchange. During 2018G, other expenses of SAR 8.4 million were reported as a result of a loss on the disposal of property and equipment and intangibles, collectively amounting to SAR 9.6 million. During 2019G, a loss of SAR 0.7 million was incurred on the disposal of assets. The income in 2019G was derived from foreign currency exchange (SAR 0.5 million) and the reversal of a liability waived by a franchisor (SAR 0.6 million). Other sources of income/expenses did not witness material fluctuation between 2019G and 2020G.

During 2019G, finance costs increased by 1,190.7%, from SAR 0.5 million in 2018G to SAR 6.4 million in 2019G, primarily due to the initial recognition of the interest expense on lease liabilities of SAR 4.0 million as a result of adopting IFRS 16: Lease Contracts by Abdullah Al Othaim Fashion Co.. Further, an increase in Related Party finance costs of SAR 1.9 million also contributed to the increase in finance costs. Finance costs decreased by 53.6% in 2020G, from SAR 6.4 million in 2019G to SAR 3.0 million in 2020G. This primarily resulted from no Related Party finance costs in 2020G, which was due to the waiver of interest by AOIC since the beginning of 2020G.

6.5.6.1 Key Performance Indicators

The following table presents AOFC's key performance indicators for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.58): Key Performance Indicators

	FY Ended December 31		
	2018G	2019G	2020G
Financial KPIs			
Gross margin	43.3%	46.3%	45.7%
Net profit margin	(20.1%)	(5.6%)	(13.6%)
Return on assets	(24.7%)	(4.7%)	(9.8%)
Current ratio	0.5	0.4	0.5
Days inventory outstanding	171	133	156
Operational KPIs			
No. of branches	63	54	44
Total number of visitors (in millions)	1.1	1.5	1.0
Average ticket size per transaction (SAR)	133.0	127.9	123.1

Source: Management information

Note:

1. Gross profit margin = gross profit for the year / revenue for the year
2. Net profit margin = net profit for the year / revenue for the year
3. Return on assets = net profit for the year / assets at year end
4. Current ratio = total current assets at year end / total current liabilities at year end
5. Days inventory outstanding = (inventory as of year end / cost of revenue for the year) x 365

6.5.6.2 Revenue

The following table presents an overview of AOFC's revenue for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Fashion Revenue

Table No. (6.59): Fashion Revenue

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Revenue from brands	145.8	186.8	121.4	28.1%	(35.0%)	(8.7%)
Withholding tax and other adjustments	0.7	-	-	(100.0%)	N/A	(100.0%)
Total	**146.5**	**186.8**	**121.4**	**27.5%**	**(35.0%)**	**(8.9%)**

Source: Management information

Revenue by Brand

The following table presents an overview of AOFC's revenue by brand for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.60): Revenue by Brand

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Store sales						
Kiabi	66.1	93.0	62.4	40.6%	(32.8%)	(2.8%)
OVS Kids	29.5	42.6	31.6	44.4%	(25.8%)	3.5%
Parfois	12.5	12.6	5.4	1.0%	(57.0%)	(34.1%)
Tally Weijl	11.4	11.6	6.8	2.9%	(41.4%)	(22.3%)
Orchestra	9.6	12.4	7.4	29.4%	(40.6%)	(12.3%)
Du Pareil au Même	8.1	6.6	3.2	(18.3%)	(51.7%)	(37.2%)
Boux Avenue	5.0	5.1	2.9	2.6%	(42.7%)	(23.3%)
Pylones	0.8	0.6	0.01	(33.0%)	(98.1%)	(88.6%)
LoveCulture	0.3	-	-	(100.0%)	N/A	(100.0%)
Loft	0.3	-	-	(100.0%)	N/A	(100.0%)
Other						
Outlet stores	2.1	1.1	0.8	(47.6%)	(29.3%)	(39.1%)
Warehouse sales	0.9	1.2	0.9	453.0%	(28.0%)	99.5%
Total	**145.8**	**186.8**	**121.4**	**28.1%**	**(35.0%)**	**(8.8%)**
Withholding tax and other adjustments	0.7	-	-	(100.0%)	N/A	(100.0%)
Total	**146.5**	**186.8**	**121.4**	**27.5%**	**(35.0%)**	**(9.0%)**

Source: Management information

AOIC acquired AOFC in 2018G from Al Othaim Holding Company as part of the Group's restructuring plan. For this reason, 2018G was the first operational year with AOIC Group and it acts as retail arm of the Group.

Kiabi

A French brand making clothing for women, men, children and babies, as well as special maternity, lingerie and plus size collections. Kiabi has over 450 stores in several countries around the world.

Table No. (6.61): Key Performance Indicators

Kiabi	2018G	2019G	2020G
(Number of) branches	8	9	9
Area (m^2)	10,627	11,787	12,000
(Number of) transactions	467,676	667,788	468,192
Average revenue per transaction (SAR)	141.3	139.2	133.4
(Number of) employees	163	162	131

Source: Management information

Revenues increased by 40.6%, from SAR 66.1 million in 2018G to SAR 93.0 million in 2019G, primarily due to an increase in the number of transactions from 0.5 million in 2018G to 0.7 million in 2019G, in addition to the opening of a new Kiabi branch by Abdullah Al Othaim Fashion Co. in Khurais Mall with a leased area of 1,160 sq m, which contributed to additional revenues of SAR 7.2 million in 2019G. Despite the addition of a new branch in 2020G, revenue decreased by 32.8% in 2020G from SAR 93.0 million in 2019G to SAR 62.4 million in 2020G. This primarily resulted from the decline in number of visitors and the average ticket size in 2020G as compared to 2019G due to the COVID-19 pandemic.

OVS

A leading Italian brand for children's clothing with over 720 stores around the world.

Table No. (6.62): Key Performance Indicators

OVS	2018G	2019G	2020G
(Number of) branches	18	15	15
Area (m^2)	7,130	6,860	6,755
(Number of) transactions	248,795	373,693	280,645
Average revenue per transaction (SAR)	116.7	114.1	121.5
(Number of) employees	133	99	95

Source: Management information

Revenues increased by 44.4%, from SAR 29.5 million in 2018G to SAR 42.6 million in 2019G, primarily due to an increase in the number of transactions from 0.25 million in 2018G to 0.37 million in 2019G. This increase was partially offset by a loss in revenue of two branches closed by Abdullah Al Othaim Fashion Co. in Grand Mall and Aseer Mall. These stores were closed due to the reporting of negative EBITDA during the prior years. Revenue decreased by 25.8% in 2020G from SAR 42.6 million in 2019G to SAR 31.6 million in 2020G. This was primarily due to a decline in the number of transactions from 0.37 million in 2019G to 0.28 million in 2020G.

Parfois

A Portuguese women's fashion accessories brand with around 670 stores in 16 countries.

Table No. (6.63): Key Performance Indicators

Parfois	2018G	2019G	2020G
(Number of) branches	7	7	3
Area (m^2)	825	825	334
(Number of) transactions	98,318	107,693	43,335
Average revenue per transaction (SAR)	126.8	116.9	124.8
(Number of) employees	30	31	13

Source: Management information

Despite the increase in the number of transactions in 2019G, revenues did not witness significant fluctuations between 2018G and 2019G, primarily due to the decrease in average revenues per transaction from SAR 126.8 per transaction in 2018G to SAR 116.9 per transaction in 2019G. This decline was on account of a delay in the arrival of new stock in the last quarter of 2019G, which resulted in loss of revenue. Revenue decreased by 57.0% in 2020G, from SAR 12.6 million in 2019G to SAR 5.4 million in 2020G. This was due to a decline in the number of transactions from 0.1 million in 2019G to 43,335 in 2020G.

Tally Weijl

A Swiss women's fashion brand specializing in modern women's clothing with more than 781 stores around the world.

Table No. (6.64): Key Performance Indicators

Tally Weijl	2018G	2019G	2020G
(Number of) branches	10	8	8
Area (m^2)	1,828	1,588	1,133
(Number of) transactions	89,190	96,218	56,524
Average revenue per transaction (SAR)	127.4	120.5	120.3
(Number of) employees	38	29	31

Source: Management information

Revenue from this brand did not witness material fluctuation between 2018G and 2019G. However, AOFC closed a branch incurring losses in Jazan due to a continuous decline in transactions and ongoing losses. The loss of revenue from this branch (SAR 0.5 million in 2018G) was offset by an increase in the number of transactions in other branches. Revenue decreased by 41.4% in 2020G, from SAR 11.6 million in 2019G to SAR 6.8 million in 2020G. This was due to a decline in the number of transactions from 96,218 in 2019G to 56,524 in 2020G.

Orchestra

A French brand specializing in ready-to-wear clothing for children.

Table No. (6.65): Key Performance Indicators

Orchestra	2018G	2019G	2020G
(Number of) branches	6	5	4
Area (m2)	2,425	2,418	1,895
(Number of) transactions	74,405	103,846	73,798
Average revenue per transaction (SAR)	129.1	119.7	100.1
(Number of) employees	30	33	19

Source: Management information

Revenues increased by 29.4%, from SAR 9.6 million in 2018G to SAR 12.4 million in 2019G, primarily due to an increase in the number of transactions from 74,405 in 2018G to 0.1 million in 2019G. Revenue decreased by 40.6% in 2020G, from SAR 12.4 million in 2019G to SAR 7.4 million in 2020G. This was primarily due to a decline in the number of transactions from 0.1 million in 2019G to 73,798 in 2020G. Further, a decline in average ticket size per transaction from SAR 120 in 2019G to SAR 100.1 in 2020G also contributed to the decline in overall revenue.

Du Pareil au Même

A French brand specializing in clothing for children up to 14 years old with over 625 stores around the world.

Table No. (6.66): Key Performance Indicators

Du Pareil au Même	2018G	2019G	2020G
(Number of) branches	8	7	1
Area (m2)	855	961	100
(Number of) transactions	53,537	44,765	26,923
Average revenue per transaction (SAR)	151.3	147.9	118.8
(Number of) employees	31	27	5

Source: Management information

Revenue decreased by 18.3% in 2019G, from SAR 8.1 million in 2018G to SAR 6.6 million in 2019G. This was primarily due to the closure of three loss generating outlets in 2019G located in Jeddah, Abha and Jazan. These branches contributed a collective revenue of SAR 1.0 million in 2018G. During 2019G, AOFC restructured the brands in order to focus mainly on branches generating a profit and closing stores generating losses in order to maximize profitability. Revenue decreased by 51.7% in 2020G, from SAR 6.6 million in 2019G to SAR 3.2 million in 2020G. This was primarily due to a decline in the number of transactions from 44,765 million in 2019G to 26,923 in 2020G. Further, a decline in average ticket size per transaction from SAR 147.9 in 2019G to SAR 118.8 in 2020G also contributed to the decline in overall revenue.

Boux Avenue

An English brand specializing in lingerie, nightwear, swimwear and other related items.

Table No. (6.67): Key Performance Indicators

Boux	2018G	2019G	2020G
(Number of) branches	5	3	3
Area (m2)	779	779	484
(Number of) transactions	26,289	28,110	16,010
Average revenue per transaction (SAR)	189.1	181.4	182.5
(Number of) employees	13	11	12

Source: Management information

Revenue did not fluctuate materially between 2018G, 2019G and 2020G. Revenue decreased by 42.7% in 2020G, from SAR 5.1 million in 2019G to SAR 2.9 million in 2020G. This was primarily due to a decline in the number of transactions from 28,110 in 2019G to 16,010 in 2020G.

Pylones

The brand was founded in France and has around 100 stores in more than 60 countries.

Table No. (6.68): Key Performance Indicators

Pylones	2018G	2019G	2020G
(Number of) branches	1	1	-
Area (m^2)	164	82	83
(Number of) transactions	9,213	8,687	653
Average revenue per transaction (SAR)	83.0	63.7	16.4
(Number of) employees	5	2	-

Source: Management information

Revenue decreased by 33.0% in 2019G, from SAR 0.8 million in 2018G to SAR 0.6 million in 2019G. This is primarily due to the closure of a branch incurring losses in Al-Ahsa. This branch contributed revenues of SAR 0.2 million in 2018G. During 2019G, AOFC operated a branch in Rabwah Mall in addition to selling through its online sales channel on souq.com. Revenue decreased by 98.1% in 2020G, from SAR 0.6 million in 2019G to SAR 10,703 in 2020G. This was mainly due to the closure of Rabwah Mall branch in February 2020G.

Love Culture and Loft

Abdullah Al Othaim Fashion Co. opened two branches of Love Culture and one branch of Loft in 2018G. They were closed due to operating losses. Therefore the Company did not receive any revenue from these brands in 2019G and beyond.

Outlet sales

These represent the revenue generated through selling aged products at significant discounted prices. Revenue from outlet sales decreased by 47.6% in 2019G, from SAR 2.1 million in 2018G to SAR 1.1 million in 2019G. Fluctuation in revenue depends on the aging of products and the availability of leftover stock, hence, sales may vary on a yearly basis. Revenue from outlet sales decreased by 29.3% in 2020G, from SAR 1.1 million in 2019G to SAR 0.8 million in 2020G. This is primarily due to the closure of malls and other commercial restrictions imposed by the Government during the lockdown period due to the COVID-19 pandemic.

Warehouse sales

These represent the sales of some leftover stock in the warehouse to jobbers. The revenue decreased by 453.0% in 2019G from SAR 0.9 million in 2018G to SAR 1.2 million in 2019G. This is primarily due to the wholesale of old products to external customers in 2019G, while no such wholesale took place in 2018G. Revenue from warehouse sales decreased by 28.0% in 2020G, from SAR 1.2 million in 2019G to SAR 0.9 million in 2020G. This was primarily due to a decline in overall demand as a result of COVID-19.

6.5.6.3 Cost of sales

The following table presents AOFC's cost of sales for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.69): Cost of Sales

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
IFRS-sales return accruals	0.2	0.2	(0.0)	7.7%	(104.5%)	N/A
Cost of goods sold	80.3	96.7	66.4	20.4%	(31.4%)	(9.1%)
Freight and transportation	0.6	0.8	0.5	30.0%	(37.4%)	(9.8%)
Stock adjustments	1.0	1.1	(2.1)	9.3%	(287.0%)	N/A
Other	0.9	1.5	1.9	58.6%	26.4%	41.6%
Total	**83.1**	**100.3**	**65.9**	**20.7%**	**(34.3%)**	**(10.9%)**

Source: Management information

IFRS-sales return accruals represents the provision for expected sales booked by AOFC in accordance with IFRS 15 requirements. Customers are entitled to a right to return goods within a specified period. For merchandise expected to be returned, Abdullah Al Othaim Fashion Co. applies a refund commitment in lieu of revenue. The Company also gives the right to return assets (and a corresponding settlement of cost of sales) in exchange for the right to recover products from the customer. The expense increased marginally by 7.7% in 2019G and decreased by 104.5% in 2020G. The amount of the allowance depends on the trend of sales and the amount of returns during a given year. Therefore, expenses may vary on an annual basis.

Cost of goods sold represent the weighted average cost of clothing and accessories sold by AOFC. During 2019G, the cost increased by 20.4%, from SAR 80.3 million in 2018G to SAR 96.7 million in 2019G, which is largely in line with the 27.5% increase in sales in 2019G. Cost of goods sold decreased by 31.4% in 2020G, from SAR 96.7 million in 2019G to SAR 66.4 million in 2020G. This resulted primarily from a decline in sales by 35.0% in 2020G.

Freight and transportation represent the cost of moving inventory from warehouses to various stores operated by Abdullah Al Othaim Fashion Co.. During 2019G, the cost increased by 30.0%, from SAR 0.6 million in 2018G to SAR 0.8 million in 2019G, primarily due to the increase in sales in 2019G. Freight and transportation decreased by 37.4% in 2020G, from SAR 0.8 million in 2019G to SAR 0.5 million in 2020G, in line with a decline in the transport of stocks due to a reduction in sales as a result of the COVID-19 pandemic.

Stock adjustments include a provision for stock obsolescence, stock write-offs, an NRV provision, a shrinkage provision and other inventory adjustments. Expenses increased by 9.3% in 2019G, from SAR 1.0 million in 2018G to SAR 1.1 million in 2019G. This was primarily due to recording a negative NRV adjustment of SAR 1.5 million in 2018G, which reduced the stock adjustment expense. Management recognizes stock at the lower of cost or net realizable value (estimated sales price less cost to sell), which resulted in an adjustment in 2018G. Such settlement was not incurred in 2019G. Further, a decline in the stock obsolescence provision from SAR 1.5 million in 2018G to SAR 0.6 million in 2019G partially offset the increase due to no NRV adjustment in 2019G. Stock adjustments reported an income of SAR 2.1 million in 2020G. This primarily resulted from the recognition of a reversal of the stock obsolescence adjustment amounting to SAR 2.3 million in 2020G. A reversal was recognized on account of a decline in inventory held for sale from SAR 38.7 million at December 31, 2019G to SAR 27.2 million at December 31, 2020G.

Other includes profit adjustment entries, credit notes received related to stock shortages and other minor expenses. Other expenses increased by 58.6% in 2019G from SAR 0.9 million in 2018G to SAR 1.5 million in 2019G. This was due to opening of 10 new stores in 2018G, which resulted in full year impact of various adjustments in 2019G. Other increased by 26.4% in 2020G, from SAR 1.5 million in 2019G to SAR 1.9 million in 2020G. This primarily resulted from the imposition of fees for use of the Saber portal by the Government from the beginning of 2020G for inventory shipped from outside Kingdom.

6.5.6.4 Selling and Distribution Expenses

The following table presents AOFC's selling and distribution expenses for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.70): Selling and Distribution Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Employee salaries and other benefits	24.6	29.7	20.1	20.6%	(32.3%)	(9.6%)
Amortization of right-of-use assets	–	26.6	24.9	N/A	(6.4%)	N/A
Depreciation of property and equipment	8.3	8.3	7.3	0.8%	(12.3%)	(6.0%)
Housing rental expense	25.5	-	0.4	(100.0%)	N/A	(88.0%)
Franchise fees	5.4	7.2	5.6	33.9%	(22.8%)	1.6%
Advertising	2.7	2.9	1.2	9.3%	(58.6%)	(32.8%)
Sales commission	0.5	0.8	0.2	59.4%	(77.7%)	(40.4%)
Business trips	0.9	0.7	0.3	(17.3%)	(57.9%)	(41.0%)
Maintenance	0.4	0.7	0.3	63.3%	(50.2%)	(9.8%)
Insurance	0.3	0.5	0.3	47.4%	(38.6%)	(4.9%)
Amortization	0.6	0.1	0.1	(82.5%)	(0.0%)	(58.2%)
Consultancy	0.1	0.1	0.0	12.3%	(66.1%)	(38.3%)
Other	2.6	7.1	5.9	175.7%	(17.3%)	51.0%
Total	**71.9**	**84.7**	**66.5**	**17.8%**	**(21.4%)**	**(3.8%)**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

Employee salaries and other benefits include salaries and benefits paid to employees directly involved in operating the branches. Expenses increased by 20.6% in 2019G, from SAR 24.6 million in 2018G to SAR 29.7 million in 2019G. This was primarily on account of following factors:

- An increase in the salaries of existing staff of SAR 1.0 million in 2019G.
- AOFC opened 4 new stores of KIABI during 2018G which resulted in full year cost impact in 2019G
- The opening of a new Kiabi branch in Khurais Mall during 2019G.

Employee salaries and other benefits decreased by 32.3% in 2020G, from SAR 29.7 million in 2019G to SAR 20.1 million in 2020G. This primarily resulted from a decline in the number of sales staff in stores from 392 employees in 2019G to 308 employees in 2020G. The decline was due to closure of certain loss-making stores in 2020G. The number of stores declined from 55 at December 31, 2019G to 43 at December 31, 2020G.

Amortization of right-of-use assets represents the charge for the year recognized against right-of-use assets (lease arrangements) after the adoption of IFRS 16 in 2019G. In accordance with the standard's guidelines, a right-of-use asset and a corresponding lease liability is recognized on the balance sheet for lease contracts. Right-of-use assets are then amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Prior to 2019G, no such asset was recognized in the balance sheet and the lease amount was charged directly to the income statement as rent (as and when due) on a straight-line basis over the term of the lease contract. Amortization of right-of-use assets decreased by 6.4% in 2020G, from SAR 26.6 million in 2019G to SAR 24.9 million in 2020G. This primarily resulted from the closure of loss-making stores in 2020G, which resulted in a decline in the right-of-use assets balance on December 31, 2020G and the related depreciation charge.

Depreciation of property and equipment mainly relates to equipment, furniture and fixtures, vehicle computers and decoration and arrangements. Depreciation expenses did not witness material fluctuation between 2018G and 2019G. Depreciation of property and equipment decreased by 12.3% in 2020G, from SAR 8.3 million in 2019G to SAR 7.3 million in 2020G. This primarily resulted from the disposal of fixed assets of SAR 10.5 million in 2020G, which mainly pertained to furniture and fixtures (SAR 6.7 million) and leasehold improvements (SAR 2.7 million). Such disposals were related to branches closed by AOFC in 2020G.

Rent related to branches operated by AOFC across various Malls in the Kingdom. Rent decreased by 100.0% in 2019G primarily due to the adoption of IFRS 16. In accordance with IFRS 16, lease expenses are charged by amortizing right-of-use assets on a straight-line basis and are not presented as rent expenses. Rent increased by SAR 0.4 million in 2020G. Such rent was related to a short-term lease agreement for staff accommodation.

Franchise fees are paid by AOFC to the franchisor for running outlets, technical assistance and the right to use the trademarks. The amount is calculated based on a predefined percentage of annual turnover included as part of the franchise agreements. Expenses increased by 33.9% in 2019G, from SAR 5.4 million in 2018G to SAR 7.2 million in 2019G. This primarily resulted from the opening of four new Kiabi stores in 2018G, which had a full year impact in 2019G. Additionally, opening of a new branch of Kiabi in 2019G also contributed to an increase in expenses. In accordance with Kiabi's franchise agreement, fees vary from 8.25% to 10.5% of turnover, depending on the scope of revenue. Franchise fees decreased by 22.8% in 2020G, from SAR 7.2 million in 2019G to SAR 5.6 million in 2020G. This primarily resulted from an overall decline in annual turnover as well as the closure of branches generating losses. AOFC closed six branches of Du Pareil au Même, four branches of Parfois and one branch of Orchestra in 2020G. Further, AOFC closed its branch operations of Pylones in 2020G.

Advertising represents the expenses incurred by AOFC for the promotion and marketing of its brands. Expenses increased by 9.3% in 2019G, from SAR 2.7 million in 2018G to SAR 2.9 million in 2019G. This primarily resulted from an overall increase in revenue in 2019G. Advertisement decreased by 58.6% in 2020G, from SAR 2.9 million in 2019G to SAR 1.2 million in 2020G. The budget for marketing is set based on turnover. Hence, the expense may fluctuate on a yearly basis.

Sales commission is paid by AOFC to its front-end sales force for meeting predefined targets. Expenses increased by 59.4% in 2019G, from SAR 0.5 million in 2018G to SAR 0.8 million in 2019G. This primarily resulted from an increase in revenue by 27.5% in 2019G. Sales commission decreased by 77.7% in 2020G, from SAR 0.8 million in 2019G to SAR 0.2 million in 2020G. This primarily resulted from a decline in revenue by SAR 65.4 million in 2020G.

During 2019G, the cost of business trips decreased by 17.3%, from SAR 0.9 million in 2018G to SAR 0.7 million in 2019G, primarily due to cost-reduction initiatives implemented by Abdullah Al Othaim Fashion Co. in 2019G with the aim of improving profitability. The cost of business trips decreased by 57.9% in 2020G, from SAR 0.7 million in 2019G to SAR 0.3 million in 2020G. This primarily resulted from travel restrictions imposed by the Government in order to contain the COVID-19 pandemic.

Maintenance expenses represent the cost incurred on the routine repairs of branches. Expenses increased by 63.3% in 2019G, from SAR 0.4 million in 2018G to SAR 0.7 million in 2019G. AOFC does not follow a periodic maintenance schedule and repairs are carried out on an as needed basis. Hence, the cost may vary on a yearly basis depending on branch requirements. Maintenance expenses decreased by 50.2% in 2020G, from SAR 0.7 million in 2019G to SAR 0.3 million in 2020G. This primarily resulted from the closure of commercial malls between March 2020G and July 2020G.

Insurance mainly relates to premiums paid for property, money, fidelity and auto insurance. During 2019G, expenses increased by 47.4%, from SAR 0.3 million in 2018G to SAR 0.5 million in 2019G, primarily due to the increase in premiums for money insurance in 2019G. Insurance decreased by 38.6% in 2020G, from SAR 0.5 million in 2019G to SAR 0.3 million in 2020G. This primarily resulted from the closure of twelve stores in 2020G for which the unused portion of the premium was reversed.

Amortization mainly relates to franchise fees and computer software. Franchise fees are amortized during the term of the respective agreements while computer software is amortized over a period of 3-5 years. During 2019G, expenses decreased by 82.5%, from SAR 0.6 million in 2018G to SAR 0.1 million in 2019G, primarily due to the write off of franchise fees of SAR 7.6 million in 2018G, which led to a decrease in expenses in 2019G. Amortization did not witness material fluctuation between 2019G and 2020G.

Consultancy expenses relate to a consultant working in France to coordinate an AOFC brand. Expenses did not witness material fluctuation between 2018G and 2019G. Consultancy decreased by 66.1% in 2020G. This primarily resulted from a one-time payment to an external consultant of SAR 0.2 million in 2019G for IFRS-related services. The consultant provided a full year of services in 2019G whereas the contract started in the second quarter of 2020G.

Other expenses mainly represent expenses pertaining to certain service charges (electricity, gas, water, etc.) paid by AOFC under lease agreements. Other expenses increased by 175.7%, from SAR 2.6 million in 2018G to SAR 7.1 million in 2019G. This is primarily due to the recognition of service costs of SAR 3.2 million in 2019G as a result of the adoption of IFRS 16. Prior to the adoption of IFRS 16, these expenses were included as part of rental expenses. Other expenses declined by 17.3% in 2020G, from SAR 7.1 million in 2019G to SAR 5.9 million in 2020G. This primarily resulted from the reduction in card commission and shopping bag expenses by SAR 0.7 million driven by a decline in sales during the COVID-19 pandemic. Further, in 2019G an additional expense pertaining to EOS actuarial difference amounting to SAR 0.5 million was recorded which was not incurred in 2020G.

6.5.6.5 General and Administrative Expenses

The following table presents AOFC's general and administrative expenses for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.71): General and Administrative Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Employee salaries and other benefits	7.8	6.7	5.5	(14.4%)	(18.3%)	(16.4%)
Depreciation of property and equipment	0.6	0.9	0.7	47.5%	(25.2%)	5.1%
Consultancy	0.3	0.5	0.2	64.2%	(63.3%)	(22.4%)
Amortization of right-of-use assets	-	0.5	0.4	N/A	(13.8%)	N/A
Business trips	0.2	0.2	0.1	(7.9%)	(57.6%)	(37.5%)
Maintenance	0.7	0.2	0.1	(77.3%)	(32.2%)	(60.8%)
Amortization	0.2	0.1	0.0	(60.8%)	(82.6%)	(73.9%)
Insurance	0.05	0.03	0.04	(26.5%)	27.2%	(3.3%)
Rent	0.4	-	-	(100.0%)	N/A	(100.0%)
Other	1.4	2.2	1.5	52.8%	(32.4%)	1.6%
Total	**11.7**	**11.2**	**8.4**	**(4.7%)**	**(24.5%)**	**(15.2%)**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

Employee salaries and other benefits relate to the compensation paid to administrative staff working in the head office. During 2019G, the cost decreased by 14.4%, from SAR 7.8 million in 2018G to SAR 6.7 million in 2019G, primarily due to the resignation of four employees from the head office, with a combined annual of SAR 0.5 million. Their posts remained vacant in light of the cost improvement measures implemented by Abdullah Al Othaim Fashion Co.. Employee salaries and other benefits decreased by 18.3% in 2020G, from SAR 6.7 million in 2019G to SAR 5.5 million in 2020G. This primarily resulted from a reduction in salary expenses as the Government paid a portion of the salaries of Saudi employees (under the SANAD program) to support the private sector for the suspension of work during COVID-19.

Depreciation of property and equipment relates to the administrative aspect of depreciation of equipment, furniture, fixtures, cars, computers and decoration works. During 2019G, expenses increased by 47.5%, from 0.6 million Saudi Riyals in 2018G to SAR 0.9 million in 2019G, primarily due to additions in furniture and fixtures with a value of SAR 1.2 million in 2019G. The depreciation of property and equipment decreased by 25.2% in 2020G, from SAR 0.9 million in 2019G to SAR 0.7 million in 2020G. This primarily resulted from disposals of SAR 10.5 million made in 2020G by AOFC.

Consultancy related to VAT, IFRS and Zakat consultants. During 2019G, expenses increased by 64.2%, from SAR 0.3 million in 2018G to SAR 0.5 million in 2019G, primarily due to the recognition of additional expenses of SAR 0.2 million in 2019G in accordance with IFRS 16 and VAT consultancy. Consultancy decreased by 63.3% in 2020G, from SAR 0.5 million in 2019G to SAR 0.2 million in 2020G. This primarily resulted from additional expenses of SAR 0.2 million recognized in 2019G for IFRS 16 and VAT consultancy.

Amortization of right-of-use assets represents the annual charge for the year against the right-of-use assets recognized in the financial statements after the adoption of IFRS 16 in 2019G. Amortization of right-of-use assets decreased by 13.8% in 2020G, from SAR 0.5 million in 2019G to SAR 0.4 million in 2020G. This primarily resulted from the closure of twelve retail stores in 2020G due to ongoing operational losses.

Business trips decreased by 7.9% in 2019G, primarily due to cost cutting initiatives implemented by Management to improve AOFC's profitability. Business trips decreased by 57.6% in 2020G, from SAR 0.2 million in 2019G to SAR 0.1 million in 2020G. This primarily resulted from travel restrictions imposed in the region to control the spread of COVID-19.

Maintenance expenses represent the shared services for head office maintenance allocated to AOFC. During 2019G, expenses decreased by 77.3%, from SAR 0.7 million in 2018G to SAR 0.2 million in 2019G, primarily due to the decrease in expenses across Group companies due to the effects of VAT. Maintenance expenses decreased by 32.2% in 2020G, from SAR 0.2 million in 2019G to SAR 0.1 million in 2020G. This primarily resulted from the closure of commercial malls between March 2020G and June 2020G, which resulted in lower maintenance activities during said lockdown period.

Amortization represents the administrative portion of franchise fees and computer software. During 2019G, expenses decreased by 60.8%, from SAR 0.2 million in 2018G to SAR 0.1 million in 2019G, primarily due to the write off of franchise fees amounting to SAR 7.6 million in 2018G, which led to a decrease in expenses in 2019G. Amortization decreased by 82.6% in 2020G. This primarily resulted from the end life of business development assets in 2019G.

Insurance relates to premiums paid for employees medical and health insurance. During 2019G, expenses decreased by 26.5%, from SAR 46,343 in 2018G to SAR 34,044 in 2019G, primarily due to the decrease in the premiums agreed upon with insurance companies during 2019G. Insurance increased by 27.2% in 2020G, from SAR 34,044 in 2019G to SAR 43,312 in 2020G. The increase was in the normal course of business.

Rent relates to employee accommodation and head office space shared with the Shareholder. The expense decreased by 100.0% in 2019G, from SAR 0.4 million in 2018G to SAR nil in 2019G and 2020G. This primarily resulted from the adoption of IFRS 16 in 2019G and recognizing the expense by charging amortization for right-of-use assets.

Other mainly includes stationery expenses, audit fees, management fees, IT license expenses, etc. Expenses increased by 52.8%, from SAR 1.4 million in 2018G to SAR 2.2 million in 2019G. This primarily resulted from the additional cost of IT license software, audit expenses and certain staff-related expenses in 2019G. Other expenses declined by 32.4% in 2020G, from SAR 2.2 million in 2019G to SAR 1.5 million in 2020G. This primarily resulted from a 50.0% management fee paid for the lockdown period from March 2020G to June 2020G, resulting in cost savings of SAR 0.2 million. Further, a reduction in IT expenses and other consultancy expenses resulted in a decline in expenses in 2020G.

6.5.6.6 Other Revenue (Expenses)

The following table presents AOFC's other sources of income for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.72): Other Sources of Income

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Liability no longer required written back	–	0.6	-	N/A	(100.0%)	N/A
Loss on disposal of property and equipment	(5.3)	(0.7)	(3.6)	(87.4%)	446.0%	(17.1%)
Rental contract discounts	-	4.8	10.0	N/A	107.5%	N/A
Loss on disposal of intangible assets	(4.3)	-	-	(100.0%)	N/A	(100.0%)
Gain (loss) from foreign currency exchange	0.8	0.5	(0.7)	(41.1%)	(242.9%)	N/A
Other	0.4	0.3	0.1	(27.7%)	(65.7%)	(50.2%)
Total	**(8.4)**	**5.5**	**5.8**	**(165.3%)**	**5.1%**	**N/A**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

Liability no longer required written back relates to a payable balance of SAR 1.3 million owed to a franchisor for the purchase of furniture and fixtures. On January 2019G, the franchisor waived the balance and AOFC deducted this amount from the cost of the respective assets and the remainder was recognized as other income. No such income was recognized in 2020G.

During 2019G, loss from disposal of property and equipment decreased by 87.4%, from SAR 5.3 million in 2018G to SAR 0.7 million in 2019G, primarily due to the disposal of assets amounting to SAR 10.7 million in 2018G compared to SAR 3.0 million in 2019G. During 2018G and 2019G, the disposals mainly related to furniture & fixtures (2018G: SAR 4.6 million, 2019G: SAR 1.1 million) and leasehold improvements (2018G: SAR 5.1 million, 2019G: SAR 1.1 million). Property and equipment disposal losses increased by 446.0% in 2020G, from SAR 0.7 million in 2019G to SAR 3.6 million in 2020G. This was primarily due to the sale of furniture, fixtures and leasehold improvements related to 12 stores that closed in 2020G.

The rental contract discount increased by SAR 4.8 million in 2019G. The rental contract discount increased by 107.5% in 2020G, from SAR 4.8 million in 2019G to SAR 10.0 million in 2020G. This primarily resulted from an exceptional discount provided by AOIC during the lockdown period in order to provide relief to AOFC.

Loss on disposal of intangible assets in 2018G was mainly related to the write-off of the net book value of franchise fees for the brand Love Culture which was entirely shut down by AOFC for reporting losses. No such write-off was made by AOFC in 2019G and 2020G.

Gain from foreign currency exchange mainly relates to transactions denominated in Euros for the purchase of inventory from franchisors. During 2019G, income decreased by 41.1%, from SAR 0.8 million in 2018G to SAR 0.5 million in 2019G. Gain from foreign exchange decreased by 242.9% in 2020G, from an income of SAR 0.5 million in 2019G to an expense of SAR 0.7 million in 2020G. This fluctuation depends on the movement of foreign exchange rates which are outside the control of Abdullah Al Othaim Fashion Co. and thus vary annually.

Other sources of income mainly relates to the sale of scrap. Other expenses decreased by 27.7%, from SAR 0.4 million in 2018G to SAR 0.3 million in 2019G. This is non-core income which may fluctuate on a yearly basis. Other sources of income sources decreased by 65.7% in 2020G, from SAR 0.3 million in 2019G to SAR 0.1 million in 2020G. This primarily resulted from lower scrap sales in 2020G due to a decline in overall business activity.

6.5.6.7 Finance costs

The following table presents AOFC's finance costs for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.73): Finance Costs

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Finance costs charged to the owner	0.4	2.4	-	448.9%	(100.0%)	(100.0%)
Commission expenses on lease liabilities	–	4.0	2.9	N/A	(27.0%)	N/A
Commission cost on benefit liabilities	0.1	0.1	0.1	49.6%	(8.9%)	16.8%
Total	**0.5**	**6.4**	**3.0**	**1,190.7%**	**(53.6%)**	**144.7%**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

Finance costs charged to the owner represent the interest (SIBOR + 1.75%) on a loan obtained from AOIC to meet capital expenditure and working capital requirements. During 2019G, the cost increased by 448.9%, from SAR 0.4 million in 2018G to SAR 2.4 million in 2019G, primarily due to additional financing of SAR 72.4 million obtained from Abdullah Al Othaim Investment Company in 2018G. This led to an increase in interest expenses in 2019G. Finance costs charged by the owner decreased by 100% in 2020G. This primarily resulted from a waiver granted by AOIC to support AOFC for reporting accumulated losses.

Commission expenses on lease liabilities primarily resulted from the first time adoption of IFRS 16: Leases by AOFC and the recognition of lease liabilities of SAR 137.3 million on January 1, 2019G. Commission expenses on lease liabilities decreased by 27.0% in 2020G, from SAR 4.0 million in 2019G to SAR 2.9 million in 2020G. This primarily resulted from a decline in lease liabilities on account of the closure of 12 retail stores by AOFC in 2020G. Lease liabilities declined from SAR 93.1 million at December 31, 2019G to SAR 60.5 million in 2020G.

Commission cost on benefit liabilities represents the interest cost calculated by applying the discount rate at the beginning of the period to the net defined benefit liability in accordance with the requirements of IAS 19. The increase in commission cost in 2019G by 49.6% was primarily due to an increase in the opening net benefit liability from SAR 1.6 million at January 1, 2018G to SAR 2.0 million on January 1, 2019G. Commission cost on benefit liabilities did not witness material fluctuation between 2019G and 2020G.

6.5.6.8 Zakat Provision

The following table presents AOFC's Zakat for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.74): Zakat

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Balance at beginning of the year	–	0.4	0.3	N/A	(40.9%)	N/A
Charges during the year	0.4	0.1	-	(78.1%)	(100.0%)	(100.0%)
Adjustments during the year	-	-	(0.3)	N/A	N/A	N/A
Paid during the year	–	(0.3)	-	N/A	(100.0%)	N/A
Balance at end of the year	**0.4**	**0.3**	**-**	**(40.9%)**	**(100.0%)**	**(100.0%)**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

In accordance with the rules and regulations of the Zakat, Tax and Customs Authority (ZATCA), Zakat is computed on the higher of the Zakat base and adjusted loss for the period.

No Zakat was charged during 2019G due to reporting losses.

AOFC has filed its Zakat returns with ZATCA from the date of its incorporation up to the year ended December 31, 2018G and has received the related Zakat certificates. During 2019G, AOIC obtained approval from ZATCA and files Zakat returns on a consolidated basis.

6.5.7 Income Statement – Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s statement of profit and loss for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.75): Statement of Profit and Loss

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Revenue	22.8	24.7	14.6	8.6%	(41.1%)	(20.0%)
Cost of revenue	(21.8)	(21.6)	(17.2)	(0.8%)	(20.1%)	(11.0%)
Total profit (loss)	1.0	3.1	(2.7)	212.3%	(185.2%)	N/A
Selling and distribution expenses	(0.4)	(0.2)	(0.04)	(65.1%)	(73.2%)	(69.4%)
General and administrative expenses	(4.2)	(6.5)	(3.4)	52.6%	(46.8%)	(9.9%)
Other Revenue	0.03	0.4	1.5	1,208.2%	231.6%	558.7%
(Loss) from operations	(3.6)	(3.0)	(4.7)	(16.6%)	55.1%	13.7%
Finance costs	(0.5)	(0.8)	(0.3)	62.2%	(70.1%)	(30.4%)
(Loss) before Zakat	(4.1)	(3.9)	(4.9)	(6.7%)	27.8%	9.2%
Zakat	(0.03)	-	(0.1)	(100.0%)	N/A	76.3%
Net (loss) for the year	(4.2)	(3.9)	(5.0)	(7.5%)	30.5%	9.9%
Net income margin (%)	(18.4%)	(15.6%)	(34.7%)	(14.8%)	121.6%	37.4%
Other comprehensive (loss)						
Re-measurement (loss) gain on defined benefit plans	(0.2)	0.2	(0.1)	(214.7%)	(162.5%)	(15.3%)
Total (comprehensive loss) for the year	**(4.4)**	**(3.7)**	**(5.2)**	**(15.6%)**	**40.8%**	**9.0%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Abdullah Al Othaim Food Co. adopted IFRS 16: Leases which entered into effect from January 1, 2019G. The following table presents the impact of the adoption of IFRS 16 on the income statement.

Table No. (6.76): Impact of the Adoption of IFRS 16 on the Income Statement

SAR Million	FY Ended December 31	
	2019G	2020G
Amortization of right-of-use assets	3.9	3.9
Finance cost on lease liabilities	0.3	0.3
Total	**4.2**	**4.2**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Revenue is mainly generated by Abdullah Al Othaim Food Co. from three segments: restaurants and coffee and juice shops. Revenues increased by 8.6%, from SAR 22.8 million in 2018G to SAR 24.7 million in 2019G, primarily due to the opening of a new Oliver Brown branch in Arar during 2019G, which contributed additional revenues of SAR 1.7 million. Revenue decreased by 41.1% in 2020G, from SAR 24.7 million in 2019G to SAR 14.6 million in 2020G. This was primarily due to the suspension of work in several locations for 98 days during 2020G due to COVID-19.

Cost of revenue did not witness material fluctuation between 2018G and 2019G. Cost of revenue further declined by 20.1% in 2020G, from SAR 21.6 million to SAR 17.2 million in 2020G. This was primarily due to a decline in business operations driven by the COVID-19 pandemic.

Selling and distribution expenses declined by 65.1% in 2019G, from SAR 0.4 million to SAR 0.2 million in 2019G. The expenses may fluctuate on a yearly basis depending on budget allocations and management's plan for promotions, offers and marketing on social media to expand its customer reach. Selling, distribution and marketing expenses declined by 73.2% in 2020G, from SAR 0.2 million in 2019G to SAR 41.006 million in 2020G. This is primarily due to the decrease in the cost of advertising by 73.2% during 2020G.

General and administrative expenses mainly include employee salaries and other benefits which accounted for 46.9% on average of the total administrative expenses between 2018G and 2020G. The expenses increased by 52.6% in 2019G from SAR 4.2 million in 2018G to SAR 6.5 million in 2019G. This was primarily due to the increase in employee salaries and other benefits by SAR 0.8 million in 2019G as a result of hiring of managers with high salaries (a training manager and a operations manager) in addition to two new accountants. Further, the annual increase in salaries also contributed to the increase in employee cost. General and administrative expenses decreased by 46.8% in 2020G, from SAR 6.5 million in 2019G to SAR 3.4 million in 2020G. This was primarily due to a decrease in employee salaries and other benefits and penalties by 31.2% and 87.0% during 2020G, respectively.

Other revenue increased by 1,208.2%, from SAR 33,725 in 2018G to SAR 0.4 million in 2019G, mainly on account of fees charged by Abdullah Al Othaim Food Co. to contractors for the delay in the delivery of a new branch. Other revenue increased by 231.6% in 2020G, from SAR 0.4 million in 2019G to SAR 1.5 million in 2020G. This is primarily due to discounts on leasing branches located within the malls of Al-Othaim Company, which amounted to SAR 1.3 million during 2020G.

Finance cost pertained to short-term financial support obtained from AOIC to meet working capital requirements. The finance cost fluctuates on a yearly basis depending the utilization of the current account.

6.5.7.1 Key Performance Indicators

The following table presents Abdullah Al Othaim Food Co.'s key performance indicators for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.77): Key Performance Indicators

	FY Ended December 31		
	2018G	2019G	2020G
Financial KPIs			
Gross margin (%)	4.4%	12.7%	(18.4%)
Net profit margin (%)	(18.4%)	(15.6%)	(34.7%)
Return on Assets (%)	(16.8%)	(13.3%)	(18.0%)
Current ratio (x)	0.4	0.2	0.2
Days inventory outstanding	32	56	51
Operational KPIs			
No. of outlets	31	30	29
Total no. of orders (millions)	0.8	0.9	0.5
Average revenue per food order (SAR)	28	29	30

Source: Management information

Note:

1. Gross profit margin = gross profit for the year / revenue for the year
2. Net profit margin = net profit for the year / revenue for the year
3. Return on assets = net profit for the year / assets at year end
4. Current ratio = total current assets at year end / total current liabilities at year end
5. Days inventory outstanding = (inventory as of year end / cost of revenue for the year) x 365

6.5.7.2 Revenue

Revenue by Type

The following table presents a breakdown of Abdullah Al Othaim Food Co.'s revenue by segment for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.78): Revenue by Sector

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Café	18.7	21.0	12.5	12.2%	(40.4%)	(18.2%)
Restaurant	3.6	3.4	1.9	(7.4%)	(44.7%)	(28.4%)
Juice shop	0.4	0.3	0.2	(18.3%)	(50.4%)	(36.4%)
Total	**22.8**	**24.7**	**14.6**	**8.6%**	**(41.1%)**	**(20.0%)**

Source: Management information

Revenue from cafés is generated through five brands: Moka & More, Café Frappé, Dallah Café, Oliver Brown and Roti Mum. Revenues increased by 12.2%, from SAR 18.7 million in 2018G to SAR 21.0 million in 2019G, primarily due to the addition of an Oliver Brown branch in Arar during 2019G, which contributed additional revenues of SAR 1.7 million. Further, an increase in revenue by SAR 1.0 million from a Oliver Brown branch in Hail Mall also contributed to increased revenues in 2019G. Revenue declined by 40.4% in 2020G from SAR 21.0 million in 2019G to SAR 12.5 million in 2020G. This was primarily due to the suspension of work in several locations for 98 days during 2020G due to COVID-19.

Revenue from restaurants is derived from two brands: Kabablaky and Chester's Chicken. During 2019G, revenue decreased by 7.4%, from SAR 3.6 million in 2018G to SAR 3.4 million in 2019G, primarily due to the closure of a Chester's Chicken branch in Hail Mall in 2019G, which contributed SAR 0.2 million in revenue in 2018G. Revenue further declined by 44.7% in 2020G from SAR 3.4 million in 2019G to SAR 1.9 million in 2020G. This was primarily due to the suspension of work in several locations for 98 days during 2020G due to COVID-19.

Income from juice shops is derived from the brand Just Orange. During 2019G, revenues decreased by 18.3%, from SAR 0.4 million in 2018G to SAR 0.3 million in 2019G, primarily due to the decrease in revenue from all branches as a result of the decrease in the number of orders. Revenue further decreased by 50.4% in 2020G, from SAR 0.3 million in 2019G to SAR 0.2 million in 2020G. This was primarily due to the suspension of work in several locations for 98 days during 2020G due to COVID-19.

Revenue by Concept

The following table presents details of Abdullah Al Othaim Food Co.'s revenue by concept for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.79): Revenue by Concept

SAR Million	Type	FY Ended December 31			Increase/(Decrease)		CAGR
		2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Dallah Café	Owned	6.3	6.3	3.8	(0.3%)	(38.7%)	(21.8%)
Moka & More	Franchise	6.1	5.5	3.2	(8.9%)	(41.4%)	(26.9%)
Oliver Brown	Franchise	4.3	7.1	4.3	66.6%	(39.6%)	0.3%
Kabablaky	Owned	2.9	3.2	1.8	7.9%	(44.1%)	(22.3%)
Roti Mum	Owned	2.0	2.0	1.1	1.0%	(44.2%)	(24.9%)
Chester's Chicken	Franchise	0.7	0.2	0.1	(69.5%)	(53.9%)	(62.5%)
Just Orange	Owned	0.4	0.3	0.2	(18.3%)	(50.4%)	(36.4%)
Café Frappé	Owned	0.1	0.1	-	(34.5%)	(100.0%)	(100.0%)
Total		**22.8**	**24.7**	**14.6**	**8.6%**	**(41.1%)**	**(20.0%)**

Source: Management information

Dallah Café

The brand is owned by Abdullah Al Othaim Food Co. and is a café specialized in Arabic coffee. The following table presents the key performance indicators of Dallah Café for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.80): Key Performance Indicators

SAR Million	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	5	5	5
(Number of) orders	159,811	171,060	128,219
Average ticket size (SAR)	39.4	36.7	30.0
(Number of) employees	30	28	24

Source: Management information

Despite an increase in the number of orders between 2018G and 2019G, revenue did not witness material fluctuation. This was because the increase in the number of orders was offset by a decline in average ticket size per order. This was primarily due to a decrease in the selling price of main items in order to attract customers. Moreover, Abdullah Al Othaim Food Co. also added size options (small and large) for some of the main items such as Dallah Arabic coffee, which resulted in fluctuations in average ticket size. Revenue further decreased by 38.7%, from SAR 6.3 million on December 31, 2019G to SAR 3.8 million on December 31, 2020G. This is primarily due to the decrease in the number of orders and the decrease in the average ticket size, driven by the decrease in product prices in order to attract customers during 2020G.

Moka & More

This café is operated under a franchise agreement and specializes in Italian coffee and sweets. The following table presents the key performance indicators of Moka & More for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.81): Key Performance Indicators

Moka & More	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	7	7	7
(Number of) orders	255,514	244,382	129,784
Average ticket size (SAR)	23.8	22.6	25.0
(Number of) employees	32	29	29

Source: Management information

During 2019G, revenue decreased by 8.9%, from SAR 6.1 million in 2018G to SAR 5.5 million in 2019G, primarily due to a decrease in revenue from the Unaizah branch by SAR 0.4 million in 2019G as a result of a decrease in the number of orders. Revenue from Moka & More continued to decline by 41.4% in 2020G from SAR 5.5 million in 2019G to SAR 3.2 million in 2020G. This was primarily due to a decline in the number of orders from 244,382 orders in 2019G to 129,784 orders in 2020G.

Oliver Brown

This is a café of Australian origin specializing in offering coffee, chocolate, crepes and waffles. The following table presents the key performance indicators of Oliver Brown for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.82): Key Performance Indicators

Oliver Brown	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	3	4	5
(Number of) orders	110,945	166,408	123,164
Average ticket size (SAR)	38.6	42.9	35.0
(Number of) employees	21	26	32

Source: Management information

During 2019G, revenues increased by 66.6%, from SAR 4.3 million in 2018G to SAR 7.1 million in 2019G, primarily due to the opening of a new branch in Arar, which generated additional revenues of SAR 1.7 million in 2019G. Further, an increase in revenue by SAR 1.0 million in 2019G from an Oliver Brown branch (opened during 2018G) in Hail Mall contributed to an increase in revenue. On the other hand, revenues decreased by 39.6%, from SAR 7.1 million in 2019G to SAR 4.3 million in 2020G, primarily due to the decrease in the number of orders and average ticket size during 2020G.

Kabablaky

The brand is owned by Abdullah Al Othaim Food Co. and is a restaurant specialized in Lebanese food offered in a fast food setting. The following table presents the key performance indicators of Kabablaky for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.83): Key Performance Indicators

Kabablaky	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	5	5	5
(Number of) orders	134,018	131,710	50,371
Average ticket size (SAR)	21.8	23.9	35.0
(Number of) employees	24	17	19

Source: Management information

Revenue from restaurants decreased at a CAGR of 22.3% between 2018G and 2020G. This was primarily due to a decline in the number of orders from 134,018 in 2018G to 50,371 in 2020G.

Roti Mum

This is a Singapore-based brand specialized in offering Italian coffee and coffee buns. The following table presents the key performance indicators of Roti Mum for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.84): Key Performance Indicators

Roti Mum	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	3	4	4
(Number of) orders	80,168	85,160	45,444
Average ticket size (SAR)	25.2	23.9	25.0
(Number of) employees	13	11	13

Source: Management information

During 2020G, revenues decreased by 44.2%, from SAR 2.0 million in 2019G to SAR 1.1 million in 2020G, primarily due to a decline in the number of orders from 85,160 in 2019G to 45,444 in 2020G. Revenue did not witness material fluctuation between 2018G and 2019G.

Chester's Chicken

This is an American-style restaurant specialized in fried chicken. The following table presents the key performance indicators of Chester's Chicken for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.85): Key Performance Indicators

Chester's Chicken	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	3	1	1
(Number of) orders	40,871	16,412	4,025
Average ticket size (SAR)	17.5	13.3	25.0
(Number of) employees	7	4	2

Source: Management information

During 2019G, revenue decreased by 69.5%, from SAR 0.7 million in 2018G to SAR 0.2 million in 2019G, primarily due to the closure of a Chester's Chicken branch in Hail Mall in 2019G, which contributed SAR 0.2 million to revenue in 2018G. Further, a decline in revenue from the Khurais branch by SAR 0.3 million in 2019G also contributed to this decline. As a result of the continuing decline in revenue and profitability, management plans to close this concept in the near future.

Just Orange

Just Orange prepares and sells fresh orange juice along with other fresh fruit juices. The following table presents the key performance indicators of Just Orange for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.86): Key Performance Indicators

Just Orange	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	3	3	2
(Number of) orders	35,832	33,962	10,478
Average ticket size (SAR)	10.8	9.3	15.0
(Number of) employees	3	3	3

Source: Management information

Revenue declined by 18.3% in 2019G as a result of a loss in the number of orders as well as average ticket size per customer. During 2020G, revenue decreased by 50.4%, from SAR 0.3 million in 2019G to SAR 0.2 million in 2020G, due to a decrease in the number of orders from 33,962 million in 2019G to 10,478 million in 2020G.

Café Frappé

This is a café owned by Abdullah Al Othaim Food Co. The following table presents the key performance indicators of Café Frappé for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.87): Key Performance Indicators

Café Frappé	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
(Number of) branches	2	1	N/A
(Number of) orders	6,175	4,659	N/A
Average ticket size (SAR)	12.9	11.2	N/A
(Number of) employees	2	1	N/A

Source: Management information

Revenues decreased by 34.5% during the period between 2018G and 2019G as a result of the decrease in the number of orders and the closure of a branch. 2020G did not witness any revenues due to the fact that the last branch was closed in 2019G.

6.5.7.3 Cost of revenue

The following table presents the cost of revenue for Abdullah Al Othaim Food Co. for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.88): Cost of Revenue

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Cost of materials	9.2	9.0	6.8	(1.9%)	(24.2%)	(13.8%)
Employee salaries and other benefits	6.1	5.4	3.9	(11.9%)	(28.1%)	(20.4%)
Amortization of right-of-use assets	–	3.4	3.8	N/A	12.2%	N/A
Depreciation	1.4	1.3	1.3	(7.8%)	4.3%	(1.9%)
Maintenance	0.3	0.5	0.1	75.0%	(73.0%)	(31.3%)
Franchise fees	0.5	0.4	0.2	(18.7%)	(52.9%)	(38.1%)
Amortization	0.3	0.3	0.3	12.9%	(11.4%)	(0.0%)
General benefits	0.3	0.3	0.3	6.9%	(8.4%)	(1.0%)
Subscriptions	–	0.2	0.1	N/A	(46.0%)	N/A
Rent	3.3	0.1	0.1	(97.7%)	79.0%	(79.5%)
Other	0.5	0.8	0.3	49.4%	(61.2%)	(23.9%)
Total	**21.8**	**21.6**	**17.2**	**(0.8%)**	**(20.1%)**	**(11.0%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Cost of materials includes the cost of food and coffee supplies used by the outlets. Cost of materials did not witness material fluctuations between 2018G and 2019G. Cost of materials declined by 24.2% in 2020G, from SAR 9.0 million in 2019G to SAR 6.8 million in 2020G. This primarily resulted from a decline in sales by 41.1% as a result of the COVID-19 pandemic.

Employee salaries and other benefits represents the compensation paid to the staff working at the outlets. During 2019G, expenses decreased by 11.9%, from SAR 6.1 million in 2018G to SAR 5.4 million in 2019G, primarily due to the decrease in the number of employees from 132 employees in 2018G to 119 employees in 2019G. Employee salaries and other benefits decreased by 28.1% in 2020G, from SAR 5.4 million in 2019G to SAR 3.9 million in 2020G, as the government paid a portion of the salaries of Saudi employees (under the SANAD program) to support the private sector during the shutdown period due to the COVID-19 pandemic.

During 2019G, Abdullah Al Othaim Food Co. adopted IFRS 16 – Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. Upon adoption, Abdullah Al Othaim Food Co. applied a single recognition and measurement approach for all leases with a lessee, with the exception of short-term leases and leases of low-value assets. Abdullah Al Othaim Food Co. recognized right-of-use assets representing the right to use the underlying assets and the corresponding lease liability. Capitalized right-of-use assets are depreciated on a straight-line basis over the lease term of their respective agreements.

Depreciation relates to leasehold improvements, furniture and fixtures, tools and vehicles. Depreciation decreased by 7.8% in 2019G, from SAR 1.4 million in 2018G to SAR 1.3 million in 2019G. This resulted primarily from a higher allocation of depreciation expenses to general and administrative expenses. Depreciation did not witness material fluctuations between 2019G and 2020G.

Maintenance cost includes expenses incurred on the routine repair and maintenance of outlets. During 2019G, the cost increased by 75.0%, from SAR 0.3 million in 2018G to SAR 0.5 million in 2019G, and maintenance cost decreased by 73.0% in 2020G, from SAR 0.5 million in 2019G to SAR 0.1 million in 2020G. Maintenance costs are incurred on an as needed basis, therefore, they may fluctuate on a yearly basis.

Franchise fees represent the amount paid by Abdullah Al Othaim Food Co. to brand owners (franchisors) in accordance with the predefined criteria contained in the franchise agreements. During 2019G, the external auditor classified the expense as a separate line item and restated the comparative. Franchise expenses did not witness material fluctuation between 2018G and 2019G. The fees declined by 52.9% in 2020G from SAR 0.4 million in 2019G to SAR 0.2 million in 2020G. This was primarily due to a decline in sales, which has a direct impact on franchise fees.

Amortization relates to franchise rights (technical know-how, trademarks etc.) capitalized by Abdullah Al Othaim Food Co. for the brands operated under franchise agreements. During 2019G, the external auditor classified the expense as part of cost of sales and restated the comparative. Amortization expenses did not witness material fluctuations between 2018G and 2020G.

Utilities include the cost of electricity, water and gas utilized by Abdullah Al Othaim Food Co. at food and beverage outlets. During 2019G, the external auditor classified the expense as a separate line item and restated the comparative. Expenses did not witness material fluctuations between 2018G and 2020G.

Subscription relates to Microsoft Dynamics ERP, Omega platform, Ace system (Moka & More's dedicated system) and other software. Subscription fees amounted to SAR 0.2 million in 2017G. No such expenses were incurred in 2018G and 2019G. Subscription fees decreased by 46.0% in 2020G, from SAR 0.2 million in 2019G to SAR 0.1 million in 2020G. This primarily resulted from a reduction in fees due to the closure of one branch in 2020G as well as discounts provided by vendors as a result of COVID-19.

Rent includes the amount paid for food and beverage outlets operated by Abdullah Al Othaim Food Co.. During 2019G, the cost of rent decreased by 97.7%, from SAR 3.3 million in 2018G to SAR 0.1 million in 2019G, primarily due to the impact of the initial adoption of IFRS 16. The cost of rent also increased by 79.0% in 2020G, from SAR 76,862 in 2019G to SAR 137,550 in 2020G. This was primarily due to the lease of some new warehouses during 2020G.

Other expenses include shipping expenses, packing material, wastage and other miscellaneous expenses. Other expense increased by 49.4% in 2019G, from SAR 0.5 million in 2018G to SAR 0.8 million in 2019G. This primarily resulted from the write-off of certain long outstanding prepaid expenses related to prior periods. Other expenses declined by 61.2% in 2020G, from SAR 0.8 million in 2019G to SAR 0.3 million in 2020G. This primarily resulted from the closure of business during the COVID-19 pandemic, which resulted in reduced shipping expenses, wastage and packaging expenses.

6.5.7.4 Selling and distribution expenses

The following table presents Abdullah Al Othaim Food Co.'s selling, distribution and marketing expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.89): Selling and Distribution Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Advertising expenses	0.4	0.2	0.0	(65.1%)	(73.2%)	(69.4%)
Total	**0.4**	**0.2**	**0.0**	**(65.1%)**	**(73.2%)**	**(69.4%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Advertising expenses relate to the cost incurred for the promotion of new products, placing offers for existing products, new menu designs and marketing on social media. During 2019G, expenses decreased by 65.1%, from SAR 0.4 million in 2018G to SAR 0.2 million in 2019G, primarily due to the increased budget allocation by the management in 2018G and 2019G to expand access to customers. However, advertising decreased by 73.2% in 2020G, from SAR 0.2 million in 2019G to SAR 41,006 in 2020G. This primarily resulted from reduced promotional and other activities on account of the COVID-19 pandemic.

6.5.7.5 General and Administrative Expenses

The following table presents Abdullah Al Othaim Food Co.'s general and administration expenses for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.90): General and Administrative Expenses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Employee salaries and other benefits	1.9	2.7	1.9	45.9%	(31.2%)	0.1%
Penalties	–	0.9	0.1	N/A	(87.0%)	N/A
Distributed expenses	0.9	0.7	-	(21.3%)	N/A	N/A
Depreciation	0.3	0.6	0.6	95.3%	3.8%	42.4%
Amortization of right-of-use assets	–	0.5	0.1	N/A	(78.6%)	N/A
Subscription fees	0.3	0.3	0.2	(3.8%)	(61.2%)	(38.9%)
Professional fees	0.2	0.2	0.1	(11.2%)	(74.1%)	(52.0%)
Rent	0.2	0.2	0.2	(1.3%)	1.6%	0.1%
Other	0.5	0.5	0.4	1.2%	(16.8%)	(8.2%)
Total	**4.2**	**6.5**	**3.4**	**52.6%**	**(46.8%)**	**(9.9%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Employee salaries and other benefits represents the compensation paid to the administrative staff (HR, finance, IT etc.). During 2019G, the cost increased by 45.9%, from SAR 1.9 million in 2018G to SAR 2.7 million in 2019G, primarily due to the recruitment of new managers with high salaries (a training manager and an operations manager) in addition to new accountants. Further, the annual increase in the salaries of the existing staff also contributed to the increase in employee costs in 2019G. Employee salaries and other benefits also decreased by 31.2% in 2020G, from SAR 2.7 million in 2019G to SAR 1.9 million in 2020G, as the government paid a portion of the salaries of Saudi employees (under the SANAD program) to support the private sector in facing the work shutdown during the COVID-19 pandemic.

Penalties were charged by the labor office in 2019G due to non-compliance with Saudization laws in Qassim and Arar. The fines declined by 87.0% in 2020G, from SAR 0.9 million in 2019G to SAR 0.1 million in 2020G. This is primarily due to meeting the requirements of Abdullah Al Othaim Food Co. during 2020G, which led to a decrease in fines.

Distributed expenses represent the shared expenses of the head office, which are jointly allocated between the Group companies, and include administration, finance, human resources, internal audit, legal affairs, the CEO office and IT expenses. Expenses are allocated on the basis the consumption of shared services by functions (IT costs based on users, HR expenses based on headcount etc.). During 2019G, distributed expenses decreased by 21.3%, from SAR 0.9 million in 2018G to SAR 0.7 million in 2019G, primarily due to the exemption granted by the Vice Chairman to not charge any allocated expenses as of October 2019G. As a result, no expenses were recognized in 2020G.

Depreciation represents the administrative portion of deprecation for property and equipment. Depreciation increased by 95.3% in 2019G, from SAR 0.3 million in 2018G to SAR 0.6 million in 2019G, due to additions of SAR 2.4 million to property and equipment in 2019G. During 2019G, the auditors allocated the depreciation charge between cost of sales and administrative expenses and restated the comparative. Prior to 2019G, Abdullah Al Othaim Food Co. included the depreciation charge for the year as part of cost of revenue. Depreciation expenses did not witness material fluctuation between 2019G and 2020G.

Amortization of right-of-use assets represents the administrative portion of the capitalized leases after adoption of IFRS 16 in 2019G. For further details, see "Depreciation" in the "Cost of Sales" section.

Subscription fees include subscriptions for internet and Microsoft Dynamics and Omega users in the finance, operations and purchase departments. Subscription fees did not witness any material fluctuation between 2018G and 2019G. However, the subscription fee decreased by 61.2% in 2020G, from SAR 0.3 million in 2019G to SAR 0.1 million in 2020G. This primarily resulted from a reduction in fees due to the closure of one branch in 2020G as well as discounts provided by vendors as a result of COVID-19.

Professional fees include the cost of the external auditor, Zakat consultant and other related expenses. Professional fees did not witness any material fluctuation between 2018G and 2019G. Professional fees declined by 74.1% in 2020G, from SAR 0.2 million in 2019G to SAR 0.1 million in 2020G. This fee may fluctuate on a yearly basis depending on Abdullah Al Othaim Food Co.'s consultancy requirements.

Rent mainly includes the lease cost of the head office and staff accommodation. Abdullah Al Othaim Food Co. applied the short-term lease recognition exemption to its short-term leases of accommodations and offices (i.e., leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SAR 20,000). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term. Abdullah Al Othaim Food Co. moved to a new office and rented a new warehouse in 2018G, which resulted in an increase in the rent cost. Expenses did not witness material fluctuations between 2018G and 2020G.

Other expenses include rent, insurance, traveling and other miscellaneous expenses. Other expenses did not witness material fluctuation between 2018G and 2019G. Other expenses decreased by 16.8% in 2020G, from SAR 0.5 million in 2019G to SAR 0.4 million in 2020G. This primarily resulted from lockdown and travel restrictions imposed by the Government to control the spread of COVID-19, which led to savings on travel costs.

Table of Contents

6.5.7.6 Other revenue

The following table presents the other sources of income of Abdullah Al Othaim Food Co. for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.91): Other Revenue

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Other revenue	0.03	0.4	0.04	1,208.2%	(90.5%)	11.3%
Lease discounts	-	-	1.4	-	-	-
Total	**0.03**	**0.4**	**1.5**	**1,208.2%**	**231.6%**	**558.7%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Other sources of income includes penalties charged to contractors and other revenue received from the malls for providing offers to the visitors in restaurants and cafés. During 2019G, other sources of income increased by 1,208.2%, from SAR 0.03 million in 2018G to SAR 0.4 million in 2019G, primarily due to a fine imposed by Abdullah Al Othaim Food Co. on contractors due to the delay in the delivery of a new branch in addition to some revenue earned from vouchers issued by Abdullah Al Othaim Company to visitors. Other revenue decreased by 90.5% in 2020G, from SAR 0.4 million in 2019G to SAR 0.04 million in 2020G. This is primarily due to the discounts offered by landlords on lease contracts during the year 2020G to support lessees.

6.5.7.7 Zakat Provision

Zakat is calculated in accordance with the rules and regulations issued by the Zakat, Tax and Customs Authority (ZATCA). The Zakat charge declined 77.4% in 2018G and no Zakat charge was recognized in 2019G and 2020G. This was primarily due to a net loss before Zakat of SAR 4.1 million and SAR 3.9 million in 2018G and 2019G. Further, Abdullah Al Othaim Food Co. reported net negative equity of SAR 0.7 million and SAR 3.2 million as of December 31, 2018G and 2019G as a result of accumulated losses.

Abdullah Al Othaim Food Co. has submitted its Zakat returns to ZATCA for the years up to December 31, 2018G. Zakat assessments have not been raised by the ZATCA since 2013G. Since 2019G, AOIC has been filing consolidated Zakat returns with ZATCA.

6.6 Statement of Financial Position

6.6.1 Balance Sheet – Consolidated

The following table presents the Group's balance sheet as of December 31, 2018G, 2019G and 2020G.

Table No. (6.92): The Group's Consolidated Balance Sheet

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Non-current Assets						
Property and equipment	461.2	474.6	427.7	2.9%	(9.9%)	(3.7%)
Investment properties	2,328.9	2,337.4	2,320.2	0.4%	(0.7%)	(0.2%)
Intangible assets	4.0	3.7	3.0	(6.7%)	(18.5%)	(12.8%)
Investment in an associate	-	-	1.4	N/A	N/A	N/A
Right-of-use assets	-	516.6	379.4	N/A	(26.6%)	N/A
Financial assets at FVOCI	8.6	11.7	-	36.7%	(100.0%)	(100.0%)
Advances to contractors	72.8	62.2	74.1	(14.6%)	16.0%	(0.5%)
Total	**2,875.4**	**3,406.3**	**3,205.9**	**18.5%**	**(5.9%)**	**5.6%**
Current assets						
Inventory	62.0	62.0	51.4	(0.0%)	(17.0%)	(8.9%)

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Lease receivable	89.4	128.7	186.7	43.9%	60.5%	52.0%
Prepayments and other receivables	46.6	21.4	31.2	(54.2%)	55.3%	(15.6%)
Amounts due from Related Parties	26.9	107.6	39.0	300.5%	(63.8%)	20.5%
Cash and bank balances	158.9	86.3	103.3	(45.7%)	19.7%	(19.4%)
Total	**383.8**	**405.9**	**433.4**	**6.5%**	**6.8%**	**6.3%**
Total assets	**3,259.3**	**3,812.2**	**3,637.3**	**17.0%**	**(5.1%)**	**5.6%**
Shareholders' equity						
Issued capital	1,000.0	1,000.0	1,000.0	-	-	-
Statutory reserve	99.0	122.3	133.9	23.5%	9.5%	16.3%
Retained earnings	436.3	480.2	485.7	10.1%	1.1%	5.5%
Other Shareholder equity items	(1.6)	0.6	(1.1)	136.6%	(278.5%)	(19.1%)
Non controlling interest	-	-	-	N/A	N/A	N/A
Total	**1,533.7**	**1,603.0**	**1,618.5**	**4.5%**	**1.0%**	**2.7%**
Non-current liabilities						
Murabaha loans	270.8	335.9	1,153.8	24.0%	243.5%	163.0%
Islamic bonds	995.2	-	-	(100.0%)	N/A	(100.0%)
Lease liability	-	358.7	349.4	N/A	(5.2%)	N/A
Deferred tax liabilities	-	1.7	2.0	N/A	18.0%	N/A
Net employee defined benefit liabilities	17.3	22.4	22.5	29.4%	0.5%	14.0%
Total	**1,283.3**	**718.7**	**1,527.7**	**(44.0%)**	**111.3%**	**8.8%**
Current liabilities						
Current portion of Murabaha loans	136.2	134.0	212.9	(1.6%)	58.9%	25.0%
Current portion of Sukuk	-	848.9	-	N/A	(100.0%)	N/A
Trade and notes payable	64.5	70.9	58.7	9.8%	(17.1%)	(4.6%)
Contract liabilities	22.4	25.3	8.0	12.6%	(68.5%)	(40.4%)
Accruals and other current liabilities	199.8	196.6	93.8	(1.6%)	(37.5%)	(21.6%)
Current portion of lease liabilities	-	203.1	73.9	N/A	(63.6%)	N/A
Due to Related Parties	0.05	0.0	15.4	(3.8%)	34,302.4%	1,719.4%
Zakat provision	19.2	11.6	8.7	(39.5%)	(25.7%)	(32.9%)
Total	**442.2**	**1,490.4**	**471.3**	**237.0%**	**(66.4%)**	**6.4%**
Total liabilities and equity	**3,259.3**	**3,812.2**	**3,637.3**	**17.0%**	**(4.6%)**	**5.6%**
Liabilities (as a % of total assets)	52.9%	58.0%	55.5%			
Equity (as a % of total assets)	47.1%	42.0%	44.5%			

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The Group adopted IFRS 16 as of January 1, 2019G and recognized right-of-use assets and the corresponding lease liabilities in the balance sheet. The following table presents the impact of the adoption of IFRS 16 on the Group's balance sheet as of January 1, 2019G.

Table No. (6.93): Impact of the Adoption of IFRS 16 on the Opening Balance Sheet

SAR Million	01 January 2019G
Assets	
Right-of-use assets	495.6
Prepayments	(18.5)
Total assets	**477.1**
Liabilities	
Lease liabilities	540.1
Accrued	(0.1)
Total liabilities	**540.0**
Shareholders' equity	
Retained earnings	(62.8)

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

The following table presents the impact of the adoption of IFRS 16 on the Group's balance sheet as of December 31, 2019G and 2020G.

Table No. (6.94): Impact of the Adoption of IFRS 16 on the Balance Sheet as of December 31, 2019G and 2020G

SAR Million	FY Ended December 31, 2019G		FY Ended December 31, 2020G	
	Right-of-use Assets	Lease Liabilities	Right-of-use Assets	Lease Liabilities
Opening balance	495.6	540.1	516.6	561.9
Additions	77.2	77.2	4.0	4.0
Net disposals	(0.8)	-	(81.5)	-
Amortization expenses of right-of-use assets	(55.3)	-	(59.7)	-
Finance cost on lease liabilities	-	16.1	-	14.0
Other	-	-	-	(86.3)
Payments	-	(71.5)	-	(70.3)
Total	**516.6**	**561.9**	**379.4**	**423.3**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Non-current assets increased by 18.5% as of December 31, 2019G, from SAR 2,875.4 million at December 31, 2018G to SAR 3,406.3 million as of December 31, 2019G. This was primarily attributable to the recognition of right-of-use assets of SAR 516.6 million as of December 31, 2019G. Right-of-use of assets represent capitalized leases for leased land under the adoption of IFRS 16 during FY 2019G. Under IFRS 16, the Group assessed its contractual arrangements in order to ascertain whether a contract contains a lease at inception of the contract and as a result recognized right-of-use assets and lease liabilities. Non-current assets declined by 5.9% as of December 31, 2020G, from SAR 3,406.3 million at December 31, 2019G to SAR 3,205.9 million as of December 31, 2020G. This was primarily due to a decline in right-of-use assets and property and equipment. This decline was due to a decline in right-of-use assets due to the closure of 12 stores in the fashion segment as well as depreciation charged during the year.

Current assets increased by 5.8% as of December 31, 2019G, from SAR 383.8 million at December 31, 2018G to SAR 405.9 million as of December 31, 2019G. This was primarily due to an increase in lease receivables driven by a delay in collections and an increase in amounts due from Related Parties (mainly AOHC). This increase was partially offset by a decrease in cash and cash equivalents by 45.7% as of December 31, 2019G. Current assets did not witness material fluctuation between December 31, 2019G and 2020G.

As of December 31, 2020G, the Company's share capital consists of 100.0 million shares of SAR 10 each, which is 60.35% owned by AOHC, 26.0% owned by Abdullah Saleh Al Othaim and 13.65% owned by AOMC.

Non-current liabilities mainly consist of Murabaha loans obtained by the Group for financing its projects under construction and working capital requirements as well as lease liabilities recognized under IFRS 16. Murabaha loans accounted for 21.1%, 46.7% and 75.5% of total non-current liabilities as of December 31, 2018G, 2019G and 2020G, respectively.

Non-current liabilities declined by 44.0% as of December 31, 2019G, from SAR 1,283.3 million at December 31, 2018G to SAR 718.7 million as of December 31, 2019G, primarily as a result of the reclassification of Islamic bonds (Sukuk) in the amount of SAR 848.9 million from non-current to current liabilities as they were due in full on August 2020G. Non-current liabilities increased by 112.6% as of December 31, 2020G due to obtaining new loans in order to settle Sukuk during the Financial Year ended December 31, 2020G.

Current liabilities mainly included the current portion of long-term financing and accruals and other liabilities, which together accounted for 65.1% of the total current liabilities as of December 31, 2020G. Current liabilities increased by 237.0% at December 31, 2019G and later declined by 68.4% primarily as a result of the reclassification of Islamic bonds (Sukuk) from non-current to current liabilities as they were settled in 2020G.

6.6.1.1 Non-current Assets

The following table presents AOIC's non-current assets according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.95): Non-current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Property and equipment	461.2	474.6	427.7	2.9%	(9.9%)	(3.7%)
Real estate investments	2,328.9	2,337.4	2,320.2	0.4%	(0.7%)	(0.2%)
Intangible assets	4.0	3.7	3.0	(6.7%)	(18.5%)	(12.8%)
Right-of-use assets	-	516.6	379.4	N/A	(26.6%)	N/A
Financial investments at FVOCI	8.6	11.7	-	36.7%	(100.0%)	(100.0%)
Investments in associates	-	-	1.4	-	N/A	N/A
Advances to contractors and suppliers	72.8	62.2	74.1	(14.6%)	19.2%	0.9%
Total non-current assets	**2,875.4**	**3,406.3**	**3,205.9**	**18.5%**	**(5.9%)**	**5.6%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Property and equipment

The following table presents AOIC's net book value of property and equipment according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.96): Property and Equipment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Leasehold Improvements	142.5	170.3	163.3	19.5%	0.4%	7.0%
Machinery and equipment	61.7	60.9	52.2	(1.3%)	(14.2%)	(8.0%)
Games	151.3	175.9	161.7	16.3%	(8.1%)	3.4%
Vehicles	2.8	2.4	1.7	(13.1%)	(27.5%)	(20.6%)
Computers and information technology	14.6	18.1	12.3	23.8%	(31.9%)	(8.1%)
Furniture and fixtures	38.7	35.3	28.2	(8.7%)	(20.2%)	(14.7%)
Capital work in progress	49.7	11.7	8.2	(76.5%)	(29.3%)	(59.3%)
Net book value	**461.2**	**474.6**	**427.7**	**2.9%**	**(9.9%)**	**(3.7%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

In December 31, 2020G, the Group's property and equipment related to the entertainment sector represented 79.7% of the total property and equipment. The property and equipment related to the entertainment sector consist of games available at family entertainment centers.

The Group has no current plans for any significant assets to be purchased or rented.

Real estate investments

The following table shows the net book value of the real estate investments of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.97): Real estate investments

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Land	747.2	747.2	752.4	-	0.4%	0.3%
Buildings	1,176.7	1,139.0	1,108.5	(3.2%)	(2.7%)	(2.9%)
Machinery and equipment	69.2	57.6	49.0	(16.7%)	(14.9%)	(15.8%)
Furniture and fixtures	1.1	0.7	0.4	(36.9%)	(50.1%)	(43.9%)
Leasehold improvements	0.0	10.1	9.2	185,497.9%	(8.9%)	4,012.2%
Construction work in progress	334.6	382.8	400.7	14.4%	4.7%	9.4%
Net book value	**2,328.9**	**2,337.4**	**2,320.2**	**0.4%**	**(0.7%)**	**(0.2%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Land

Net book value of land did not witness any material fluctuations between December 31, 2018G and December 31, 2020G.

Buildings

The value of buildings is represented in the cost incurred in purchasing and/or constructing shopping malls for the leasing sector. Buildings did not witness any material fluctuations between December 31, 2018G and December 31, 2020G.

Machinery and Equipment

The net book value of the machinery and equipment declined by 16.7% on December 31, 2019G, from SAR 69.2 million on December 31, 2018G to SAR 57.6 million on December 31, 2019G. The decline by 14.6% continued from SAR 57.6 million on December 31, 2019G to SAR 49.0 million in 2020G. The decrease is mainly due to calculating accumulated depreciation during 2019G and 2020G.

Furniture and Fixtures

The net book value of furniture and fixtures did not witness any material fluctuations between December 31, 2018G and December 31, 2020G.

Leasehold Improvements

The net book value of leasehold improvements increased from SAR 0.0 million on December 31, 2018G to SAR 10.1 million on December 31, 2019G. On the other hand, the net book value of leasehold improvements decreased by 8.9%, from SAR 10.1 million on December 31, 2019G to SAR 9.2 million on December 31, 2018G. This is mainly due to the calculation of accumulated depreciation as of December 31, 2020G.

Construction Work in Progress

The construction works in progress balance mainly represents the construction works of Al Othaim Mall - Hafr Al-Batin and Al Othaim Mall - Al-Khafji. The completion rate for the mentioned malls was 89.7% and 74.5% as of December 31, 2020G.

Intangible Assets

The following table shows the net book value of the intangible assets of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.98): Intangible Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Intangible assets (computer software and franchise fees)	4.0	3.7	3.0	(6.7%)	(18.5%)	(12.8%)
Net book value	**4.0**	**3.7**	**3.0**	**(6.7%)**	**(18.5%)**	**(12.8%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The Group has entered into franchise agreements with franchisors. Pursuant to such agreements, the Group has obtained the right to operate retail stores under the respective brand name acquired. The useful life of the franchises obtained is four (4) to five (5) years. The Group amortizes franchise fees on a straight line basis in accordance with the terms of the agreements.

Right-of-use Assets

The following table presents Abdullah Al Othaim Company's right-of-use asset balance according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.99): Right-of-use Assets

SAR Million	FY Ended December 31			Increase/(Decrease)	
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December
Cost:					
Balance as of January 1	-	659.2	735.6	N/A	11.6%
Additions	-	77.2	4.0	N/A	(94.8%)
Disposed	-	(0.8)	(89.3)	N/A	10,530.0%
Balance as of December 31	-	735.6	650.2	N/A	(11.6%)
Accumulated amortization:					
Balance as of January 1	-	163.6	218.9	N/A	33.8%
Charge for the year		55.3	59.7	N/A	7.9%
Disposed		-	(7.8)	N/A	N/A
Balance as of December 31	-	218.9	270.9	N/A	23.7%
Net book value as of December 31	**-**	**516.6**	**379.4**	**N/A**	**(26.6%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The net book value of right-of-use assets decreased on December 31, 2020G by 26.6%, from SAR 516.6 million on December 31, 2019G to SAR 379.4 million on December 31, 2020G. This is mainly due to disposals and amortization expenses during the period.

Financial investments at FVOCI

The following table shows investments at fair value through comprehensive income of Abdullah Al Othaim Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.100): Financial Investments at FVOCI

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Saudi Arabian Oil Company ("Saudi Aramco")	-	11.7	-	N/A	(100.0%)	N/A
Building Company	8.6	-	-	(100.0%)	-	N/A
Net book value	**8.6**	**11.7**	**-**	**36.7%**	**(100.0%)**	**N/A**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Investments at fair value through other comprehensive income include traded and non-traded equity financial assets.

Investments in sister companies

The following table shows the balance of investments in sister companies of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.101): Investments in Sister Companies

SAR Million	Shareholding	FY Ended December 31			Increase/(Decrease)		CAGR
		2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Wamda Cinemas Company - a closed joint stock company	55%	-	-	0.6	-	N/A	N/A
Saudi Pillar for Construction Company	70%	-	-	0.8	-	N/A	N/A
Net book value		**-**	**-**	**1.4**	**-**	**N/A**	**N/A**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The balance of investments in sister companies as of December 31, 2020G was represented in the Company's share in Wamda Cinemas Company and Saudi Pillar Company, with an ownership percentage of 55% and 70%, respectively. The balance as of December 31, 2020G was due to the additions resulting from the Company's share of the results of the business of such companies.

Advances to contractors and suppliers

The following table shows the balance of payments made to Abdullah Al Othaim Investment Company's contractors and suppliers according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.102): Advances to Contractors and Suppliers

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Advances to contractors and suppliers	72.8	62.2	51.0	(14.6%)	(18.0%)	(16.3%)
Advance payments - to owner	-	-	25.2	N/A	N/A	N/A
Less: Provision for advances to contractors and suppliers	-	-	(2.0)	N/A	N/A	N/A
Total	**72.8**	**62.2**	**74.1**	**(14.6%)**	**19.2%**	**0.9%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The balances of the leasing and entertainment sectors represent the largest part of the balance of payments made to contractors and suppliers, as such payments relate mainly to purchase orders for building and raw materials for the construction of Al Othaim Malls in Hafr Al-Batin and Khafji. Advances to contractors and suppliers declined by 14.6%, from SAR 72.8 million on December 31, 2018G to SAR 62.2 million on December 31, 2019G. On the other hand, the balance increased by 19.2%, from SAR 62.2 million on December 31, 2019G to SAR 74.1 million on December 31, 2020G, primarily due to the addition of SAR 25.2 million related to real estate investments, minus SAR 2.0 million related to a provision for advance payments for contractors and suppliers.

6.6.1.2 Current assets

The following table presents AOIC's current assets according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.103): Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Inventory	62.0	62.0	51.4	(0.0%)	(17.0%)	(8.9%)
Lease receivables	89.4	128.7	186.7	43.9%	45.1%	44.5%
Advance payments and other receivables	46.6	21.4	31.2	(54.2%)	46.0%	(18.2%)
Amounts due from Related Parties	26.9	107.6	39.0	300.5%	(63.8%)	20.5%
Cash and cash equivalents	158.9	86.3	103.3	(45.7%)	19.7%	(19.4%)
Total current assets	**383.8**	**405.9**	**411.6**	**5.8%**	**1.4%**	**3.6%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Inventory

The following table shows the inventory balance of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.104): Inventory

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Inventory ready for sale	35.1	44.0	45.1	25.5%	2.5%	13.5%
Consumables and other materials	23.8	19.9	6.7	(16.6%)	(66.3%)	(47.0%)
Spare parts	7.5	7.9	6.3	4.5%	(19.5%)	(8.3%)
Less: Provision for slow moving inventory	(4.5)	(9.8)	(6.8)	120.6%	(31.0%)	23.4%
Total	**62.0**	**62.0**	**51.4**	**(0.0%)**	**(17.0%)**	**(8.9%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Fashion and entertainment sector inventory represents the largest portion of the total inventory as of December 31, 2020G. The balance of inventory ready for sale increased by 25.5% on December 31, 2019G, from SAR 35.1 million on December 31, 2018G to SAR 44.0 million on December 31, 2019G, due to the increase in revenues and business volume of the retail sector, which in turn required an increase in the inventory ratio to keep pace with such increase. The balance of inventory ready for sale did not witness any significant movement during the period between December 31, 2019G and 2020G.

The following table presents the movement of the provision for slow moving items as of December 31, 2018G, 2019G and 2020G.

Table No. (6.105): Movement of the Provision for Slow Moving Items

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
At the beginning of the year	5.2	4.5	9.8	(14.1%)	120.6%	37.7%
Set aside during the year	0.3	5.4	1.3	N/A	(75.6%)	119.8%
Amounts written off	(1.0)	-	(4.4)	N/A	N/A	108.6%
Balance at end of the year	**4.5**	**9.8**	**6.8**	**120.6%**	**(31.0%)**	**23.4%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G.

Lease Receivables

The following table shows the balance of lease receivables for Abdullah Al Othaim Investment Company according to the financial statements as of December 31, 2018G, 2019G and 2020G

Table No. (6.106): Lease Receivables

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Lease receivables	153.4	217.4	397.9	41.7%	83.0%	61.1%
Less: Discount provision for tenant	-	-	(19.8)	N/A	N/A	N/A
Less: Provision for expected credit losses	(64.0)	(88.7)	(191.4)	38.7%	115.6%	72.9%
Total	**89.4**	**128.7**	**186.7**	**43.9%**	**45.1%**	**44.5%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Total lease receivables increased by 41.7%, from SAR 153.4 million on December 31, 2018G to SAR 271.4 million on December 30, 2019G. It continued to rise by 83.0%, from SAR 217.4 million to SAR 397.9 million as of December 31, 2020G, mainly as the collections process has returned to normal after the resumption of normal activity.

The following table shows the movement in the provision for expected credit losses for Abdullah Al Othaim Investment Company according to the financial statements as of December 31, 2018G, 2019G and 2020G

Table No. (6.107): Movement in the Provision for Expected Credit Losses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
At the beginning of the year	41.9	64.0	88.7	52.7%	38.7%	45.5%
Set aside during the year	22.1	60.3	101.3	173.3%	67.9%	114.2%
No longer required	-	(35.6)	1.3	N/A	(103.7%)	N/A
Balance at end of the year	**64.0**	**88.7**	**191.4**	**38.7%**	**115.6%**	**72.9%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Prepayments and other receivables

The following table shows the balance of advance payments and other receivables for Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.108): Prepayments and Other Receivables

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Advances to contractors and suppliers	0.9	0.9	-	-	(100.0%)	(100.0%)
Return insurance	6.6	8.0	10.2	22.1%	27.3%	24.7%
Advance payments	21.1	4.3	4.5	(79.7%)	5.0%	(53.8%)
Employee receivables	2.5	1.6	0.8	(34.7%)	(50.0%)	(42.9%)
Prepaid rent	7.2	0.4	0.2	(94.1%)	(53.0%)	(83.3%)
VAT receivable	-	1.5	-	N/A	(100.0%)	N/A
Prepaid expenses	-	4.0	8.5	N/A	114.8%	N/A
Financial derivatives at fair value through profit or loss	6.7	-	-	(100.0%)	-	(100.0%)
Other	1.7	0.6	7.0	(64.3%)	1,056.6%	103.1%
Total	**46.6**	**21.4**	**31.2**	**(54.2%)**	**46.0%**	**(18.2%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Payments to contractors and suppliers did not witness any significant movement during the period between December 31, 2018G and 2020G.

Recovered insurance mainly relates to recovered insurance balances in the entertainment sector, which increased by 22.1%, from SAR 6.6 million on December 31, 2018G to SAR 8.0 million on December 31, 2019G, and by 27.3% to SAR 10.2 million on December 31, 2020G.

Advance payments include leasing and retail balances, which are payments for electricity expenses that were paid in advance. Prepayments declined by 79.7%, from SAR 21.1 million on December 31, 2018G to SAR 4.3 million on December 31, 2019G. Advance payments did not witness any significant change during the period between December 31, 2019G and 2020G.

Employee receivables declined by 34.7%, from SAR 2.5 million on December 31, 2018G to SAR 1.6 million on December 31, 2019G. They also decreased by 50.0% in 2020G to SAR 0.8 million as of December 31, 2020G.

Prepaid rent declined by 94.1%, from SAR 7.2 million on December 31, 2018G to SAR 0.4 million on December 31, 2019G. It further decreased by 53.0%, from SAR 0.4 million on December 31, 2019G to SAR 0.2 million on December 31, 2020G.

The Group's VAT receivable was estimated at SAR 1.5 million on December 31, 2019G. The Company did not record any amounts related to debit Value Added Tax on December 31, 2018G and 2020G.

Expenses paid in advance on December 31, 2020G included an amount of SAR 8.5 million related to the expenses of the Group's public Offering.

Advance payments and other accounts receivable related to financial derivatives amounted to SAR 6.7 million as of December 31, 2018G. No payments were recorded as of December 31, 2019G and 2020G.

Prepayments and other receivables declined by 64.3%, from SAR 1.7 million on December 31, 2018G to SAR 0.6 million on December 31, 2019G. It did not witness significant movement between December 31, 2019G and 2020G.

Amounts due from Related Parties

For more information on amounts due from Related Parties, please refer to Section 9.6 "**Related Party Balances and Transactions**".

Cash and Cash Equivalents

The following table presents AOIC's cash and cash equivalents according to the consolidated financial statement as of December 31, 2018G, 2019G and 2020G.

Table No. (6.109): Cash and Cash Equivalents

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Bank balances	96.6	62.8	17.7	(35.0%)	(71.8%)	(57.2%)
Term deposits	47.1	20.1	84.0	(57.3%)	318.0%	33.6%
Cash in hand	15.3	3.4	1.6	(77.6%)	(54.3%)	(68.0%)
Total	**158.9**	**86.3**	**103.3**	**(45.7%)**	**19.7%**	**(19.4%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Cash and cash equivalents decreased by 45.7%, from SAR 158.9 million on December 31, 2018G to SAR 86.3 million on December 31, 2019G. The decrease is primarily due to the decrease in bank balances by 35.0% during the period between December 31, 2018G and December 31, 2019G. On the other hand, cash and cash equivalents increased by 19.7%, from SAR 86.3 million on December 31, 2019G to SAR 103.3 million on December 31, 2020G. The increase is mainly attributed to the increase in time deposits by 318.0%, from SAR 20.1 million on December 31, 2019G to SAR 84.0 million on December 31, 2020G.

6.6.1.3 Non-current Liabilities

The following table presents AOIC's non-current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.110): Non-current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Loans	270.8	335.9	1,153.8	24.0%	243.5%	106.4%
Islamic bonds (sukuk)	995.2	-	-	N/A	-	(100.0%)
Lease liabilities	-	358.7	349.4	N/A	(2.6%)	N/A
Deferred tax	-	1.7	2.0	N/A	18.0%	N/A
Employee end of service benefit liability	17.3	22.4	22.5	29.4%	0.5%	14.0%
Total	**1,283.3**	**718.7**	**1,527.7**	**(44.0%)**	**112.6%**	**9.1%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Loans - non-current portion

The following table shows the non-current portion of the loans of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.111): Loans - Non-current Portion

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Current portion of loans	136.2	134.0	212.9	(1.6%)	58.9%	25.0%
Non-current portion of loans	270.8	335.9	1,153.8	24.0%	243.5%	106.4%
Total Loans and Facilities	**407.0**	**469.8**	**1,366.7**	**15.4%**	**190.9%**	**83.2%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The Group's loans mainly relate to loans related to Abdullah Al Othaim Investment Company (standalone). For more information on loans and financing, please refer to Section 6.6.3.3 "**Financing**" Table 6.152.

Islamic bonds (Sukuk)

The following table shows the Islamic bonds and sukuk of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.112): Islamic Bonds (Sukuk)

SAR Million	FY Ended December 31			Increase/(Decrease)	
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December
Sukuk	1,000.2	851.0	-	(14.9%)	(100.0%)
Deferred finance cost	(5.1)	(2.1)	-	(59.3%)	(100.0%)
Total	**995.2**	**848.9**	**-**	**(14.7%)**	**(100.0%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G.

During the year ended December 31, 2016G, the Group issued sukuk amounting to SAR 1,000 million at a nominal value without any discount or premium. Issuance of Islamic bonds carries a commission cost at Saudi Interbank Offered Rates ("SIBOR") plus a predetermined profit margin of 1.70%. The Islamic bonds were redeemed at nominal value on their maturity date on August 30, 2020G.

Lease liabilities

The following table shows the lease liabilities of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.113): Lease Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
On January 1	-	540.1	561.9	N/A	4.0%	N/A
Additions	-	77.2	4.0	N/A	(94.8%)	N/A
Finance costs	-	16.1	14.0	N/A	(12.9%)	N/A
Disposed	-	-	(86.3)	N/A	N/A	N/A
Liability paid	-	(71.5)	(70.3)	N/A	(1.6%)	N/A
On December 31	-	561.9	423.3	N/A	(24.7%)	N/A
Current liability	-	203.1	73.9	N/A	(63.6%)	N/A
Non-current liability	-	358.7	349.4	N/A	(2.6%)	N/A
Total	**-**	**561.9**	**423.3**	**N/A**	**(24.7%)**	**N/A**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Lease liabilities declined by 24.7%, from SAR 561.9 million on December 31, 2019G to SAR 423.3 million on December 31, 2020G. The decrease is due to disposals amounting to SAR 86.3 million and the liability paid of SAR 70.3 million as of December 31, 2020G. There was no balance of lease liabilities as of December 31, 2018G.

Deferred Tax

Deferred tax increased by 18.0%, from SAR 1.7 million on December 31, 2019G to SAR 2.0 million on December 31, 2020G. There was no deferred tax balance as of December 31, 2018G.

Employee end of service benefit liability

The following table shows the employee end of service benefit liability of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.114): Employee End of Service Benefit Liability

SAR Million	FY Ended December 31			Increase/(Decrease)	
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December
Current service costs	4.3	5.1	4.5	19.1%	(12.9%)
Commission cost on benefit liabilities	0.6	0.8	0.6	44.1%	(26.4%)
Balance of liabilities at the end of the year	4.9	6.0	5.1	22.1%	(14.8%)
Movement in the present value of employee end of service benefit liabilities					
At the beginning of the year	12.9	17.3	22.4	34.5%	29.4%
Total benefit expense	4.9	6.0	5.1	22.1%	(14.8%)
Purchase of an associate company	1.6	-	-	(100.0%)	-
Re-measurement loss (gain) on employee benefit liabilities	(0.7)	0.7	(0.9)	(194.3%)	(227.6%)
Benefits paid	(1.4)	(1.6)	(4.1)	13.3%	166.0%
At the end of the year	**17.3**	**22.4**	**22.5**	**29.4%**	**0.5%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

6.6.1.4 Current Liabilities

The following table presents AOIC's current liabilities according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.115): Current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Current portion of loans	136.2	134.0	212.9	(1.6%)	58.9%	25.0%
Current portion of Sukuk	-	848.9	-	N/A	(100.0%)	N/A
Trade payables	64.5	70.9	58.7	9.8%	(17.1%)	(4.6%)
Contract liabilities	22.4	25.3	8.0	12.6%	(68.5%)	(40.4%)
Accrued expenses and other payables	199.8	196.6	93.8	(1.6%)	(52.3%)	(31.5%)
Current portion of lease liabilities	-	203.1	73.9	N/A	(63.6%)	N/A
Amounts due to Related Parties	0.0	0.0	15.4	(3.8%)	34,302.4%	1,719.4%
Zakat provision	19.2	11.6	8.7	(39.5%)	(25.7%)	(32.9%)
Total	**442.2**	**1,490.4**	**471.3**	**237.0%**	**(68.4%)**	**3.2%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Loans – Current Portion

The following table shows the current portion of the loans of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.116): Loans – Current Portion

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Current portion of loans	136.2	134.0	212.9	(1.6%)	58.9%	25.0%
Non-current portion of loans	270.8	335.9	1,153.8	24.0%	243.5%	106.4%
Total loans and facilities	**407.0**	**469.8**	**1,366.7**	**15.4%**	**190.9%**	**83.2%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

The current portion of loans increased by 58.9%, from SAR 134.0 million on December 31, 2019G to SAR 212.9 million on December 31, 2020G. The Group's loans mainly relate to loans related to Abdullah Al Othaim Investment Company (standalone). For more information on loans and financing, please refer to Section 6.6.3.3 "**Financing**" Table 6.152.

Islamic bonds (Sukuk)

The following table shows the sukuk of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.117): Islamic Bonds (Sukuk)

SAR Million	FY Ended December 31			Increase/(Decrease)	
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December
Sukuk	1,000.2	851.0	-	(14.9%)	(100.0%)
Deferred finance cost	(5.1)	(2.1)	-	(59.3%)	(100.0%)
Total	**995.2**	**848.9**	**-**	**(14.7%)**	**(100.0%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

During the year ended December 31, 2016G, the Group issued sukuk amounting to SAR 1,000 million at a nominal value without any discount or premium. Issuance of Islamic bonds carries a commission cost at Saudi Interbank Offered Rates ("SIBOR") plus a predetermined profit margin of 1.70%. The Islamic bonds were redeemed at nominal value on their maturity date on August 30, 2020G.

Accounts Payable

Trade payables increased by 9.8%, from SAR 64.5 million on December 31, 2018G to SAR 70.9 million on December 31, 2019G. On the other hand, trade payables decreased by 17.1%, from SAR 70.9 million on December 31, 2019G to SAR 58.7 million on December 31, 2020G.

Contract Liabilities

Contract liabilities decreased by 68.5%, from SAR 25.3 million on December 31, 2019G to SAR 8.0 million on December 31, 2020G. Contract payables did not witness any material movement between December 31, 2018G and December 31, 2019G.

Accrued Expenses and Other Payables

The following table shows the balance of accrued expenses and other accounts payable for Abdullah Al Othaim Investment Company according to the consolidated financial statements as of December 31, 2018G, 2019G and 2020G.

Table No. (6.118): Accrued Expenses and Other Payables

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Retentions payable	51.3	56.3	54.6	9.7%	(3.0%)	3.2%
Discount provision for tenant	-	1.2	-	N/A	(100.0%)	N/A
Accrued expenses	18.4	29.2	6.8	59.0%	(76.9%)	(39.3%)
Unearned rental income	57.7	42.1	4.4	(27.2%)	(89.5%)	(72.3%)
Amounts due to employees	5.8	3.2	5.9	(45.3%)	85.7%	0.8%
Advances from customers	3.0	4.4	5.7	47.0%	29.5%	38.0%
Accrued finance cost	20.7	16.9	3.1	(18.4%)	(81.6%)	(61.2%)
Construction works payable	13.6	23.6	0.2	72.9%	(99.2%)	(88.1%)
Value Added Tax (VAT)	-	-	2.7	N/A	N/A	N/A
Other	29.3	19.7	10.4	(32.6%)	(47.2%)	(40.3%)
Total accrued expenses and other accounts payable	**199.8**	**196.6**	**93.8**	**(1.6%)**	**(52.3%)**	**(31.5%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

Retentions payable did not witness material fluctuation between December 31, 2018G and 2020G.

The tenant discount provision relates to the discount associated with leasing sector tenants. The provision amounted to SAR 1.2 million on December 31, 2019G. The discount provision for tenants was not recorded on December 31, 2018G and 2020G. It related to expenses payable related to general accrued expenses, such as insurance and utilities. These witnessed an increase of 59.0%, from SAR 18.4 million on December 31, 2018G to SAR 29.2 million on December 31, 2019G, mainly due to the increase in the percentage of accrued expenses related to the leasing sector. On the other hand, accrued expenses decreased by 48.9%, from SAR 29.2 million on December 31, 2019G to SAR 14.9 million on December 31, 2020G.

Unearned rental income decreased at a CAGR of 72.3%, from SAR 57.7 million on December 31, 2018G to SAR 4.4 million on December 31, 2020G. This is mainly due to the decrease in the value of payments payable for existing contracts with customers in the leasing sector.

Amounts due to employees increased by 45.3%, from SAR 5.8 million on December 31, 2018G to SAR 3.2 million on December 31, 2019G. On the other hand, amounts due to employees increased by 85.7%, from SAR 3.2 million on December 31, 2019G to SAR 5.9 million on December 31, 2020G.

Advances from customers increased at a CAGR of 38.0%, from SAR 3.0 million on December 31, 2018G to SAR 5.7 million in 2020G. Payments made by customers are based on the business activities of the subsidiaries.

Accrued finance cost include the portion of interest on bank loans (only in 2019G) on the balance sheet date. Accrued financing cost decreased by 18.4%, from SAR 20.7 million in 2018G to SAR 16.9 million on December 31, 2019G, due to a decrease in accrued interest related to Islamic bonds (sukuk). This decrease is due to the payment of SAR 149.0 million under the Sukuk Buy-Back Program in 2019G. Accrued financing cost continued to decrease by 81.6% to SAR 3.1 million due to the repayment of all unpaid sukuk in August 2020G, which amounted to SAR 848.9 million.

Construction work payable represents work payable at the end of each balance sheet date for which the contractor has not issued an invoice. The balance of construction works payable increased by 72.9%, from SAR 13.6 million on December 31, 2018G to SAR 23.6 million on December 31, 2019G. Such amount relates primarily to Al Othaim Mall - Hafr Al-Batin, which was under construction and had no invoices. On the other hand, construction works payable decreased by 99.2%, from SAR 23.6 million on December 31, 2019G to SAR 0.2 million on December 31, 2020G, and the decline is attributed to completion of the payment of invoices.

Other expenses due include legal proceedings, bonuses, social security payables, employee related accruals and other miscellaneous items. The balance decreased by a CAGR of 40.3%, from SAR 29.3 million on December 31, 2018G to SAR 10.4 million on December 31, 2020G.

Current Portion of Lease Liabilities

Trade payables increased by 9.8%, from SAR 64.5 million on December 31, 2018G to SAR 70.9 million on December 31, 2019G. On the other hand, trade payables decreased by 17.1%, from SAR 70.9 million on December 31, 2019G to SAR 58.7 million on December 31, 2020G.

Amounts Due to Related Parties

For more information on amounts owed to Related Parties, please refer to Section 6.9 "**Related Party Balances and Transactions**".

Zakat Provision

The following table presents the movement of AOIC's Zakat provision as of December 31, 2018G, 2019G and 2020G.

Table No. (6.119): Movement of Zakat Provision

SAR Million	FY Ended December 31			Increase/(Decrease)	
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December
Balance at beginning of the year	15.3	19.2	11.6	25.8%	(39.5%)
Zakat provision for the year	13.0	11.9	4.9	N/A	(58.9%)
Tax provision for the year	0.1	0.8	0.3	805.1%	(64.4%)
Paid during the year	(9.2)	(20.3)	(8.2)	121.1%	(59.8%)
Balance at end of the year	**19.2**	**11.6**	**8.7**	**(39.5%)**	**(25.7%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G and the reviewed consolidated financial statements for the financial period ended September 30, 2021G

6.6.2 Consolidated Balance Sheets

Table No. (6.120): Consolidated Financial Statement for 2020G

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Non-current assets									
Property and equipment	48.1	340.9	10.9	27.7	-	427.7	-		427.7
Investment properties	2,221.4	-	-	-	98.8	2,320.2	-		2,320.2
Investment in subsidiaries and associates	485.9	-	-	-	-	485.9	(484.4)	2	1.4
Intangible assets	0.5	-	2.4	0.2	-	3.0	-		3.0
Other investments	-	-	-	0.01	-	0.01	-		0.01
Right-of-use assets	262.3	147.5	10.1	83.2	-	503.1	(123.7)	3	379.4
Advances to contractors	57.8	-	-	-	-	57.8	16.3	6	74.1
Total non-current assets	**3,076.0**	**488.5**	**23.4**	**111.1**	**98.8**	**3,797.7**	**(591.8)**		**3,205.9**
Current assets									
Inventory	1.6	19.2	2.4	28.2	-	51.4	-		51.4
Lease receivables and checks under collection	184.1	-	-	-	2.6	186.7	-		186.7

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others 1	Total	Adjustments	Note	Consolidated Balance Sheet
Prepayments and other receivables	10.3	29.5	1.4	6.3	-	47.5	(16.3)	6	31.2
Due from Related Parties	118.2	36.9	-	20.9	0.7	176.7	(137.7)	4	39.0
Cash and bank balances	70.6	8.5	0.9	2.0	0.5	82.4	20.9	10	103.3
Total current assets	**384.8**	**94.1**	**4.7**	**57.4**	**3.8**	**544.7**	**(133.1)**		**411.6**
Total assets	**3,460.8**	**582.5**	**28.0**	**168.5**	**102.6**	**4,342.4**	**(724.9)**		**3,617.5**
Shareholder's equity									
Share capital	1,000.0	150.0	0.5	0.1	31.1	1,181.7	(181.7)	5	1,000.0
Statutory reserve	133.9	22.1	0.3	0.1	0.0	156.3	(22.4)	5	133.9
Retained earnings	485.7	211.9	(5.2)	(15.7)	2.6	679.2	(193.6)	5	485.7
Other components of equity	(1.1)	(1.1)	-	-	-	(2.1)	1.1	5	(1.1)
Total equity	**1,618.5**	**382.9**	**(4.4)**	**(15.6)**	**33.7**	**2,015.1**	**(396.6)**		**1,618.5**
Non-current liabilities									
Murabaha loans	1,153.8	-	-	-	-	1,153.8	-		1,153.8
Non-current lease liabilities	260.2	121.3	7.5	60.5	-	449.5	(100.1)	3	349.4
Employee end of service benefits	10.7	8.5	0.6	2.8	-	22.5	-		22.5
Deferred tax liabilities	-	2.0	-	-	-	2.0	-		2.0
Total non-current liabilities	**1,424.6**	**131.8**	**8.1**	**63.4**	**-**	**1,627.8**	**(100.1)**		**1,527.7**
Current liabilities									
Current portion of Murabaha loans	212.9	-	-	-	-	212.9	-		212.9
Trade and notes payable	9.1	12.7	5.8	31.1	-	58.7	-		58.7
Accruals and other current liabilities	75.8	12.6	1.0	5.1	0.0	94.5	(0.7)		93.8
Provision for losses in investees	19.2	-	-	-	-	19.2	(19.2)	8	-
Lease liability	40.5	33.4	1.6	22.0	-	97.5	(23.6)	3	73.9
Contract liabilities	-	8.0	-	-	-	8.0	-		8.0
Due to Related Parties	53.0	-	15.8	62.6	68.7	200.0	(184.6)	4	15.4
Zakat provision	7.2	1.2	0.1	-	0.1	8.7	-		8.7
Total current liabilities	**417.7**	**67.9**	**24.3**	**120.7**	**68.9**	**699.5**	**(228.2)**		**471.3**
Total liabilities and shareholders' equity	**3,460.8**	**582.5**	**28.0**	**168.5**	**102.6**	**4,342.4**	**(724.9)**		**3,617.5**

Source: Management information

Table No. (6.121): Consolidated Balance Sheet for 2019G

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Non-current assets									
Property, plant and equipment	55.5	368.9	11.7	38.5	-	474.6	-	1	474.6
Investment properties	2,238.6	-	-	-	98.8	2,337.4	-	1	2,337.4
Investment in subsidiaries and associates	490.4	-	-	-	-	490.4	(490.4)	2	-
Intangible assets	0.8	-	2.6	0.3	-	3.7	-		3.7
Financial assets through profit or loss	11.7	-	-	-	-	11.7	-		11.7
Right-of-use assets	296.5	216.4	9.8	120.7	-	643.3	(126.7)	3	516.6
Advances to contractors	33.8	-	-	-	-	33.8	28.4		62.2
Total non-current assets	**3,127.4**	**585.2**	**24.1**	**159.5**	**98.8**	**3,995.0**	**(588.7)**		**3,406.3**
Current assets									
Inventory	1.3	20.9	3.3	36.5	-	62.0	-		62.0
Net lease receivables and checks under collection	126.2	-	-	-	2.5	128.7	-		128.7
Prepayments and other receivables	2.8	39.0	0.6	6.2	0.6	49.0	(27.7)		21.4
Due from Related Parties	180.2	15.9		9.7	1.1	206.9	(99.2)	4	107.6
Cash and cash equivalents	61.3	14.4	1.0	7.8	1.7	86.3	-		86.3
Total current assets	**371.8**	**90.2**	**4.9**	**60.2**	**5.9**	**532.8**	**(126.9)**		**405.9**
Total assets	**3,499.1**	**675.4**	**29.0**	**219.6**	**104.7**	**4,527.9**	**(715.6)**		**3,812.2**
Shareholder's equity									
Share capital	1,000.0	150.0	0.5	0.1	1.2	1,151.8	(151.8)	5	1,000.0
Additional capital	-	-	-	-	97.8	97.8	(97.8)	5	-
Statutory reserve	122.3	22.1	0.3	0.1	0.0	144.7	(22.4)	5	122.3
Retained earnings	480.2	216.7	(3.9)	(13.1)	3.3	683.2	(203.0)	5	480.2
Other shareholder equity items	0.6	(0.5)				0.1	0.5	5	0.6
Total equity	**1,603.0**	**388.3**	**(3.2)**	**(13.0)**	**102.4**	**2,077.6**	**(474.5)**		**1,603.0**
Non-current liabilities									
Murabaha loans	335.9	-	-	-	-	335.9	-		335.9
Lease liability	309.4	190.9	7.6	93.1	-	601.0	(242.3)	3	358.7
Deferred tax liabilities	-	1.7	-	-	-	1.7	-		1.7
Employee end of service benefits	11.7	7.2	0.4	3.1	-	22.4	-		22.4
Total non-current liabilities	**657.0**	**199.8**	**8.0**	**96.2**	**-**	**961.0**	**(242.3)**		**718.7**
Current liabilities									
Current portion of Murabaha loans	134.0	-	-	-	-	134.0	-		134.0

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Islamic bonds	848.9	-	-	-	-	848.9	-		848.9
Trade and notes payable	14.4	13.4	1.2	41.9	-	70.8	0.1		70.9
Accruals and other current liabilities	190.2	13.4	1.8	4.2	1.5	211.2	(14.6)		196.6
Current portion of lease liabilities	26.9	33.0	1.6	26.0	-	87.6	115.6	3	203.1
Contract liabilities	-	25.3	-	-	-	25.3	-		25.3
Due to Related Parties	15.6	-	19.5	64.1	0.7	99.9	(99.9)	4	0.04
Zakat provision	9.1	2.2	0.0	0.3	0.1	11.6	-		11.6
Total current liabilities	**1,239.1**	**87.3**	**24.1**	**136.5**	**2.3**	**1,489.3**	**1.2**		**1,490.4**
Total liabilities and shareholders' equity	**3,499.1**	**675.4**	**29.0**	**219.6**	**104.7**	**4,527.9**	**(715.6)**		**3,812.2**

Source: Management information

Table No. (6.122): Consolidated Balance Sheet 2018G

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Non-current assets									
Property, plant and equipment	62.4	328.9	11.5	46.0	-	448.8	12.4	1	461.2
Investment properties	2,242.5	-	-	-	98.8	2,341.3	(12.4)	1	2,328.9
Investment in subsidiaries and associates	429.1	-	-	-	-	429.1	(429.1)	2	-
Intangible assets	0.6	-	2.9	0.5	-	4.0	-		4.0
Financial assets through profit or loss	-	-	-	-	-	-	8.6		8.6
Advances to contractors	42.2	-	-	-	-	42.2	30.6	6	72.8
Total non-current assets	**2,776.9**	**328.9**	**14.4**	**46.5**	**98.8**	**3,265.4**	**(390.0)**		**2,875.4**
Current assets									
Inventory	1.7	19.5	1.9	38.8	-	62.0	-		62.0
Net lease receivables and checks under collection	89.4	-	-	-	-	89.4	-		89.4
Prepayments and other receivables	10.2	46.8	4.0	14.7	-	75.7	(29.1)	6	46.6
Due from Related Parties	145.3	8.8	3.7	9.0	0.7	167.5	(140.6)	4	26.9
Cash and cash equivalents	130.2	16.8	0.9	10.7	0.0	158.7	0.3		158.9
Total current assets	**376.8**	**92.0**	**10.6**	**73.2**	**0.8**	**553.3**	**(169.5)**		**383.8**
Total assets	**3,153.7**	**420.9**	**25.0**	**119.6**	**99.6**	**3,818.7**	**(559.5)**		**3,259.3**

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Others [1]	Total	Adjustments	Note	Consolidated Balance Sheet
Shareholder's equity									
Share capital	1,000.0	150.0	0.5	0.1	1.1	1,151.7	(151.7)	5	1,000.0
Additional capital	-	-	-	-	97.8	97.8	(97.8)	5	-
Statutory reserve	99.0	14.9	0.3	0.1	-	114.2	(15.2)	5	99.0
Retained earnings	436.3	164.4	(1.4)	(28.8)	(0.5)	569.9	(133.6)	5	436.3
Other shareholder equity items	(1.6)	0.4	-	-	-	(1.3)	(0.4)	5	(1.6)
Total shareholders' equity	1,533.7	329.6	(0.7)	(28.7)	98.4	1,932.4	(398.7)		1,533.7
Non-current liabilities									
Murabaha loans	270.8	-	-	-	-	270.8	-		270.8
Islamic bonds - non-current	995.2	-	-	-	-	995.2	-		995.2
Employee end of service benefits	9.6	5.2	0.5	2.0		17.3	-		17.3
Total non-current liabilities	**1,275.6**	**5.2**	**0.5**	**2.0**	**-**	**1,283.3**	**-**		**1,283.3**
Current liabilities									
Current portion of Murabaha loans	104.2	32.0	-	-	-	136.2	-		136.2
Trade and notes payable	7.6	12.5	0.8	39.9	-	60.8	3.7		64.5
Accruals and other current liabilities	210.3	12.1	1.8	7.6	0.1	231.8	(32.1)		199.8
Contract liabilities	-	22.4	-	-	-	22.4	-		22.4
Due to Related Parties	8.1	3.7	22.4	98.5	1.1	133.8	(133.7)	4	0.05
Zakat provision	14.2	3.2	0.0	0.4	0.0	17.9	1.3		19.2
Total current liabilities	**344.4**	**86.0**	**25.1**	**146.3**	**1.2**	**603.0**	**(160.8)**		**442.2**
Total liabilities and shareholders' equity	**3,153.7**	**420.9**	**25.0**	**119.6**	**99.6**	**3,818.7**	**(559.5)**		**3,259.3**

Source: Management information

Amendments to the Main Consolidated Financial Statements

1. A reclassification adjustment by transferring certain leasehold improvements from investment properties to property and equipment.
2. The adjustment excludes investment in subsidiaries as the results of subsidiaries are consolidated.
3. The adjustment excludes right-of-use assets and lease liabilities pertaining to lease arrangements with subsidiaries, as well as the transfer of the current portion of lease liabilities to current liabilities.
4. The adjustment excludes intercompany receivables and payables.
5. The shareholder's equity of the owner is included during consolidation thereby eliminating subsidiary balances.
6. Transfer of the current portion of advances to contractors to prepayments in current assets.
7. Reclassification adjustment of certain items from CWIP to property and equipment.
8. This represents the provision for losses from subsidiaries which exceeded their carrying value of the investment. The adjustment excludes subsidiary-related provisions as the results are consolidated.
9. AOIC provided a loan to one of its subsidiaries, SEIC Garden Company. Upon consolidation of the results, inter-company balances are eliminated.
10. This represents the amount placed by AOFC in a bank account in France to support a bid to acquire Orchestra Children's Wear Company in France, which had entered into administration. Being cash, this has been included in cash and bank balances.

6.6.3 Balance Sheet – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's balance sheet as of December 31, 2018G, 2019G and 2020G.

Table No. (6.123): Balance Sheet

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Assets						
Non-current assets	2,776.9	3,127.4	3,076.0	12.6%	(1.6%)	5.2%
Current assets	376.8	371.8	384.8	(1.3%)	3.5%	1.1%
Total assets	**3,153.7**	**3,499.1**	**3,460.8**	**11.0%**	**(1.1%)**	**4.8%**
Liabilities and shareholders' equity						
Non-current liabilities	1,275.6	657.0	1,424.6	(48.5%)	116.8%	5.7%
Current liabilities	344.4	1,239.1	417.7	259.8%	(66.3%)	10.1%
Total liabilities	**1,620.0**	**1,896.1**	**1,842.3**	**17.0%**	**(2.8%)**	**6.6%**
Shareholders' equity	1,533.7	1,603.0	1,618.5	4.5%	1.0%	2.7%
Total liabilities and equity	**3,153.7**	**3,499.1**	**3,460.8**	**11.0%**	**(1.1%)**	**4.8%**

Source: The audited financial statements for Abdullah Al Othaim for Investment Co. for the Financial Year ended December 31, 2018G, 2019G and 2020G / Abdullah Al Othaim Investment Company for the period ended June 30, 2021G

AOIC adopted IFRS 16 as of January 1, 2019G and recognized right-of-use assets and the corresponding lease liabilities in the balance sheet. The following table presents the impact of the adoption of IFRS 16 on AOIC's balance sheet as of January 1, 2019G.

Table No. (6.124): Impact of the Adoption of IFRS 16 on the Opening Balance Sheet

SAR Million	01 January 2019G
Assets	
Right-of-use assets	334.2
Total assets	334.2
Liabilities	
Total liabilities	380.1
Total adjustment on equity	
Retained earnings	(46.0)
Net share of the Company in the first application of IFRS 16 for subsidiaries	(16.9)
Total adjustment on equity	**(62.8)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ending December 31, 2019G

The following table presents the impact of the adoption of IFRS 16 on AOIC's balance sheet as of December 31, 2019G and December 31, 2020G.

Table No. (6.125): Impact of the Adoption of IFRS 16 on the Opening Balance Sheet

SAR Million	FY Ended December 31, 2019G		FY Ended December 31, 2020G	
	Right-of-use assets	Lease Liabilities	Right-of-use Assets	Lease Liabilities
As of January 1, 2019G / opening balance	334.2	380.1	296.5	336.3
Additions	-	-	3.5	3.5
Amortization expenses of right-of-use assets	(36.8)	-	(37.7)	-
Finance cost on lease liabilities	-	9.9	-	9.5
Lease concessions	-	-	-	(10)
Lease payments	-	(53.7)	-	(48.0)
Total	**296.5**	**336.3**	**262.3**	**291.3**
Current portion	-	26.9		40.5
Non-current portion	296.5	309.4	262.3	250.9

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Non-current assets mainly consist of property and equipment, investment properties, right-of-use assets, and investment in subsidiaries and associates. As of December 31, 2019G, non-current assets increased by 12.6%, from SAR 2,776.9 million on December 31, 2018G to SAR 3,127.4 million on December 31, 2019G. This mainly resulted from the recognition of right-of-use assets amounting to SAR 296.5 million on December 31, 2019G in line with the requirements of IFRS 16. There was a decline of 1.6% in 2020G, from SAR 3,127.4 million in 2019G to SAR 3,076 million in 2020G, primarily due to depreciation of SAR 37.7 million. This includes a rent concession (COVID relief) primarily provided for rent of Dammam Mall.

Current assets mainly consist of trade receivables and amounts due from Related Parties which collectively represented 74.4% on average of the total current assets at between December 31, 2018G and 2020G. Current assets declined by 1.3% at December 31, 2019G, from SAR 376.8 million at December 31, 2018G to SAR 371.8 million at December 31, 2019G. This primarily resulted from a decline in cash and cash equivalents by SAR 68.8 million due to delay in collections from tenants. However, current assets increased by 3.5% at December 31, 2020G, from SAR 371.8 million in 2019G to SAR 384.8 million in 2020G, due primarily to an increase in lease receivables during the year 2020G of SAR 58.0 million.

Shareholders' equity consists of share capital, statutory reserve, retained earnings, other shareholder equity items and non-controlling interest. Shareholder's equity rose at a CAGR of 2.7% between December 31, 2018G and December 31, 2020G as a result of posting net profits of SAR 249.8 million, SAR 232.6 million and 116.3 million in 2018G, 2019G and 2020G, respectively.

Non-current liabilities mainly consist of Islamic bonds and Murabaha loans, which accounted for 99.2%, 51.1% and 81.0% of the total non-current liabilities at December 31, 2018G, 2019G and 2020G respectively. Non-current liabilities declined by 48.5% at December 31, 2019G, from SAR 1,275.6 million at December 31, 2018G to SAR 657.0 million at December 31, 2019G. This primarily resulted from the reclassification of Islamic bonds (Sukuk) of SAR 848.9 million from non-current to current liabilities as they are due in full on August 30, 2020G. Non-current liabilities increased by 116.8% in 2020G, from SAR 657.0 million in 2019G to SAR 1,424.6 million in 2020G. This was due to additional loans disbursed to AOIC during December 31, 2020G.

Current liabilities mainly consist of the current portion of Murabaha loans, the current portion of Islamic bonds and accrued liabilities. The balance increased by 259.8% at December 31, 2019G, from SAR 344.4 million at December 31, 2018G to SAR 1,239.1 million at December 31, 2019G. This primarily resulted from the reclassification of Islamic bonds (Sukuk) of SAR 848.9 million from non-current to current liabilities as they are due in full on August 30, 2020G. Current liabilities decreased by 66.3% in 2020G, from SAR 1,239.1 million in 2019G to SAR 417.7 million in 2020G. This was primarily due to the payment of Sukuk amounting to SAR 848.9 million on the settlement date.

6.6.3.1 Non-current Assets

The following table presents AOIC's non-current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.126): Non-current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Non-current Assets						
Property and equipment	62.4	55.5	48.1	(11.0%)	(13.4%)	(12.2%)
Investment properties	2,242.5	2,238.6	2,221.4	(0.2%)	(0.8%)	(0.5%)
Investment in subsidiaries and associates	429.1	490.4	485.9	14.3%	(0.9%)	6.4%
Intangible assets	0.6	0.8	0.5	28.8%	(38.9%)	(11.3%)
Right-of-use assets	-	296.5	262.3	N/A	(11.5%)	N/A
Investment in equity share at FVOCI	-	11.7	-	N/A	(100.0%)	N/A
Advances to contractors	42.2	33.8	57.8	(19.9%)	70.9%	17.0%
Total	**2,776.9**	**3,127.4**	**3,076.0**	**12.6%**	**(1.6%)**	**5.2%**

Source: The audited financial statements for Abdullah Al Othaim for Investment Co. for the Financial Year ended December 31, 2018G, 2019G and 2020G / Abdullah Al Othaim Investment Company for the period ended June 30, 2021G

Property and Equipment

The following table presents the net book value of AOIC's property and equipment as of December 31, 2018G, 2019G and 2020G.

Table No. (6.127): Property and Equipment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Machinery and equipment	39.4	35.9	32.4	(8.9%)	(9.8%)	(9.3%)
Vehicles	0.8	0.7	0.8	(13.5%)	20.9%	2.3%
Computers	7.5	6.2	4.2	(17.3%)	(32.0%)	(25.0%)
Furniture and fixtures	14.7	12.8	10.7	(13.2%)	(16.3%)	(14.8%)
Total net book value	**62.4**	**55.5**	**48.1**	**(11.0%)**	**(13.4%)**	**(12.2%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of the assets is mentioned below:

Asset Category	Useful Life
Leasehold improvements	Shorter of the useful life of the improvement and the term of the lease
Machinery and equipment	10 years
Vehicles	5 years
Computers	5 years
Furniture and fixtures	7 years

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Machinery and equipment mainly include central air conditioning units, power converters, cleaning machines, etc. The net book value of machinery and equipment decreased at a CAGR of 9.3% between 2018G and 2020G. This was primarily due to a depreciation charge of SAR 4.9 million each in 2018G, 2019G and 2020G.

Vehicles include pick-up vans and trucks, cars under staff use and coasters. The net book value of vehicles increased at a CAGR of 2.3% between 2018G and 2020G. This was primarily due to additions of SAR 0.5 million in 2020G for forklifts and trucks for administration purposes. Also, a Cadillac from the Chairman's Office with a net book value of SAR 0.1 million in 2020G was sold in 2020G.

Computers (hardware) mainly include servers, network equipment, monitors, computers, laptops, printers, etc. The net book value of computers decreased at a CAGR of 25.0% between 2018G and 2020G. This was primarily due to depreciation charges of SAR 1.9 million in 2019G and SAR 2.3 million in 2020G.

Furniture and fixtures mainly includes shop fittings, mall decor, sign boards and other related equipment. The net book value of furniture and fixtures declined at a CAGR of 14.8% between 2018G to 2020G. This was primarily due to depreciation charges of SAR 3.3 million, SAR 3.1 million and SAR 3.0 million in 2018G, 2019G and 2020G, respectively.

Investment Properties

The following table presents AOIC's investments properties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.128): Investment Properties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Land	649.4	649.4	654.6	-	0.8%	0.4%
Buildings	1,177.8	1,139.0	1,108.5	(3.3%)	(2.7%)	(3.0%)
Machinery and equipment	69.2	57.6	49.0	(16.7%)	(14.9%)	(15.8%)
Furniture and fixtures	1.1	0.7	0.4	(35.5%)	(50.1%)	(43.3%)
Leasehold improvements	11.4	10.1	9.2	(11.4%)	(8.9%)	(10.2%)
Capital work in progress	333.5	381.7	399.7	14.5%	4.7%	9.5%
Total net book value	**2,242.5**	**2,238.6**	**2,221.4**	**(0.2%)**	**(0.8%)**	**(0.5%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Investment properties include properties (including properties under construction or re-development) that are held, or to be held, to earn rentals or for capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment provision. Investment properties (except for land and investment property under construction) are depreciated using the straight-line method over the useful life of the properties. AOIC evaluates the fair value of investment properties as of the date of each balance sheet through an independent accredited valuer. The useful life of investment properties is mentioned below:

Asset Category	Useful Life
Buildings	50 or lease term, whichever is shorter
Machinery and equipment	10 years
Vehicles	5 - 7 years
Computers	5 - 7 years
Furniture, fixtures and decor	5–10 years
Leasehold improvements	10 or lease term, whichever is shorter

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

The fair value of AOIC's investment properties (excluding CWIP) amounted to SAR 4.0 billion, SAR 4.6 billion and SAR 4.9 billion at December 31, 2018G, 2019G and 2020G, respectively.

Land

Land value remained constant between 2018G and 2019G as no additions or disposals were made by AOIC. In 2020G, further additions were made to the Dammam land at a combined value of SAR 5.2 million.

The net book of land as of December 31, 2018G, 2019G and 2020G consisted of the following:

Table No. (6.129): Net Book Value of Land

SAR Million	Acquisition date	FY Ended December 31	
		2018G & 2019G	2020G
		Net Book Value	Net book value
Abha	August 31, 2009G	8.3	8.3
Al Othaim Mall - Arar	August 31, 2009G	14.0	14.0
Hail Mall	August 1, 2017G	61.0	61.0
Al Kharj land	September 1, 2016G	110.2	110.2
Khafji Mall	August 16, 2015G	36.2	36.2
Dammam land - IV	July 31, 2013G	169.6	169.6
Dammam land – 61 & 63	December 31, 2020G	-	5.2
Akirshah Mall	July 1, 2010G	3.3	3.3
Khurais Mall	December 31, 2008G	79.5	79.5
Al-Ahsa Mall	December 31, 2008G	45.0	45.0
Rabwah Mall	December 31, 2008G	122.2	122.2
Total		**649.4**	**654.6**

Source: Management information

Some of the above-mentioned lands were mortgaged/transferred to the following institutions as security:

- Hail Mall land and Dammam land IV – These lands, with a collective value of SAR 230.6 million, were mortgaged to Bank Albilad for banking facilities.
- Al-Ahsa Mall land – Ownership was transferred to Sakan Company for Real Estate Finance (custodian) as an underlying asset for sukuk bonds. The land was included in AOIC's fixed assets register as of December 31, 2019G.

For more information on guarantees and mortgages, please refer to Table 6.151 "**Financing used by Abdullah Al Othaim Investment Company as of December 31, 2018G, 2019G and 2020G**" and Section 12.7 "**Finance Contracts**".

In addition to the above, three of AOIC's shopping malls are built on leased land. The following table presents the details of the lease agreement in place for such land.

Table No. (6.130): Shopping Malls Built on Leased Lands

Land Location	Buraidah	Unaizah	Hafr Al-Batin
Mall	Al Othaim Mall - Buraidah	Al Othaim Mall - Unaizah	Almashreq Mall - Hafr Al-Batin
Lessor	Qassim Municipality	Qassim Municipality	Eastern Province Municipality
Lease start date	March 31, 2000G	December 3, 2005G	April 15, 2016G
Lease end date	June 30, 2024G	March 5, 2030G	July 15, 2040G
Lease term	25 years	25 years	25 years
Annual lease (SAR million)	0.3	0.2	1.0

Source: Management information

Note 1: This mall was under construction on December 31, 2019G and December 31, 2020G

Buildings

Buildings primarily pertain to the cost incurred for the acquisition and/or construction of malls. The following table presents AOIC's net book value of buildings as of December 31, 2018G, 2019G and 2020G.

Table No. (6.131): Net Book Value of Buildings

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Rabwah Mall	346.1	336.1	326.9	(2.9%)	(2.7%)	(2.8%)
Al Othaim Mall - Hail	228.9	224.2	220.4	(2.1%)	(1.7%)	(1.9%)
Khurais Mall	164.7	160.6	157.1	(2.5%)	(2.1%)	(2.3%)
Al Othaim Mall - Arar	143.5	140.5	140.0	(2.1%)	(0.4%)	(1.2%)
Al-Ahsa Mall	122.0	118.0	115.7	(3.3%)	(2.0%)	(2.6%)
Unaizah Mall	83.9	80.3	77.1	(4.2%)	(4.0%)	(4.1%)
Buraidah Mall	81.5	72.2	63.4	(11.3%)	(12.2%)	(11.8%)
Dammam Mall		-	1.0	N/A	N/A	N/A
Akirshah Mall	7.2	7.1	6.9	(2.3%)	(2.4%)	(2.3%)
Total net book value	**1,176.7**	**1,139.0**	**1,108.5**	**(3.3%)**	**(2.7%)**	**(3.0%)**

Source: Management information

The net book value of all buildings declined between 2018G and 2020G, primarily due to the calculation of depreciation of SAR 40.7 million in 2018G, SAR 39.5 million in 2019G and SAR 39.0 million in 2020G.

Of the above malls, Unaizah Mall and Buraidah Mall were built on leasehold lands obtained from Qassim Municipality. (For further details, see "Lands" under the investment properties.)

In addition to the above, AOIC is operating Dammam mall on lease with an annual rent of SAR 34.9 million. The mall is owned by Abdullah Al Othaim Markets Company and the arrangement is governed through a lease contract with a term of 18 years ending on May 14, 2027G.

Machinery and Equipment

Machinery and equipment mainly represents machinery and equipment installed in malls including escalators, central air conditioning system, elevators, cleaning machines, lighting equipment, garbage compactor, generators, CCTV cameras, etc. The net book value of machinery and equipment decreased at a CAGR of 15.8% between December 31, 2018G and 2020G. This was primarily due to the calculation of depreciation of SAR 11.5 million, SAR 11.7 million and SAR 8.6 million in 2018G, 2019G and 2020G respectively.

Furniture and Fixtures

Furniture and fixtures mainly include signage for various brands, mall decor, fountain, cash safe, chairs and other related furniture. The net book value of furniture and fixtures declined at a CAGR of 43.3% between December 31, 2018G and 2020G due to the calculation of depreciation.

Leasehold Improvements

Leasehold improvements relate to capital expenditure incurred by AOIC on the head office and malls. Net book value declined at a CAGR of 10.2% between December 31, 2018G and 2020G due to the calculation of depreciation of SAR 1.4 million in 2018G, SAR 1.3 million in 2019G and SAR 1.5 million in 2020G.

Construction Work in Progress

Capital work-in-progress mainly relates to the shopping malls under construction at each balance sheet date. It is stated at cost less any identified impairment loss less any identified losses and includes the expenditures incurred directly on the construction/development of the qualifying asset and advances given to contractors. These costs are transferred to investment property as and when the asset is available for the intended use. The following table presents AOIC's capital work in progress as of December 31, 2018G, 2019G and 2020G.

Table No. (6.132): Capital Work in Progress

SAR Million Project	Location	FY Ended December 31 2018G	2019G	2020G	Estimated total cost	Completion Percentage
		Cost Incurred to Date				
Al Othaim Mall	Hafr Al-Batin	225.5	247.5	252.1	281.2	89.7%
Al Othaim Mall	Khafji	80.6	104.1	118.0	158.5	74.5%
Marfa Mall	Jubail	13.9	-	-	-	N/A
Al Othaim Mall	Dammam	6.9	7.1	7.2	N/A*	N/A
Warehouse	Various	2.3	15.9	-	-	N/A
Other	Various	4.4	10.2	22.4	-	N/A
Total		**333.6**	**382.8**	**399.7**	**439.7**	

Source: Management information

* N/A: The study is being carried out by an external consultant and accordingly there is no estimated cost.

Almashreq Mall – The mall is being constructed in the city of Hafr Al-Batin with a built-up area of 112,337 square meters and a gross leasable area of 68,365 square meters. The mall is scheduled to accommodate about 323 stores and more than 25 dining halls, and will also contain an entertainment area of 10,000 sq m and a hypermarket with an area of 11,079 sq m. The mall was 89.7% complete as of December 31, 2020G and is expected to be completed in the second quarter of 2022G. The mall is being constructed on land leased from Eastern Province Municipality for a period of 25 years (valid from April 15, 2016G to July 15, 2040G) at an annual rent of SAR 1.0 million.

City Mall – The mall is being constructed in Khafji on a land acquired by AOIC in 2015G for SAR 36.2 million. It will have a built-up area of 64,792 sq m and gross leasable area of 43,426 sq m. The mall is scheduled to accommodate more than 200 stores and 16 dining halls. The mall will also include a 5,515 sq m entertainment center and a 4,400 sq m hypermarket.

Marfa Mall Company – AOIC initiated the Marfa Mall project in Jubail on behalf of AOHC in 2015G with an estimated project cost of SAR 245.3 million. AOIC incurred a cost of SAR 13.9 million with a project completion of 5.7% as of December 31, 2018G. Management terminated the project in 2019G and the cost incurred to date was transferred to AOHC. AOIC had an agreement with AOHC whereby AOIC applied for this project on behalf of AOHC and the cost incurred originally belonged to AOHC which was recognized in AOIC books.

AOIC is planning to construct a commercial mall in Dammam on land which was acquired in 2013G for SAR 169.6 million. It is currently in the design and study phase.

Other mainly includes renovation works as well as construction work being carried out for the development of cinemas in AOIC-operated malls. AOIC plans to open cinemas in the following malls: Dammam, Rabwah, Al-Ahsa, Grand Mall, Khurais, Unaizah, Buraidah, Arar, and Hafr Al-Batin.

The following table presents the movement in CWIP for the years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.133): Capital Work in Progress Movement

SAR Million	FY Ended December 31 2018G Audited	2019G Audited	2020G Audited	Increase/(Decrease) 2019G Audited	2020G Audited	CAGR 2018G–2020G
Opening balance	296.7	333.5	381.7	12.4%	14.5%	13.4%
Additions	45.3	62.2	38.3	37.5%	(38.4%)	(8.0%)
Capitalized	(8.6)	-	-	(100.0%)	N/A	(100.0%)
Disposed	-	(13.9)	(20.4)	N/A	46.3%	N/A
Total net book value	**333.5**	**381.7**	**399.7**	**14.5%**	**4.7%**	**9.5%**

Source: Management information

Investment in Subsidiaries and Associates

The following table presents AOIC's investment in subsidiaries and associates as of December 31, 2018G, 2019G and 2020G.

Table No. (6.134): Investment in Subsidiaries and Associates

	FY Ended December 31			FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited	2018G Audited	2019G Audited	2020G Audited
	%			SAR Million		
Abdullah Al Othaim Entertainment Co.	100.0%	100.0%	100.0%	329.6	388.3	382.9
Riyadh Al Waed for Property Management	100.0%	100.0%	100.0%	14.2	14.1	14.1
Elham El Mostaqbal for Property Management	100.0%	100.0%	100.0%	15.8	15.8	15.7
Takamol Al-Aziziya for Property Management	100.0%	100.0%	100.0%	67.8	69.9	70.7
Al Othaim Malls Co.	100.0%	100.0%	100.0%	0.3	0.6	0.6
Orion Holding Company Limited	100.0%	100.0%	100.0%	0.6	1.3	-
Bihar International for Investment Company	100.0%	100.0%	-	0.8	0.0	0.0
Asasat Transportation for Operation and Maintenance Company	100.0%	100.0%	100.0%	0.0	0.3	0.4
Abdullah Al Othaim Fashion Co. (Nahj Al Khayal for Trading)	100.0%	100.0%	100.0%	-	-	-
Abdullah Al Othaim Food Co.	100.0%	100.0%	100.0%	-	-	-
Al Raeda Mall Company Limited	100.0%	100.0%	100.0%	-	-	-
Nimar for Investment and Real Estate Development Company	100.0%	100.0%	100.0%	-	-	-
Saudi Pillar for Construction Company	-	-	70.0%	-	-	-
Wamda Cinemas Company - a closed joint stock company	-	-	55.0%	-	-	-
Ethraa Al Hayat For Property Management	100.0%	100.0%	100.0%	-	-	-
Al Riyadh Alwaed Real Estate Company	-	100.0%	100.0%	-	-	-
Total				**429.1**	**490.4**	**485.9**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Investment in subsidiaries and associates increased at a CAGR of 6.4%, from SAR 429.1 million at December 31, 2018G to SAR 485.9 million at December 31, 2020G. This primarily resulted from the recognition of the share of profits from the respective subsidiaries.

During 2018G, AOIC assigned its rights in its investment in associate to 'Abdullah Al Othaim Holding Company' (shareholder) based on Board of Directors resolution dated 18 April 2018G.

During 2019G, there were no additional investment made. However, in 2020G, two new investments were added as associates, namely Saudi Pillar Company for Construction and Wamda Cinemas Company. The wholly owned subsidiary Orion Holding Company Limited was not considered as there was no movement in results in 2020G.

The following table presents the movement of investment in subsidiaries and associates as of December 31, 2018G, 2019G and 2020G.

Table No. (6.135): Investment in Subsidiaries and Associates

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Opening balance	376.7	429.1	490.4	13.9%	14.3%	14.1%
Additional investment	28.6	-	(0.6)	(100.0%)	N/A	N/A
Company's share	32.8	74.7	(3.0)	127.8%	(104.0%)	N/A
IFRS 16 adjustments to equity	-	(11.2)	-	N/A	(100.0%)	N/A
Investment provision	2.3	0.004	-	(99.8%)	(100.0%)	(100.0%)
Foreign currency exchange	0.5	(0.9)	(0.6)	(255.2%)	(31.5%)	N/A
Disposed investment	-	(0.8)	-	N/A	(100.0%)	N/A
Remeasurement of employee benefits	-	(0.5)	(0.4)	N/A	(15.3%)	N/A
Change in fair value	(1.7)	-	-	(100.0%)	N/A	(100.0%)
Share of OCI of an associate	0.04	-	-	(100.0%)	N/A	(100.0%)
Reclassification	(10.1)	-	-	(100.0%)	N/A	(100.0%)
Closing balance	**429.1**	**490.4**	**485.9**	**14.3%**	**(0.9%)**	**6.4%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

During 2018G, additional investments represented the acquisition of Abdullah Al Othaim Fashion Co. (Nahj Al Khayal Trading Company) on January 1, 2018G from Abdullah Al Othaim Holding Company. The carrying value of the net assets of 'Abdullah Al Othaim Fashion Co.' amounted to SAR 53.8 million as of January 1, 2018G against which a consideration of SAR 82.0 million was paid by AOIC. This resulted in an acquisition differential of SAR 28.2 million as of the date of acquisition which was recognized in retained earnings.

During 2019G, there was no additional investment made. However, in 2020G, the following additions were made.

An investment was made in Saudi Pillar Company for Construction and Wamda Cinemas Company of SAR 0.2 million and SAR 0.6 million, respectively. The shareholding with respect to this investment is 70% and 55%, respectively, with both being classified as an associate in the financial statements of AOIC. As AOIC does not have control over both investee companies, they are classified as associates rather than subsidiaries.

AOIC's share in net investments fluctuated between 2018G and 2020G due to the results of operations of the subsidiaries and associates.

Intangible Assets

Intangible assets mainly include ERP software 'Microsoft Dynamics', Microsoft licenses and other software. Intangible assets are initially measured at cost and are carried at cost less any accumulated amortization and impairment losses.

A summary of the policies applied to AOIC's intangible assets is as follows:

Useful Life	3 years
Amortization method	Straight line basis

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

The following table presents AOIC's intangible assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.136): Intangible Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Intangible assets	0.6	0.8	0.5	28.8%	(38.9%)	(11.3%)
Total net book value	**0.6**	**0.8**	**0.5**	**28.8%**	**(38.9%)**	**(11.3%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

The net book value increased by 28.8% at December 31, 2019G due to additions of SAR 0.5 million pertaining to Microsoft software and licenses. The increase was partially offset by amortization charges of SAR 0.3 million in 2019G. The net book value declined by 38.9% on December 31, 2020G due to amortization charges of SAR 0.3 million in 2020G.

Right-of-use Assets

The following table presents AOIC's right-of-use assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.137): Right-of-use Assets

SAR Million	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
Opening balance	-	-	296.5
Additions	-	333.3	3.5
Other	-	(0.8)	-
Charge for the year	-	(36.8)	(37.7)
Total net book value	**-**	**296.5**	**262.3**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

AOIC adopted IFRS 16: Leases in 2019G and recognized operating leases in accordance with the guidelines of this standard. AOIC recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless AOIC is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The following tables present the leased assets for which rights-of-use has been calculated under IFRS-16 as of December 31, 2020G.

Table No. (6.138): Right-of-use Assets

Description	Lessor	Annual Contract Value (SAR million)	Start Date	End Date	Term (Years)	Payment Frequency
Rabwah Mall land	Princess Anoud	11.1	February 1, 2001G	January 31, 2026G	25	Semi-annual
Buraidah Mall land	Qassim Municipality	0.3	March 31, 2000G	June 30, 2024G	25	Annual
Unaizah Mall land	Qassim Municipality	0.2	December 3, 2005G	March 5, 2030G	25	Annual
Administrative building	Abdullah Al Othaim Markets Company	0.7	January 1, 2015G	Renews automatically	5	Semi-annual
Dammam Mall	Abdullah Al Othaim Markets Company	34.9	January 1, 2011G	January 9, 2028G	17	Semi-annual

Description	Lessor	Annual Contract Value (SAR million)	Start Date	End Date	Term (Years)	Payment Frequency
Residential contract - Riyadh	Abdulaziz Ibrahim Mohammed Al-Farhood	0.7	August 1, 2011G	July 31, 2026G	5	Semi-annual
Residential contract - Al-Ahsa	Abdul Hamid Bin Mohammed	0.1	August 1, 2018G	July 31, 2023G	5	Semi-annual
Hafr Al-Batin Mall land	Eastern Province Municipality	1.0	April 15, 2016G	July 15, 2040G	25	Annual

Source: Management information

Investment in equity share at FVOCI

The following table presents AOIC's investment in equity share at FVOCI at December 31, 2018G, 2019G and 2020G.

Table No. (6.139): Investment in Equity Share at FVOCI

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
SEIC Hospitality Company	-	-	-	N/A	N/A	N/A
Saudi Aramco	-	11.7	-	N/A	(100.0%)	N/A
Total	**-**	**11.7**	**-**	**N/A**	**(100.0%)**	**N/A**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

During 2014G, AOIC acquired 13.3% of SEIC Hospitality Company – Bosnia and Herzegovina from its capital which amounted to SAR 19.2 million. During 2018G, AOIC assigned its rights in its investment in SEIC Hospitality Company to Abdullah Al Othaim Holding Company (a majority Shareholder) pursuant to a resolution of the Board of Directors.

During 2019G, AOIC purchased the shares of Saudi Aramco, the fair value of which amounted to SAR 11.7 million as of December 31, 2019G.

During 2020G, AOIC disposed of its shares and reversed the gain recognized in the fair value reserve for these shares.

Advances to Contractors

The following table presents AOIC's advances to contractors as of December 31, 2018G, 2019G and 2020G.

Table No. (6.140): Advances to Contractors

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Advances to contractors	43.2	34.8	34.7	(19.5%)	(0.3%)	(10.4%)
Advances to vendors/owners	-	-	25.2	N/A	N/A	N/A
Less: provision for doubtful debts	(0.9)	(0.9)	(2.0)	-	111.7%	45.5%
Total	42.2	33.8	57.8	(19.9%)	70.9%	17.0%
Current portion	-	-	-	N/A	N/A	N/A
Non-current portion	42.2	33.8	57.8	(19.9%)	70.9%	17.0%
Total	**42.2**	**33.8**	**57.8**	**(19.9%)**	**70.9%**	**17.0%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Advances to contractors mainly relates to purchase orders for construction, machinery and equipment for Hafr Al-Batin and Al-Khafji malls. On December 31, 2019G, the balance decreased by 19.5%, from SAR 43.2 million on December 31, 2018G to SAR 34.8 million on December 31, 2019G, primarily as a result of settling payments to a contractor for the supply of air conditioning units for malls. Advances to contractors did not witness material fluctuation between 2019G and 2020G.

Advances to vendors/owners include the advance payment made on December 31, 2020G, under the account for purchasing an investment property in the Kingdom. This amount is for the land in Riyadh. AOIC recognized a provision for certain long outstanding advance balances to three companies in 2018G. The provision balance remained constant as of December 31, 2019G and increased by 111.7% at December 31, 2020G. The reason for this is long outstanding advance balances.

6.6.3.2 Current Assets

The following table presents AOIC's current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.141): Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Inventories, net	1.7	1.3	1.6	(26.1%)	25.1%	(3.9%)
Lease receivables and checks under collection	89.4	126.2	184.1	41.1%	46.0%	43.5%
Prepayments and other receivables	10.2	2.8	10.3	(72.6%)	270.6%	0.8%
Due from Related Parties	145.3	180.2	118.2	24.0%	(34.4%)	(9.8%)
Cash and cash equivalents	130.2	61.3	70.6	(52.9%)	15.1%	(26.4%)
Total	**376.8**	**371.8**	**384.8**	**(1.3%)**	**3.5%**	**1.1%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Inventory

The following table presents AOIC's inventories as of December 31, 2018G, 2019G and 2020G.

Table No. (6.142): Inventory

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Consumables and other materials	3.8	3.3	1.6	(12.1%)	(51.3%)	(34.6%)
Less: Provision for slow moving inventory	(2.0)	(2.0)	-	-	(100.0%)	(100.0%)
Total	**1.7**	**1.3**	**1.6**	**(26.1%)**	**25.1%**	**(3.9%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Inventory is measured at the lower of cost and net realizable value, and cost is determined using the weighted average method.

Consumable and other materials mainly include marketing coupons and spare parts for machinery and equipment installed in malls such as lamps, air ducts, couplings, air filters and cleaning materials. The gross balance declined at a CAGR of 34.6% between 2018G and 2020G due to consumption of spare parts.

The following table presents the movement of the provision for slow moving inventory during 2018G, 2019G and 2020G.

Table No. (6.143): Movement of the Provision for Slow Moving Items

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
At the beginning of the year	3.0	2.0	2.0	(33.1%)	-	(18.2%)
Charge for the year	-	-		N/A	N/A	N/A
Write offs	(1.0)	-	(2.0)	(100.0%)	N/A	42.0%
At the end of the year	**2.0**	**2.0**	**-**	**-**	**(100.0%)**	**(100.0%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

No provision was charged between 2018G and 2020G as there was no material increase in the inventory of consumables. However, there were reversals in 2018G and 2020G after the stock count. Since AOIC has inventory that is not of a perishable nature, after verifying the condition of the stock it was decided to reverse the provision.

Trade Receivables

The following table presents AOIC's trade receivables as of December 31, 2018G, 2019G and 2020G.

Table No. (6.144): Trade Receivables

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Trade receivables	153.4	214.9	395.3	40.1%	83.9%	60.5%
Less: Rent discount	-	-	(19.8)	N/A	N/A	N/A
Less: provision for trade receivables	(64.0)	(88.7)	(191.4)	38.7%	115.6%	72.9%
Net trade receivables	**89.4**	**126.2**	**184.1**	**41.1%**	**46.0%**	**43.5%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Trade receivables relate to amounts due from tenants in accordance with their leasing agreements. The payment terms of the majority of lessees require semi-annual payments in advance. However, the payment terms of some lessees are on an annual basis.

Checks under collection represent post-dated checks provided by customers which will be cashed on the due date.

Gross receivables (trade receivables and checks under collection) increased by 40.1% at December 31, 2019G, from SAR 153.4 million at December 31, 2018G to SAR 214.9 million at December 31, 2019G. This was primarily due to an increase in receivable days from 104 days in 2018G to 142 days in 2019G. The increase in receivable days was due to a delay in collections as a result of prolonged negotiations for discounts with the tenants. Receivables further increased by 83.9% at December 31, 2020G, from SAR 214.9 million at December 31, 2019G to SAR 395.3 million at December 31, 2020G. This was primarily due to an increase in receivables days from 142 days in 2019G to 290 days in 2020G. The increase in receivable days was due to a delay in collections.

The following table presents the aging profile of accounts receivable as of December 31, 2018G, 2019G and 2020G.

Table No. (6.145): Aging of Trade Receivables

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
0-3 months	51.3	106.3	41.6	107.1%	(60.9%)	(10.0%)
4-6 months	25.3	24.7	81.3	(2.3%)	229.0%	79.3%
7-9 months	23.0	15.2	80.8	(34.0%)	432.1%	87.4%
10-12 months	23.3	18.1	63.2	(22.3%)	249.6%	64.8%
13-15 months	10.3	10.1	53.1	(2.2%)	427.9%	127.2%
16 months and more	20.2	40.5	75.3	101.2%	85.7%	93.3%
Total	**153.4**	**217.4**	**397.9**	**40.1%**	**83.9%**	**60.5%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

AOIC applies IFRS 9: Simplified Approach to measuring expected credit losses (ECL), which uses a lifetime expected loss allowance for all accounts and other receivables.

ECL rates are based on the payment profiles of receivables aged over three (3) years before December 31, 2018G, 2019G and 2020G, as well as historical credit losses experienced within this period. Furthermore, historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

AOIC has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table presents the expected credit loss provision booked against each age bracket as of December 31, 2018G, 2019G and 2020G.

Table No. (6.146): Provision for Expected Credit Losses

	FY Ended December 31			FY Ended December 31			FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited	2018G Audited	2019G Audited	2020G Audited	2018G Audited	2019G Audited	2020G Audited
	Receivables (SAR million)			ECL Percentage (%)			ECL provision (SAR million)		
0-3 months	51.3	106.3	41.6	14.1%	14.8%	17.1%	7.5	15.8	7.1
4-6 months	25.3	24.7	81.3	23.8%	22.6%	30.6%	6.0	5.6	24.9
7-9 months	23.0	15.2	80.8	36.9%	34.6%	37.9%	8.5	5.3	30.7
10-12 months	23.3	18.1	63.2	58.0%	63.9%	47.7%	13.5	11.5	30.1
13-15 months	10.3	10.1	53.1	81.0%	100.0%	43.9%	8.3	10.1	23.3
16 months and more	20.2	40.5	75.3	100.0%	100.0%	100.0%	20.2	40.5	75.3
	153.4	**217.4**	**397.9**				**64.0**	**88.7**	**191.4**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

The following table presents the movement in the expected credit loss provision for the Financial Year ended December 31, 2018G, 2019G and 2020G.

Table No. (6.147): Movement in the Provision for Expected Credit Losses

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
At the beginning of the year	41.9	64.0	88.7	52.7%	38.7%	45.5%
During the year	22.1	60.3	102.6	173.3%	70.1%	115.6%
Write offs	-	(35.6)	-	N/A	(100.0%)	N/A
Net trade receivables	**64.0**	**88.7**	**191.4**	**38.7%**	**115.6%**	**72.9%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

During 2019G, AOIC faced delayed collections as a result of a prolonged discussion with customers for discount on receivables. As a result, AOIC approved and wrote off receivables amounting to SAR 35.6 million in 2019G.

Prepayments and Other Receivables

The following table presents AOIC's prepayments and other receivables as of December 31, 2018G, 2019G and 2020G.

Table No. (6.148): Prepayments and Other Receivables

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Advances to contractors	-	-	-	N/A	N/A	N/A
Employee receivables	1.2	1.1	0.6	(9.1%)	(49.2%)	(32.1%)
Prepayments	0.5	1.0	3.9	102.8%	295.8%	183.3%
Return insurance	0.6	0.4	0.4	(29.6%)	-	(16.1%)
Prepaid rent	0.4	0.1	0.1	(72.3%)	(15.3%)	(51.6%)
Insurance expenses	0.4	0.02	0.01	(94.8%)	(21.5%)	(79.8%)
Deferred expenses	-	-	0.42	N/A	N/A	N/A
Derivative instrument at FVPL	6.7	-	-	(100.0%)	N/A	(100.0%)
Other	0.5	0.2	5.0	(64.2%)	NM	223.2%
Total	**10.2**	**2.8**	**10.3**	**(72.6%)**	**270.6%**	**0.8%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Advance payment to contractors and suppliers represents the current portion of the total balance. (Refer to the section "**Advance Payment to Contractors and Suppliers**" in the "**Non-current Assets**" section for further details.)

Employee receivables mainly refers to housing advances paid to AOIC employees. The balance decreased by a CAGR of 19.0% on December 31, 2020G, from SAR 1.2 million on December 31, 2018G to SAR 0.6 million on December 31, 2020G. This was primarily due to the settlement of certain advances prior to the year end.

Prepayments mainly represent security deposits, prepaid licenses and other prepaid expenses (prepaid iqama cost, medical costs, etc). During 2019G, the external auditors classified prepaid rent as a separate line item and restated the comparative. No other expenses were prepaid as of December 31, 2018G. As at December 31, 2019G, prepaid expenses mainly pertained to prepaid municipality licenses for Hail and Khurais Malls which collectively amounted to SAR 0.6 million. As at December 31, 2020G, prepayments increased by 295.8%, from SAR 1.0 million at December 31, 2019G to SAR 3.9 million at December 31, 2020G, due to advance payments of SAR 2.6 million which were made for the purchase of investment properties.

Return insurance includes claims receivable from insurance companies in connection with a fire incident in Dammam Mall. On December 31, 2019G, recovered insurance decreased by 29.6%, from SAR 0.6 million on December 31, 2018G to SAR 0.4 million on December 31, 2019G, mainly as a result of partial receipt of the claim in 2019G from the insurance company. Recovered insurance did not witness any significant movement on December 31, 2020G.

Rent paid in advance represents the upfront rent paid by Abdullah Al Othaim Investment Company for employee accommodation, warehouses, etc. During 2019G, the external auditors classified prepaid rent as a separate line item and restated the comparative. On December 31, 2019G, rent paid in advance decreased by 72.3%, from SAR 0.4 million on December 31, 2018G to SAR 0.1 million on December 31, 2019G, essentially resulting in rent paid in advance amounting to SAR 0.1 million dedicated solely to staff accommodation. No other rent was prepaid as of December 31, 2019G. Prepaid rent did not witness material fluctuation between 2019G and 2020G.

Insurance expenses relate to premiums paid in advance for medical, vehicle, property, third party and other insurance obtained by AOIC. The balance declined by 94.8% at December 31, 2019G, from SAR 0.4 million at December 31, 2018G to SAR 18,773 at December 31, 2019G. This was due to prepaid insurance of SAR 18,773 paid for vehicle insurance. No other insurance was prepaid as of December 31, 2019G. Prepaid insurance did not witness material fluctuation between 2019G and 2020G.

During 2019G, AOIC noted an error of not recording a gain on derivatives designated at FVTPL amounting to SAR 6.7 million in 2018G.

Other prepayments relate primarily to IPO costs and other miscellaneous expenses. Other payments declined by 64.2% on December 31, 2019G, from SAR 0.5 million on December 31, 2018G to SAR 0.2 million on December 31, 2019G. Other increased from SAR 0.2 million on December 31, 2019G to SAR 5.0 million on December 31, 2020G. This relates to the IPO cost incurred in 2020G, which will be adjusted against the IPO proceeds that the shareholders will receive.

Due from Related Parties

The following table presents AOIC's amounts due from Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.149): Due from Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Abdullah Al Othaim Fashion Co.	98.5	64.1	62.6	(34.9%)	(2.5%)	(20.3%)
Abdullah Al Othaim Food Co.	20.2	19.5	15.8	(3.3%)	(19.2%)	(11.6%)
Abdullah Al Othaim Markets Company	-	19.3	3.5	N/A	(81.9%)	N/A
Orion Holding Company	9.8	-	-	(100.0%)	N/A	(100.0%)
Al Othaim Holding Company	11.4	75.9	-	566.9%	(100.0%)	(100.0%)
Qyol for Real Estate Investment	0.7	0.7	0.7	-	-	-
Al Riyadh Alwaed Real Estate Company	0.5	0.5	0.5	3.6%	3.3%	3.5%
Asasat Transportation for Operation and Maintenance Company	0.2	0.1	-	(56.4%)	(100.0%)	(100.0%)
Nimar for Investment and Real Estate Development Company	0.03	0.04	0.05	49.2%	25.6%	36.9%
Elham Future Asset Management Company	0.00	0.02	0.04	881.6%	80.2%	320.5%
Ethraa Al Hayat for Property Management	0.00	0.02	0.01	881.6%	(75.2%)	55.9%
Arabian Gulf Fashion Company	0.02	-	-	(100.0%)	N/A	(100.0%)
Ozom Najd Property Management Company	0.00	-	-	(100.0%)	N/A	(100.0%)
Takamol Al-Aziziya for Property Management	0.5	-	0.2	(100.0%)	N/A	(38.7%)
Leader for Real Estate Investment Co.	0.1	-	-	(100.0%)	N/A	(100.0%)
Lilian Company	3.38	-	-	(100.0%)	N/A	(100.0%)
Wamda Cinemas Company - a closed joint stock company	-	-	34.8	N/A	N/A	N/A
Edama Al Rayaa Property Management Company	-	-	-	N/A	N/A	N/A
Fun World International for Investment	-	-	-	N/A	N/A	N/A
Total	**145.3**	**180.2**	**118.2**	**24.0%**	**(34.4%)**	**(9.8%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Abdullah Al Othaim Fashion Co. (AOFC) – This represents the outstanding balances of financing provided by AOIC. On 01 January 2018G, AOIC acquired AOFC from Abdullah Al Othaim Holding Company and provided the financing to meet its working capital and CapEx requirements. On December 31, 2019G, the balance decreased by 34.9%, from SAR 98.5 million on December 31, 2018G to SAR 64.1 million on December 31, 2019G, primarily due to the adjustment of the accounts receivable balance by Abdullah Al Othaim Investment Company as it absorbed losses of SAR 29.4 million from the subsidiary in 2019G in order to provide financial support. This further declined as further losses were absorbed in 2020G. However, this was offset by share of profits adjusted in the balance of the subsidiary's receivables.

Abdullah Al Othaim Food Co. – This represents the financing provided to the subsidiary for their capital expenditure and working capital requirements. The fluctuation in the balance between 2018G and 2020G was due to the provision and settlement of balances to and by the Related Party, respectively.

Abdullah Al Othaim Markets Company – This represents the amount receivable for the hypermarkets operated by the Related Party in AOIC-operated malls. Prior to 2019G, the amount was included as part of accounts receivable. The receivable balance also includes the salaries to be received from the Related Party for AOIC's staff working for the Related Party.

Al Othaim Holding Company - Amounts owed by the major shareholder of Abdullah Al Othaim Investment Company in connection with the sale of Abdullah Al Othaim Investment Company to SEIC Garden and SEIC Hospitality Company in 2018G. The balance increased by 566.9% in 2019G, from SAR 11.4 million in 2018G to SAR 75.9 million in 2019G. This was primarily due to certain project costs including Marfa Mall project in Jubail, which were transferred to AOHC as well as certain expenses incurred on behalf of AOHC and funds transferred. The entire balance was settled in the subsequent period.

Qyol for Real Estate Investment – This represents the amount paid on their behalf for the Related Party to build hotels in Al-Ahsa and Arar. There was no material fluctuation in the balance between 2018G and 2020G.

Asasat Al Nafel Operation and Maintenance Company – AOIC outsources manpower from the Related Party and the receivable represents the salaries and charges to be received from the Related Party.

AOIC has paid certain expenses on behalf of the following Related Parties:

- Nimar for Investment and Real Estate Development Company
- Elham Future Asset Management Company
- Ozom Najd Property Management Company
- Ethraa Al Hayat for Property Management
- Al Riyadh Alwaed Real Estate Company
- Edama Al Rayaa Property Management Company

Wamda Cinemas Company - a closed joint stock company – Wamda is a joint venture with AOIC, with AOIC holding 55% and Bright Minds Education Company holding the remaining 45%, to operate Empire Cinemas in Al Othaim Malls and other malls in the Kingdom of Saudi Arabia. Wamda will lease locations for cinemas in Al Othaim Malls and operate cinemas. The rentals would be at arms-length. There is a formal agreement approved between AOIC and Bright Minds. In 2020G, leases were signed to operate cinemas in Hail, Arar, Khurais, Al-Rabwah and Al-Ahsa Mall and preparations of the cinemas in Arar and Hail have started. These two cinemas are likely to open in the last quarter of 2021G. The increase of SAR 34.8 million in 2020G represents 55% (AOIC's share) of the capital expenditures for the cinemas in Hail and Arar.

Cash and Cash Equivalent Balances

The following table presents AOIC's cash and cash equivalents at banks as of December 31, 2018G, 2019G and 2020G.

Table No. (6.150): Cash and Cash Equivalents

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Bank balances	82.4	41.1	6.9	(50.2%)	(83.2%)	(71.1%)
Time deposits	47.1	20.1	63.1	(57.3%)	214.0%	15.8%
Cash in hand	0.6	0.1	0.5	(78.4%)	303.9%	(6.7%)
Total	**130.2**	**61.3**	**70.6**	**(52.9%)**	**15.1%**	**(26.4%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

The cash balance declined by 52.9% in 2019G, from SAR 130.2 million at December 31, 2018G to SAR 61.3 million at December 31, 2019G. This primarily resulted from a cash outflow of SAR 214.3 million from financing activities. AOIC paid dividends of SAR 113.7 million and repaid loans (net) of SAR 51.4 million in 2019G.

The cash balance increased by 15.1% in 2020G, from SAR 61.3 million at December 31, 2019G to SAR 70.6 million at December 31, 2020G. This primarily resulted from reduced cash outflow from financing activities, from SAR 214.3 million in 2019G to SAR 90.6 million in 2020G.

Time deposits represent short term investment in an SAR commodity fund with Al Rajhi Capital. Time deposits have an original maturity of three (3) months or less and earn commission at their respective short-term deposit rates. The balance may fluctuate year on year depending on the availability of cash. AOIC held 126,530 units with a market value of SAR 158.9 per unit as of December 31, 2019G, as compared to 304,776 units with a market value of SAR 154.6 per unit as of December 31, 2018G. During 2020G, the time deposits with Al Rajhi were settled. A time deposit arrangement with Riyad Capital was entered into in October 2020G based on surplus cash available. The deposit was in accordance with the master agreement at an agreed interest rate.

Cash in hand mainly represents petty cash to handle day-to-day miscellaneous expenses. Each petty cash holder has a predetermined limit to spend on agreed areas of spending. The balance may fluctuate on a yearly basis depending on any unused portion.

6.6.3.3 Non-current Liabilities

The following table presents AOIC's non-current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.151): Non-current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Murabaha loans	270.8	335.9	1,153.8	24.0%	243.5%	106.4%
Islamic bonds	995.2	-	-	(100.0%)	N/A	(100.0%)
Lease liabilities	-	309.4	260.2	N/A	(15.9%)	N/A
Employee defined benefit liability	9.6	11.7	10.7	22.0%	(8.9%)	5.4%
Total	**1,275.6**	**657.0**	**1,424.6**	**(48.5%)**	**116.8%**	**5.7%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Financing

The following table presents the schedule of financing utilized by AOIC as of December 31, 2018G, 2019G and 2020G.

Table No. (6.152): Financing Utilized by AOIC as of December 31, 2018G, 2019G and 2020G

SAR Million	Interest Rate	Period	Limit	Unused	Guarantee*	Maturity Date	FY Ended December 31		
							2018G	2019G	2020G
Bank Albilad loan	SIBOR + 1.15%	1 year grace + 6 Years	470.8	254.1	Promissory note - SAR 516.5 million Guarantee - SAR 470.0 million Hail Mall land Assignments of rent from Al Othaim Mall - Hail	August 20, 2024G	270.8	216.7	162.5
Gulf International Bank	SIBOR + 1.55%	60 months	250.1	250.1	Order note and guarantee - SAR 268.8 million each	November 11, 2024G	-	119.2	-
Bank Albilad loan	SIBOR + 1.0%	6 years	850.0	550.0	Title deed of Khurais and Dammam IV land	July 26, 2026G	-	-	480.0

SAR Million	Interest Rate	Period	Limit	Unused	Guarantee*	Maturity Date	FY Ended December 31		
							2018G	2019G	2020G
SABB Loan	SIBOR + 1.0%	6 years	600.0	600.0	Promissory note and corporate guarantee of SAR 980.0 million each Al-Ahsa Mall land	November 24, 2026G	-	-	511.3
Long term loans and Murabaha							270.8	335.9	1,153.8
Islamic bonds (sukuk) - net	SIBOR + 1.70%	5 years	1,000.0	-	Ownership of Al-Ahsa Mall land	August 30, 2020G	995.2	848.9	-
Total non-current liabilities				**1,754.3**			**1,266.0**	**1,184.8**	**1,153.8**
Alawwal Bank - short term loan	SIBOR + 1.15%	Revolving	215.0	215.0	Order note and guarantee - SAR 268.8 million each	January 16, 2020G	50.0	50.0	-
Bank Albilad - current portion	SIBOR + 1.15%	1 year grace + 6	N/A	-	Promissory note - SAR 516.5 million Guarantee - SAR 470.0 million Hail Mall land Assignments of rent from Al Othaim Mall - Hail	August 20, 2024G	54.2	54.2	54.2
ANB - short term loan	1.75%	Up to 12 months	75.0	-	Promissory note and personal guarantee - SAR 50.0 million each	N/A	32.0	-	-
Gulf International Bank - current	SIBOR + 1.55%	60 months	N/A	-	Order note and guarantee - SAR 268.8 million each	November 11, 2024G	-	29.8	-
Bank Albilad loan	SIBOR + 1.0%	6 years	N/A	-	Title deed of Khurais and Dammam IV land	July 26, 2026G	-	-	70.0
SABB Loan	SIBOR + 1.0%	6 years	N/A	-	Promissory note and corporate guarantee of SAR 980.0 million each Al-Ahsa Mall land	November 24, 2026G	-	-	88.7
Short term loans and Murabaha				215.0			136.2	134.0	212.9
Grand total				**1,969.3**			**1,402.2**	**1,318.8**	**1,366.7**

Source: Management information and financing agreements

* For more information on guarantees and mortgages, please refer to Section 12.7 "**Finance Contracts**".

The Company does not have any overdraft indebtedness, obligations under acceptance, acceptance credit or lease purchase obligations during the financial period mentioned up to the date of this Prospectus.

Other than those mentioned, there are no contingent liabilities or other guarantees as of the date of this Prospectus.

Murabaha loans

The following table presents AOIC's Murabaha loans as of December 31, 2018G, 2019G and 2020G.

Table No. (6.153): Murabaha Loans

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Non-current portion	270.8	335.9	1,153.8	24.0%	243.5%	106.4%
Current portion	104.2	134.0	212.9	28.6%	58.9%	43.0%
Total	**375.0**	**469.8**	**1,366.7**	**25.3%**	**190.9%**	**90.9%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Islamic Bonds

The following table presents AOIC's Islamic bonds as of December 31, 2018G, 2019G and 2020G.

Table No. (6.154): Islamic Bonds

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Islamic bonds	1,000.0	851.0	-	(14.9%)	(100.0%)	(100.0%)
Deferred expenses	(4.8)	(2.1)	-	(57.2%)	(100.0%)	(100.0%)
Total	**995.2**	**848.9**	**-**	**(14.7%)**	**(100.0%)**	**(100.0%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

During 2015G, AOIC issued five-year Islamic bonds (sukuk) at face value with a combined total value of SAR 1.0 billion. The bonds bear a variable interest rate based on the average Saudi interbank offered rate (SIBOR) plus a margin of 1.70%. The interest payments are due every six months with the last payment due on 30 August 2020G. Islamic bonds did not witness any material fluctuations between December 31, 2017G and 2018G. Islamic bonds decreased by 14.9% in 2019G, from SAR 1,000.0 million in 2018G to SAR 851.0 million in 2019G, mainly due to the repayment of a portion of the sukuk bonds during 2019G from the loan obtained from Gulf Investment Bank. The remaining bond was paid in a single payment on August 30, 2020G using new facilities from commercial banks. As a result, the bond was classified under current liabilities as of December 31, 2019G.

The Company does not own any approved debt instruments that have not been issued during the financial period until the date of this Prospectus.

Lease Liabilities

The following table presents AOIC's lease liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.155): AOIC's Lease Liabilities as of December 31, 2018G, 2019G and 2020G

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
At the beginning of the year	-	380.1	336.3	N/A	(11.5%)	N/A
Additions	-	-	3.5	N/A	N/A	N/A
Finance cost	-	9.9	9.5	N/A	(4.1%)	N/A
Lease payments	-	(53.7)	(48.7)	N/A	(9.4%)	N/A
At the end of the year	**-**	**336.3**	**300.6**	**N/A**	**(10.6%)**	**N/A**

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Current portion	-	26.9	40.5	N/A	50.4%	N/A
Non-current portion	-	309.4	260.2	N/A	(15.9%)	N/A

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

During 2019G, AOIC adopted IFRS 16: Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. AOIC recognized lease liabilities of SAR 336.3 million to make lease payments, which are measured at the present value of lease payments to be made over the lease term. (See the section "**Right-of-use Assets**" for details on the lease agreements for which lease liabilities have been recognized.)

Employee defined benefit liabilities

Employee defined benefits is a statutory requirement for all Saudi companies and is payable to employees upon resignation or termination of employment from an entity. The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. (See the section "**Significant Accounting Policies**" for details on the calculation mechanism for the liability.)

The following table presents AOIC's employee defined benefit liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.156): Employee Defined Benefit Liability

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
At the beginning of the year	8.2	9.6	11.7	16.5%	22.0%	19.2%
Total benefit expenses	2.5	3.1	2.1	22.6%	(32.0%)	(7.9%)
Actuarial loss (gain) on employee benefit liabilities	(0.7)	(0.4)	(0.6)	(45.5%)	43.8%	(10.6%)
Benefits paid	(0.5)	(0.6)	(2.6)	28.0%	324.1%	133.0%
Closing balance	**9.6**	**11.7**	**10.7**	**22.0%**	**(8.9%)**	**5.4%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Current service costs	2.2	2.6	1.8	19.2%	(31.5%)	(9.6%)
Interest cost on benefit liabilities	0.3	0.5	0.3	44.9%	(34.6%)	(2.7%)
Closing balance	**2.5**	**3.1**	**2.1**	**(22.6%)**	**(32.0%)**	**(8.7%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Net employee defined benefits increased at a CAGR of 5.4% between December 31, 2018G and 2020G. This was primarily due to an increase in the total headcount of AOIC with 580 employees at December 31, 2020G. Additionally, the increase in the number of employees has been offset due to a decrease in the assumption factors used - salary growth has declined from 6.0% in 2018G to 3.0% in 2020G and the discount rate has declined from 5.0% to 2.5%. The new staff hired were recruited at a higher pay scale.

Table of Contents

The following table presents the key actuarial assumptions used and impact of the sensitivity analysis as of December 31, 2018G, 2019G and 2020G.

Table No. (6.157): Actuarial Assumptions and Sensitivity Analysis

	Discount Rate	Salary Growth	Retirement Age	Salary Increase Rate		Discount Rate	
				1% Increase	1% Decrease	1% Increase	1% Decrease
	%	%	No. of Years	SAR Million		SAR Million	
December 31, 2020G	2.5%	3.0%	60	11.5	9.9	9.9	11.5
December 31, 2019G	3.1%	5.0%	60	11.5	9.9	9.9	11.5
December 31, 2018G	5.0%	6.0%	60	18.0	16.0	15.1	18.1

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

6.6.3.4 Current liabilities

The following table presents AOIC's current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.158): AOIC's Current Liabilities as of December 31, 2018G, 2019G and 2020G

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Current portion of Murabaha loans	104.2	134.0	212.9	28.6%	58.9%	43.0%
Current portion of Islamic bonds	-	848.9	-	N/A	(100.0%)	N/A
Trade payables	7.6	14.4	9.1	89.2%	(36.7%)	9.5%
Accruals and other current liabilities	210.3	190.2	75.8	(9.5%)	(60.2%)	(40.0%)
Provision against losses in equity investee	-	-	19.2	N/A	N/A	N/A
Lease liabilities	-	26.9	40.5	N/A	50.4%	N/A
Due to Related Parties	8.1	15.6	53.0	92.9%	240.1%	156.1%
Zakat provision	14.2	9.1	7.2	(36.3%)	(20.5%)	(28.8%)
Total	**344.4**	**1,239.1**	**417.7**	**259.8%**	**(66.3%)**	**10.1%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Current Portion of Murabaha Loans

The following table presents AOIC's Murabaha loans as of December 31, 2018G, 2019G and 2020G.

Table No. (6.159): Current Portion of Murabaha Loans

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Non-current portion	270.8	335.9	1,153.8	24.0%	243.5%	106.4%
Current portion	104.2	134.0	212.9	28.6%	58.9%	43.0%
Total	**375.0**	**469.8**	**1,366.7**	**25.3%**	**190.9%**	**90.9%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

These represent the portion of the long-term Murabaha loans due to be paid by AOIC within 12 months as of each balance sheet date.

Current Portion of Islamic Bonds

Outstanding bond was due to be paid in a single bullet payment on August 30, 2020G and was paid in 2020G. As a result, the bond was classified under current liabilities as of December 31, 2019G.

Trade and Notes Payable

The following table presents the breakdown of trade and notes payable as of December 31, 2018G, 2019G and 2020G.

Table No. (6.160): Trade and Notes Payable

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Supplier	7.6	14.4	9.1	89.2%	(36.7%)	9.5%
Total	**7.6**	**14.4**	**9.1**	**89.2%**	**(36.7%)**	**9.5%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Supplier mainly includes payables to suppliers of capital expenditures, operating expenditures and trade inventory. The balance increased by 89.2% at December 31, 2019G, from SAR 7.6 million at December 31, 2018G to SAR 14.4 million at December 31, 2019G. This primarily resulted from an increase in payables for marketing events, which were settled in the subsequent period.

The balance declined by 36.7% in as of December 31, 2020G, from SAR 14.4 million at December 31, 2019G to SAR 9.1 million at December 31, 2020G. This primarily resulted from a check which was issued but uncleared in as of December 31, 2019G, however, as of December 31, 2020G, it was cleared.

The following table presents the aging of trade and notes payable as of December 31, 2018G, 2019G and 2020G.

Table No. (6.161): Aging of Trade and Notes Payable

SAR Million	< 6 months	6-12 months
December 31, 2020G	-	9.1
December 31, 2019G	-	14.4
December 31, 2018G	-	7.6

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Accrued Expenses and Other Liabilities

The following table presents AOIC's accrued expenses and other liabilities payable and accruals as of December 31, 2018G, 2019G and 2020G.

Table No. (6.162): Accrued Expenses and Other Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Retentions payable	51.1	56.2	54.4	9.9%	(3.1%)	3.2%
Unearned rental income	57.7	42.1	3.7	(27.2%)	(91.1%)	(74.6%)
VAT payable	-	-	2.7	N/A	N/A	N/A
Accrued expenses	7.4	24.4	4.0	229.4%	(83.7%)	(26.7%)
Accrued interest charges	20.7	16.9	3.1	(18.4%)	(81.6%)	(61.2%)
Accrued construction work	13.6	12.4	0.2	(9.3%)	(98.4%)	(88.1%)
Provision against losses in equity investee	30.8	15.4	-	(49.9%)	(100.0%)	(100.0%)
Advances from customers	3.0	4.4	5.7	47.0%	29.5%	38.0%
Discounts to customers	-	1.2	-	N/A	(100.0%)	N/A

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Dividends payable	13.7	-	-	(100.0%)	N/A	(100.0%)
Other	12.2	17.3	1.9	41.8%	(88.7%)	(60.0%)
Total	**210.3**	**190.2**	**75.8**	**(9.5%)**	**(60.2%)**	**(40.0%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Retentions payable mainly includes the amount withheld by AOIC from suppliers and contractors which is paid upon the successful supply of goods and project completion, respectively. Retention also includes the guarantee held by Abdullah Al Othaim Investment Company at the time of executing the contract with the lessee, as the lessee pays 10.0% of the basic rent amount as a performance guarantee upon signing the contract. The amount is confiscated as compensation for any damage or failure of the tenant to comply with any provisions of the leasing contract. The guarantee amount is refunded to the tenant immediately upon expiry of the contract under the following conditions:

- Handing over the leased property to AOIC in good condition and fit for use as first received.
- After payment for or repair of all missing or damaged items that were included in the leased property.
- Payment of the full leasing amount due to AOIC and telephone, water, gas, and sewage bills etc.

During 2019G, the external auditor classified retentions as part of accrued expenses and other liabilities and restated the comparative. Retentions amounted to SAR 51.1 million, SAR 56.2 million and SAR 54.4 million as of December 31, 2018G and 2019G and 2020G. Retentions increased by 9.9% as of December 31, 2019G from SAR 51.1 million at December 31, 2018G to SAR 56.2 million at December 31, 2019G. This was primarily related to an increase in retention for projects (Hafr Al-Batin and Khafji Malls) from SAR 19.0 million at December 31, 2018G to SAR 25.9 million at December 31, 2019G.

Retentions declined by 3.1% as of December 31, 2020G, from SAR 56.2 million at December 31, 2019G to SAR 54.4 million at December 31, 2020G. This primarily related to the decrease in the settlement of retention payable for closed/completed contracts for customers. Retention is settled upon completion of contracts.

Unearned revenue mainly represents the rent paid in advance that Abdullah Al Othaim Investment Company receives from lessees operating in malls, and the balance is adjusted once the rental income is accrued during the period. Unearned revenue declined by a CAGR of 74.6% between December 31, 2018G and December 31, 2020G, from SAR 57.7 million as of December 31, 2018G to SAR 3.7 million as of December 31, 2020G. Unearned revenue depends on the billing cycle of each contract and hence at each reporting date this number is updated. At each month end the revenue for the number of days of that month are released to revenue from unearned. Thus, this keeps changing irrespective of collection from mall tenants.

VAT payable was classified from others at December 31, 2020G without restating the comparatives.

Accrued expenses include accrued utilities, accrued rent, accrued medical insurance and other related accruals. Accrued expenses increased by 229.4% at December 31, 2019G, from SAR 7.4 million at December 31, 2018G to SAR 24.4 million at December 2019G. This primarily resulted from the booking of accrued rent for a period of two (2) years amounting to SAR 18.0 million pertaining to the Jubail project, which was suspended in 2019G.

Accrued expenses declined by 83.7% at December 31, 2020G, from SAR 24.4 million at December 31, 2019G to SAR 4.0 million at December 31, 2020G. This was primarily due to the reversal of accrual from accrued expenses to other income on account of the reversal of rent accrued related to Marfa Mall in Jubail, which was canceled in 2019G and hence the liability was reversed in 2020G.

Accrued interest charges include the portion of interest on bank loans and sukuk due at the balance sheet date. Accrued interest charges decreased by 18.4% at December 31, 2019G, from SAR 20.7 million at December 31, 2018G to SAR 16.9 million at December 2019G. This mainly resulted from a decrease in the accrued interests related to Islamic bonds (sukuk), from SAR 15.1 million on December 31, 2018G to SAR 12.2 million on December 31, 2019G. This is because Abdullah Al Othaim Investment Company paid an amount of SAR 149.0 million under the program Sukuk buy back in 2019G. The accrued interest charge further declined by 81.6% at December 31, 2020G, from SAR 16.9 million at December 31, 2019G to SAR 3.1 million at December 31, 2020G. This was primarily due to the repayment of all the outstanding sukuk in August 2020G, amounting to SAR 848.9 million.

Project completion receivables represent the cost of work performed at the end of each report that was not invoiced by the contractor. This was primarily related to Almashreq Mall in Hafr Al-Batin, which was under construction and not invoiced at the end of the year. The balance declined by 9.3% at December 31, 2019G due to the lower amount of non-invoiced work pending at December 31, 2019G. The balance further declined by 98.4% at December 31, 2020G due to the lower amount of non-invoiced work pending at December 31, 2020G.

The provision against losses in equity investee refers to AOIC's share of loss from certain of its subsidiary companies that exceeded the carrying amount of its investment. This excess of loss has been classified as provision against losses in subsidiaries under current liabilities. The following table presents the breakdown of the balance as of December 31, 2018G and 2019G.

In 2020G, this was reclassified from 'accrued expenses and other liabilities' and shown as a separate line item in current liabilities. However, the break down is shown below for illustrative purposes:

Table No. (6.163): Provision Against Losses in Equity Investee

SAR Million	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
Abdullah Al Othaim Fashion Co.	28.2	12.5	15.1
Abdullah Al Othaim Food Co.	1.4	2.9	4.1
Ethraa Al Hayat for Property Management	0.0	0.0	-
Nimar for Investment and Real Estate Development Company	-	0.0	-
Orion Holding Company Limited	1.2	-	-
Total	**30.8**	**15.4**	**19.2**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Advances from customers mainly represents customer advances, unrecognized bank deposits and rejected accounts receivable checks. Advances from customers increased at a CAGR of 38.0% between December 31, 2018G and December 31, 2020G, from SAR 3.0 million at December 31, 2018G to SAR 5.7 million at December 2020G. This primarily resulted from an increase in unrecognized bank deposits which were adjusted by AOIC in the subsequent period.

Discounts to customers mainly represents the provision created for discounts to customers. It will be given as a credit to the customer once all conditions for obtaining the discount are met by the customer. There was no balance at December 31, 2018G. The balance increased from nil at December 31, 2018G to SAR 1.2 million at December 31, 2019G. This balance keeps changing as long as customers do not meet the conditions to obtain the discount. The balance was reclassified and netted off with trade receivables at December 31, 2020G. The amount classified to trade receivables was SAR 19.8 million. This balance keeps changing as long as customers do not meet the conditions to obtain the discount.

Dividends payable amounted to SAR 13.7 million at December 31, 2018G, which were related to Abdullah Al Othaim Markets Company and were paid in the subsequent period. No dividends were accrued as of December 31, 2019G and 2020G.

The miscellaneous provision represents a provision for legal proceedings, bonuses and the like. During 2019G, the external auditor classified miscellaneous provisions under other and restated the comparative. See the "**Other Receivables**" section for details.

Amounts due to employees include the costs payable by AOIC for the services already rendered by the employees. These mainly include accrued tickets, vacation, salaries and bonuses. Amounts due to employees was nil at December 31, 2018G, 2019G and 2020G.

Other dues include a provision for legal proceedings, bonuses, social security payables, employee related accruals and other miscellaneous items. During 2019G, the external auditor classified miscellaneous provisions under other and restated the comparative. The balance of other companies increased by 41.8% at December 31, 2019G from SAR 12.2 million at December 31, 2018G to SAR 17.3 million at December 31, 2019G. This primarily resulted from the provision of employees bonuses, which was one (1) month's salary for all staff, and a provision for additional compensation for higher management. The balance decreased from SAR 17.3 million at December 31, 2019G to SAR 1.9 million at December 31, 2020G. This primarily resulted from bonus provisions as there was a lower provision for employee bonuses, as a result this expense declined.

Lease Liabilities

AOIC adopted IFRS 16L Leases for the first time in 2019G and recognized lease liability as of December 31, 2019G. AOIC recognizes lease liabilities at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, AOIC uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and is reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. (Refer to the section "**Right-of-use Assets**" for details on the lease agreements for which lease liabilities have been recognized.)

The following table presents the carrying value of the lease liabilities recognized in AOIC's statement of financial position at December 31, 2018G, 2019G and 2020G.

Table No. (6.164): Lease Liabilities

SAR Million	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
At the beginning of the year	-	380.1	336.3
Additions	-	-	3.5
Finance cost	-	9.9	9.5
Lease concessions	-	-	(10.0)
Lease payments	-	(53.7)	(48.0)
At the end of the year	**-**	**336.3**	**291.3**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Due to Related Parties

The following table presents AOIC's dues to Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.165): Due to Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Abdullah Al Othaim Entertainment Co.	-	14.5	36.9	N/A	155.2%	N/A
Al Othaim Malls	0.7	0.7	0.6	(0.3%)	(2.9%)	(1.6%)
Orion Holding Company Limited	-	0.4	0.4	N/A	(1.2%)	N/A
Bihar International for Investment Company	0.0	0.0	0.0	(24.2%)	(24.7%)	(24.4%)
FAW International Co., Ltd.	-	-	15.0	N/A	N/A	N/A
Asasat Transportation for Operation and Maintenance Company	-	-	0.0	N/A	N/A	N/A
Takamol Al-Aziziya Asset Management Company	-	0.0	-	N/A	(100.0%)	N/A
Fun World International for Investment	6.4	-	-	(100.0%)	N/A	(100.0%)
Edama Vision Property Management Company	0.0	-	-	(100.0%)	N/A	(100.0%)
Rafif for Travel and Tourism Company	-	-	-	N/A	N/A	N/A
Abdullah Al Othaim Markets Company	-	-	-	N/A	N/A	N/A
Ra'ada Malls Company	0.9	-	-	(100.0%)	N/A	(100.0%)
Total	**8.1**	**15.6**	**53.0**	**92.9%**	**240.1%**	**156.1%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Year ended December 31, 2018G, 2019G and 2020G / for the period ended June 30, 2021G.

Abdullah Al Othaim Entertainment Co. – This is surplus cash in family entertainment centers transferred to AOIC as part of treasury operations. The balance increased from SAR 14.5 million at December 31, 2019G to SAR 36.9 million at December 31, 2020G. This was primarily to meet the working capital needs of AOIC and is adjusted from the current account in the form of lease receivables.

Fun World International Investment Company – This represents the operational balance due to the Related Party which was settled in the subsequent period.

FAW International Co. Ltd. – The company is owned by Fahad Al Othaim, who is also a Director of AOIC. The amount of SAR 15.0 million at December 31, 2020G is transfer of debt owed to FAW International by Hamdan Al Badr Company (HAB). The recovery of debt from HAB will be paid to FAW. HAB has a receivable balance with AOIC. The arrangement is executed under an agreement. The transfer of SAR 15.0 million owed by HAB to FAW represents an independent transaction between the respective parties. This transaction is not related to the rent amounts payable by HAB to AOIC. The transfer of SAR 15.0 million to AOIC does not impose any obligation on AOIC other than for AOIC to pass through any amounts specifically received against said amount, to FAW. As HAB was carrying out a voluntary restructuring of the business, it was agreed that consolidating the debt under AOIC would strengthen the case for recovery of the sums due.

Zakat Provision

Refer to the "**Zakat**" section for details.

6.6.4 Balance Sheet – Abdullah Al Othaim Entertainment Co. (Consolidated)

The following table presents AOEC's summarized statement of financial position as of December 31, 2018G, 2019G and 2020G.

Table No. (6.166): AOEC's Summary Statement of Financial Position

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Assets						
Non-current assets	328.9	585.2	488.5	77.9%	(16.5%)	21.9%
Current assets	92.0	90.2	94.1	(2.0%)	4.3%	1.1%
Total assets	**420.9**	**675.4**	**582.5**	**60.5%**	**(13.7%)**	**17.6%**
Liabilities and shareholders' equity						
Non-current liabilities	5.2	199.8	131.8	3,707.7%	(34.1%)	401.1%
Current liabilities	86.0	87.3	67.9	1.5%	(22.2%)	(11.1%)
Total liabilities	**91.3**	**287.1**	**199.7**	**214.6%**	**(30.4%)**	**47.9%**
Total equity	329.6	388.3	382.9	17.8%	(1.4%)	7.8%
Total liabilities and equity	**420.9**	**675.4**	**582.5**	**60.5%**	**(13.7%)**	**17.6%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Years ended December 31, 2019G and 2020G

AOEC adopted IFRS 16 on January 1, 2019G and recognized right-of-use assets and the corresponding lease liabilities in the balance sheet. The following table presents the impact of adoption of IFRS 16 on AOEC's balance sheet as at 01 January 2019G.

Table No. (6.167): Impact of the Adoption of IFRS 16 on the Opening Balance Sheet

SAR Million	January 1, 2019G
Assets	
Right-of-use assets	187.3
Prepayments	(6.4)
Total assets	180.9
Liabilities	
Lease liabilities	192.1
Shareholders' equity	
Retained earnings	(11.2)
Total equity	**(11.2)**

Source: The standalone audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended 2019G

The following table presents the impact of adoption of IFRS 16 on AOEC's balance sheet as of December 31, 2019G.

Table No. (6.168): Impact of the Adoption of IFRS 16 on the Opening Balance Sheet

SAR Million	FY Ended December 31, 2019G		FY Ended December 31, 2020G	
	Right-of-use assets	Lease Liabilities	Right-of-use assets	Lease Liabilities
Opening balance	187.3	192.1	216.4	223.9
Additions / disposals	68.1	68.1	(29.3)	-
Modifications	-	-	-	(30.3)
Amortization expenses of right-of-use assets	(39.1)	-	(39.5)	-
Finance cost on lease liabilities	-	6.6	-	5.8
Payments	–	(42.8)	-	(44.7)
Total	**216.4**	**223.9**	**147.5**	**154.7**

Source: The standalone audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended 2020G

Non-current assets mainly consist of property and equipment, capital work in progress and right-of-use assets. Non-current assets increased by 77.9% at December 31, 2019G, from SAR 328.9 million at December 31, 2018G to SAR 585.2 million at December 31, 2019G. This was primarily due to the inclusion of right-of-use assets at SAR 216.4 million in 2019G due to adoption of IFRS 16: Leases. Non-current assets declined by 16.5% at December 31, 2020G, from SAR 585.2 million at December 31, 2019G to SAR 488.5 million at December 31, 2020G. This was primarily due to a decline in right-of-use assets by SAR 68.8 million between 2019G and 2020G.

Current assets mainly consist of inventories, prepayments and other receivables, dues from Related Parties and cash and bank balances. Current assets did not witness any material fluctuation between 2018G and 2020G.

Shareholders' equity consists of share capital, statutory reserve, exchange rates differences for foreign operations and retained earnings. Shareholder's equity increased by 17.8% at December 31, 2019G from SAR 329.6 million at December 31, 2018G to SAR 388.3 million at December 31, 2019G. This was primarily due to the increase in retained earnings by SAR 52.4 million in 2019G. Shareholder's equity declined by 1.4% at December 31, 2020G, from SAR 388.3 million at December 31, 2019G to SAR 382.9 million at December 31, 2020G. This was primarily due to the declined in retained earnings by SAR 4.9 million in 2020G.

Non-current liabilities include employee defined benefit liabilities, lease liabilities and accrued tax. Non-current liabilities increased at a CAGR of 401.1% between December 31, 2018G and December 31, 2020G. This was primarily due to the inclusion of lease liabilities of SAR 190.9 million in 2019G due to adoption of IFRS 16: Leases.

Current liabilities mainly consist of the current portion of lease liabilities, trade payables, dues to Related Parties, contract liabilities, accrued expenses and other liabilities, short term loans, Zakat provision and income tax. Current liabilities did not witness any material fluctuation between 2018G and 2019G. Current liabilities declined by 22.2% at December 31, 2020G, from SAR 87.3 million at December 31, 2019G to SAR 67.9 million at December 31, 2020G. This was primarily due to the decline in contract liabilities by SAR 17.3 million in 2020G.

6.6.4.1 Non-current Assets

The following table presents AOEC's non-current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.169): AOEC's Non-current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Property and equipment	328.9	368.9	340.9	12.1%	(7.6%)	1.8%
Right-of-use assets	-	216.4	147.5	N/A	(31.8%)	N/A
Total	**328.9**	**585.2**	**488.5**	**77.9%**	**(16.5%)**	**21.9%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

A. Property and Equipment

The following table presents AOEC's net book value of property and equipment as of December 31, 2018G, 2019G and 2020G.

Table No. (6.170): AOEC's Net Book Value of Property and Equipment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Equipment	11.1	14.6	11.1	32.2%	(24.4%)	0.0%
Furniture	1.6	2.9	2.4	79.8%	(18.1%)	21.3%
Games	151.2	175.9	161.7	16.4%	(8.1%)	3.4%
IT equipment	4.8	10.0	6.8	109.8%	(31.7%)	19.7%
Leasehold improvements	111.1	152.9	150.8	37.7%	(1.4%)	16.5%
Vehicles	1.2	1.2	0.5	5.3%	(56.9%)	(32.6%)
Capital work in progress	48.1	11.3	7.7	(76.6%)	(31.6%)	(60.0%)
Total net book value	**328.9**	**368.9**	**340.9**	**12.1%**	**(7.6%)**	**1.8%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Asset Category	Useful Life
Leasehold improvements	10 years (Shorter of the useful life or the lease term)
Equipment	7 years
Vehicles	5 years
IT equipment	5 years
Furniture	5 - 7 years
Games	5–10 years

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended 2020G

Equipment mainly includes air conditioning units, security cameras and amplifiers used in the entertainment centers. The net book value of equipment increased by 32.2% at December 31, 2019G, from SAR 11.1 million at December 31, 2018G to SAR 14.6 million at December 31, 2019G. This was primarily due to opening seven new locations in the UAE, Oman and Egypt. On December 31, 2020G, the net book value of the equipment decreased by 24.4%, from SAR 14.6 million on December 31, 2019G to SAR 11.1 million on December 31, 2020G, due primarily to the disposal of annual depreciation during the period.

Furniture includes decoration works, chairs, tables and cabinets used for the both entertainment centers and administrative buildings. The net book value of furniture increased by 79.8% at December 31, 2019G, from SAR 1.6 million at December 31, 2018G to SAR 2.9 million at December 31, 2019G. This was primarily due to furniture additions at SAR 1.7 million to Saudi entertainment centers and the head office during 2020G. The net book value of furniture declined by 18.1% at December 31, 2020G, from SAR 2.9 million at December 31, 2019G to SAR 2.4 million at December 31, 2020G.

Games mainly include video game units and kids' gaming centers located in AOEC entertainment centers. The net book value of games increased by 16.4% at December 31, 2019G, from SAR 151.2 million at December 31, 2018G to SAR 175.9 million at December 31, 2019G. This was primarily due to additions of SAR 49.8 million during 2019G, out of which SAR 21.7 million was for additions of gaming units and rides to the UAE-based entertainment centers opened during 2019G. The remaining amount of SAR 49.8 million in additions was primarily for the opening of Snow City family entertainment center in Egypt and the opening of Faby Land family entertainment center and Xtreme Zone family entertainment center in Oman. On December 31, 2020G, the net book value of games decreased by 8.1%, from SAR 175.9 million on December 31, 2019G to SAR 161.7 million on December 31, 2020G, primarily due to the annual depreciation of these assets during the period.

IT equipment mainly includes gaming card readers, desktops, laptops and TV monitors located at AOEC entertainment centers. The net book value of IT equipment increased by 109.8% at December 31, 2019G, from SAR 4.8 million at December 31, 2018G to SAR 10.0 million at December 31, 2019G. This was primarily due to opening seven new locations in the UAE, Oman and Egypt. On December 31, 2018G, the net book value of IT equipment decreased by 9.0%, from SAR 10.0 million on December 31, 2017G to SAR 6.8 million on December 31, 2018G, primarily due to the annual depreciation of these assets during the period.

Leasehold improvements mainly relate to capitalized costs for construction, development and renovation of entertainment centers. The net book value of leasehold improvements increased by 37.7% at December 31, 2019G, from SAR 111.1 million at December 31, 2018G to SAR 152.9 million at December 31, 2019G. This was primarily due to opening seven new locations in the UAE, Oman and Egypt. The net book value of leasehold improvements did not witness any material movement between 2019G and 2020G

Vehicles mainly include pick-up trucks and small cars for AOEC to maintain daily operations. The net book value of vehicles did not witness material fluctuation during the reporting period.

Capital work-in-progress (CWIP) mainly includes capitalized costs for leasehold improvements and gaming units for entertainment centers. This account was categorized under non-current assets as of December 31, 2018G. In 2019G and 2020G this account was categorized under property and equipment. The net book value of CWIP declined by 76.6% at December 31, 2019G, from SAR 17.4 million at December 31, 2018G to SAR 11.3 million at December 31, 2019G. This was primarily due to opening seven new locations in the UAE, Oman and Egypt. On December 31, 2020G, the net book value of capital work-in-progress decreased by 31.6%, from SAR 11.3 million on December 31, 2019G to SAR 7.7 million on December 31, 2020G, mainly due to the transfer of SAR 18.0 million to property and equipment compared to additions with a value of SAR 14.4 million during 2020G.

B. Right-of-use Assets

The following table presents AOEC's right-of-use assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.171): Abdullah Al Othaim Entertainment Co's Right-of-use Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Right-of-use assets	-	299.5	367.6	N/A	22.7%	N/A
Disposals/additions	–	68.1	(29.3)	N/A	(143.0%)	N/A
End of year	–	367.6	338.3	N/A	(8.0%)	N/A
Accumulated depreciation						
Beginning of the year	–	112.2	151.2	N/A	34.8%	N/A
Charges during the year	-	39.1	39.5	N/A	1.2%	N/A
Total		**151.2**	**190.8**	**N/A**	**26.1%**	**N/A**
Balance at end of the year	**–**	**216.4**	**147.5**	**N/A**	**(31.8%)**	**N/A**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

AOEC adopted IFRS 16 – Leases in 2019G and recognized operating leases in accordance with the guidelines of this standard. AOEC recognizes right-of-use assets on the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless AOEC is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

6.6.4.2 Current Assets

The following table presents AOEC's current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.172): AOEC's Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Inventory	19.5	20.9	19.2	7.1%	(8.2%)	(0.8%)
Prepayments and other receivables	46.8	39.0	29.5	(16.8%)	(24.3%)	(20.6%)
Amounts due from Related Parties	8.8	15.9	36.9	81.4%	131.4%	104.9%
Cash and cash equivalents	16.8	14.4	8.5	(14.6%)	(41.0%)	(29.0%)
Total	**92.0**	**90.2**	**94.1**	**(2.0%)**	**4.3%**	**1.1%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

A. Inventory

The following table presents AOEC's inventories as of December 31, 2018G, 2019G and 2020G.

Table No. (6.173): AOEC's Inventories

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Spare parts	9.0	7.9	6.3	(12.2%)	(19.5%)	(15.9%)
Goods ready for sale	13.0	15.7	14.4	21.3%	(8.2%)	5.5%
Less: Provision for slow moving stores and spare parts	(2.4)	(2.7)	(1.6)	11.6%	(40.9%)	(18.8%)
Total	**19.5**	**20.9**	**19.2**	**7.1%**	**(8.2%)**	**(0.8%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Inventory includes spare parts, redemption prizes, wristbands and others. Inventory increased by 7.1% at December 31, 2019G, from SAR 19.5 million at December 31, 2018G to SAR 20.9 million at December 31, 2019G. This was primarily due to an increase in the number of family entertainment centers from 29 in 2018G to 37 in 2019G. Inventories decreased by of 8.2% at December 31, 2020G, from SAR 20.9 million at December 31, 2019G to SAR 19.2 million at December 31, 2020G. This was primarily due to a decline in spare parts inventory by 19.5% at December 31, 2020G due to higher consumption and lower new additions.

The following table presents AOEC's movement in the provision for slow moving stores and spare parts as of December 31, 2018G, 2019G and 2020G.

Table No. (6.174): AOEC's Movement in the Provision for Slow Moving Stores and Spare Parts

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
At the beginning of the year	2.2	2.4	2.7	12.5%	11.6%	12.0%
Charge for the year	0.3	0.3	-	3.9%	(100.0%)	(100.0%)
Write offs	-	-	(1.1)	N/A	N/A	N/A
At the end of the year	**2.4**	**2.7**	**1.6**	**11.6%**	**(40.9%)**	**(18.8%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

B. Prepayments and Other Current Assets

The following table presents AOEC's prepayments and other current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.175): Abdullah Al Othaim Entertainment Co.'s Prepayments and Other Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Advances to vendors	33.5	28.5	15.1	(14.7%)	(47.0%)	(32.8%)
Refundable deposits	3.8	7.3	9.6	91.6%	32.2%	59.1%
Prepaid rent	7.4	0.3	3.1	(95.7%)	878.3%	(35.3%)
Employee receivables	0.4	0.3	0.1	(37.0%)	(50.3%)	(44.0%)
Prepaid insurance	0.4	0.7	0.3	92.9%	(52.5%)	(4.3%)
Other	1.4	1.9	1.2	31.4%	(35.2%)	(7.7%)
Total	**46.8**	**39.0**	**29.5**	**(16.8%)**	**(24.3%)**	**(20.6%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Advances to vendors is made against prize games supplies, spare parts and other game-related supplies. Advances to vendors declined by 14.7% at December 31, 2019G, from SAR 33.5 million at December 31, 2018G to SAR 28.5 million at December 31, 2019G. This was primarily due to most of the purchases being made in advance in the prior year. Advances to vendors declined by 47.0% at December 31, 2020G, from SAR 28.5 million at December 31, 2019G to SAR 15.1 million at December 31, 2020G. This was primarily due to the lack of an increase in purchase orders for inventories or assets due to the COVID-19 closure period.

Refundable deposits include deposits made to lessors under rental arrangements. Refundable deposits increased by 91.6% in 2019G from SAR 3.8 at December 31, 2018G to SAR 7.3 million at December 31, 2019G. Refundable deposits further increased by 32.2% at December 31, 2020G, from SAR 7.3 million at December 31, 2019G to SAR 9.6 million at December 31, 2020G. This increase during the reporting period was primarily due to a rental contract for a new location in the UAE that opened in 2019G, which requires issuance of security checks for the rental.

Prepaid rent includes the amount of future rent expense paid in advance of the rental period, which will be amortized in future periods. On December 31, 2019G, rent paid in advance decreased by 95.7%, from SAR 7.4 million on December 31, 2018G to SAR 0.3 million on December 31, 2019G, mainly due to the adoption of IFRS 16: Lease Contracts, whereby advance payments on operating leases are capitalized in accordance with the guidelines of this standard under right-of-use assets. Prepaid rent increased by 878.3% at December 31, 2020G, from SAR 7.4 million at December 31, 2019G to SAR 0.4 million at December 31, 2020G. This was primarily due to the opening of seven new branches during 2019G and one branch during 2020G therefore requiring prepaid rent in accordance with the contract agreement.

Employee receivables primarily refer to loans, petty cash and fund balances. Employee receivables witnessed no material fluctuations during the reporting period.

Prepaid insurance is related to property, cash in transit, transportation and others. Prepaid insurance increased by 92.9% in 2019G, from SAR 0.4 million in 2018G to SAR 0.7 million in 2020G. This was primarily due to the timing of payments and changes in price of the insurance policies. The balance declined by 52.5% at December 31, 2020G, from SAR 0.7 million at December 31, 2019G to SAR 0.3 million at December 31, 2020G. This was primarily due to a change in insurance provider.

Other mainly includes prepayments related to VAT on sales and purchases, government fees and others. Other did not witness any major fluctuation between 2018G and 2020G.

C. Due from Related Parties

The following table presents AOEC's due from Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.176): AOEC's Dues from Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Abdullah Al Othaim Investment Company	6.4	14.5	36.9	124.4%	155.2%	139.3%
Premium Retail for Ready Garments Co. – UAE	1.5	1.5	-	0.4%	(100.0%)	(100.0%)
Fun World – UK	0.9	-	-	(100.0%)	N/A	(100.0%)
Total	**8.8**	**15.9**	**36.9**	**81.4%**	**131.4%**	**104.9%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

The nature of transactions with Related Parties mainly includes rental, leasing and financing. Amounts due from AOIC represents the surplus cash in family entertainment centers transferred to AOIC as part of treasury operations. The balance increased from SAR 14.5 million at December 31, 2019G to SAR 36.9 million at December 31, 2020G. This was primarily to meet the working capital needs of AOIC and is adjusted from the current account in the form of lease receivables.

D. Cash and Cash Equivalents

The following table presents AOEC's cash and cash equivalents as of December 31, 2018G, 2019G and 2020G.

Table No. (6.177): AOEC's Cash and Cash Equivalents

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Cash in hand	4.6	2.0	0.5	(55.8%)	(73.7%)	(65.9%)
Cash at bank held in current accounts	12.2	12.3	7.9	0.9%	(35.7%)	(19.5%)
Total	**16.8**	**14.4**	**8.5**	**(14.6%)**	**(41.0%)**	**(29.0%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Cash and cash equivalents consist of cash in hand and cash at banks held in current accounts. Cash and cash equivalent balances declined by 14.6% at December 31, 2019G, from SAR 16.8 million at December 31, 2018G to SAR 14.4 million at December 31, 2019G. This is primarily due to an increase in cash used for loan settlement by SAR 19.0 million during 2019G. This decrease in cash was partially offset by an increase in cash generated from operating activities by SAR 17.1 million during 2019G. Cash and cash equivalents declined by 41.0% at December 31, 2020G, from SAR 14.4 million at December 31, 2019G to SAR 5 million at December 31, 2020G. This was primarily due to the direct transfer of extra cash to AOIC.

6.6.4.3 Non-current Liabilities

The following table presents AOEC's non-current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.178): AOEC's Non-current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Employee defined benefit liabilities	5.2	7.2	8.5	36.9%	17.7%	26.9%
Lease liabilities – non-current	–	190.9	121.3	N/A	(36.5%)	N/A
Deferred tax	–	1.7	2.0	N/A	18.0%	N/A
Total	**5.2**	**199.8**	**131.8**	**3,707.7%**	**(34.1%)**	**401.1%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

A. Employee Defined Benefit Liabilities

The employee defined benefit liability increased by 36.9% at December 31, 2019G, from SAR 5.2 million at December 31, 2018G to SAR 7.2 million at December 31, 2019G. This is primarily due to an increase in the hiring of employees due to the opening of new family entertainment centers in 2019G. Employee defined benefit liabilities further increased by 17.7% at December 31, 2020G, from SAR 7.2 million at December 31, 2019G to SAR 8.5 million at December 31, 2020G. This was primarily due to the termination of some employees and their replacement by trained employees through Government support.

B. Lease Liability

Lease liability is the result of AOEC adopting IFRS 16; Leases for the first time in 2019G and recognizing lease liability as of December 31, 2019G. AOEC recognizes lease liabilities at the beginning of the lease, measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, AOEC uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and is reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The non-current portion of lease liabilities amounted to SAR 190.9 million and SAR 121.3 million as of December 31, 2019G and December 31, 2020G, respectively.

C. Deferred Tax

Deferred tax represents the amount of taxes that AOEC must pay in a certain period of time but which it has not paid yet. Deferred tax amounted to SAR 1.7 million and SAR 2.0 million as of December 31, 2019G and as of December 31, 2020G, respectively. This is primarily related to the deferred taxes for the Snow City family entertainment center in Egypt, which was opened in 2019G.

6.6.4.4 Current Liabilities

The following table presents AOEC's current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.179): AOEC's Current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Lease liabilities – current	–	33.0	33.4	N/A	1.2%	N/A
Trade payables	12.5	13.4	12.7	6.7%	(4.8%)	0.8%
Due to Related Parties	3.7	-	-	(100.0%)	N/A	(100.0%)
Contract liabilities	22.4	25.3	8.0	12.6%	(68.5%)	(40.4%)
Accrued expenses and other liabilities	12.1	13.4	12.6	10.7%	(6.2%)	1.9%
Short term loans	32.0	-	-	(100.0%)	N/A	(100.0%)
Zakat provision and income tax	3.2	2.2	1.2	(31.4%)	(44.3%)	(38.2%)
Total	**86.0**	**87.3**	**67.9**	**1.5%**	**(22.2%)**	**(11.1%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

A. Lease Liabilities

Lease liability is the result of AOEC adopting IFRS 16; Leases for the first time in 2019G and recognizing lease liability as of December 31, 2019G. The current portion of this liability is the amount of the principal repayable during 2019G, and any interest accrued but not yet paid as of December 31, 2020G. The current portion of the lease liability amounted to SAR 33.0 million as of December 31, 2019G and December 31, 2020G, respectively.

B. Trade Payables

Trade payables are amounts which are owed to suppliers for the purchase of trade goods or services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade payables did not witness material fluctuation between 2018G and 2020G.

C. Due to Related Parties

The following table presents AOEC's due to Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.180): Due to Related Parties of AOEC

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Abdullah Al Othaim Food Co.	3.7	-	-	(100.0%)	N/A	(100.0%)
Total	**3.7**	**-**	**-**	**(100.0%)**	**N/A**	**(100.0%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Amounts due to Related Parties declined by 100% on December 31, 2019G due to the settlement of financing with an affiliate (Abdullah Al Othaim Food Co.).

D. Contract liabilities

The following table presents AOEC's contract liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.181): AOEC's Contract Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Unearned revenue – game revenues	22.4	25.3	8.0	12.6%	(68.5%)	(40.4%)
Closing balance	**22.4**	**25.3**	**8.0**	**12.6%**	**(68.5%)**	**(40.4%)**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Contract liabilities represent the unused portion of magnetic card balances or unused loyalty coupons. Contract liabilities increased by 12.6% at December 31, 2019G, from SAR 22.4 million at December 31, 2018G to SAR 25.3 million at December 31, 2019G. This is primarily due to the increase in sales for the family entertainment centers mainly on account of new family entertainment center openings in 2020G. Contract liabilities declined by 68.5% at December 31, 2020G, from SAR 25.3 million at December 31, 2019G to SAR 8.0 million at December 31, 2020G. This was primarily due to changes in rental contracts in certain locations (UAE and Oman) from a fixed amount to rent as a percentage of revenue.

E. Accrued Expenses and Other Liabilities

The following table presents AOEC's accrued expenses and other liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.182): AOEC's Accrued Expenses and Other Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Accrued expenses	4.4	4.3	6.1	(2.3%)	41.6%	17.6%
Amounts due to employees	5.8	3.2	3.8	(45.3%)	19.5%	(19.1%)
Other	1.9	5.9	2.7	208.7%	(54.6%)	18.4%
Total	**12.1**	**13.4**	**12.6**	**10.7%**	**(6.2%)**	**1.9%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Accrued expenses include accrued expenses for utilities and deferred tax liabilities. Accrued expenses did not witness any material fluctuations between December 31, 2018G and December 31, 2019G. Accrued expenses increased by 41.6% at December 31, 2020G, from SAR 4.43 million at December 31, 2019G to SAR 6.1 million at December 31, 2020G. This was primarily due to the opening of a new location during 2020G, which in turn requires additions in inventories and assets therefore accrued expenses increased during 2020G.

Employee accruals represent a vacation provision, bonuses and salaries. The employee accruals balance witnessed fluctuation between 2018G and 2020G primarily due to the usual month-end accrual to salaries transfer process.

Other primarily includes retention for suppliers and others. Other increased by 208.7% at December 31, 2019G, from SAR 1.9 million at December 31, 2018G to SAR 5.9 million at December 31, 2019G. This was primarily due to the addition of seven new locations during 2019G. Others declined by 54.5% in 2020G from SAR 5.9 million in 2019G to SAR 2.7 million in 2020G. This was primarily due to changes in VAT balances between 2019G and 2020G.

F. Short Term Loans

In 2016G, financing of SAR 75.0 million was obtained by AOEC which carried interest at 1.75% from Arab National Bank for meeting working capital needs. This loan was secured against a promissory note of SAR 100.0 million from Abdullah Al Othaim Investment Company and a personal guarantee from Mr. Abdullah Saleh Al Othaim, Chairman of Abdullah Al Othaim Investment Company.

Short term loans decreased by 100.0% at December 31, 2019G, from SAR 32.0 million at December 31, 2018G to SAR nil at December 31, 2019G. This was primarily due to a loan settlement by AOEC. There were no short term loans recorded as of December 31, 2020G.

G. Zakat Provision and Income Tax

In accordance with the rules and regulations of the General Authority of Zakat and Tax (GAZT), Zakat is required to be computed on the higher of the Zakat base or income subject to Zakat for the period.

The following table presents AOEC's movement in the Zakat provision and income tax as of December 31, 2018G, 2019G and 2020G.

Table No. (6.183): Movement of Zakat Provision and Income Tax

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Balance at the beginning of the period/year	1.9	3.2	2.2	70.1%	(31.4%)	8.0%
Zakat provided during the period	4.6	3.2	1.0	(29.9%)	(70.3%)	(54.4%)
Paid during the period	(3.3)	(4.2)	(1.9)	29.3%	(54.3%)	(23.1%)
Balance at end of the period	3.2	2.2	1.2	(31.4%)	(44.3%)	(38.2%)

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

The Zakat provision declined by 31.4%, from SAR 3.2 million on December 31, 2018G to SAR 2.2 million on December 31, 2019G. This was due to increase in the Zakat base for calculating the provision. The Zakat provision further decreased by 44.3%, from SAR 2.2 million at December 31, 2019G to SAR 1.2 million at December 31, 2020G. This was due to a decrease in the Zakat base for calculating the provision.

AOEC has filed its Zakat returns from the date of its incorporation up to the year ended December 31, 2018G with ZATCA and has received the related Zakat certificates. Since 2019G, AOIC has been filing consolidated Zakat returns with ZATCA.

H. Commitments and Contingencies

The following table presents AOEC's commitments as of December 31, 2018G, 2019G and 2020G.

Table No. (6.184): AOEC's Commitment and Contingencies

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2019G
Liabilities						
Commitments for projects under construction	10.0	10.3	7.7	N/A	(100.0%)	N/A

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the year ended December 31, 2019G and 2020G

AOEC had outstanding capital commitments pertaining to projects under construction. These commitments mainly relate to family entertainment centers in Al-Rabwah and Tabuk in Saudi Arabia as well as other centers under construction in other jurisdictions.

AOEC has not issued any non-funded bid bonds, performance bonds or payment guarantees.

6.6.4.5 Consolidated Statement of Changes in Equity

The following table presents AOEC's statement of changes in equity as of December 31, 2018G, 2019G and 2020G.

Table No. (6.185): AOEC's Owners' Equity

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Share capital	150.0	150.0	150.0	-	-	-
Statutory reserve	14.9	22.1	22.1	48.2%	-	21.7%
Exchange rates differences for foreign operations	0.4	(0.5)	(1.1)	(236.4%)	118.7%	N/A
Retained earnings	164.4	216.7	211.9	31.9%	(2.2%)	13.5%
Total	**329.6**	**388.3**	**382.9**	**17.8%**	**(1.4%)**	**7.8%**

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Share capital

The share capital of AOEC is SAR 150 million, divided into 15 million shares with a nominal value of SAR 10 per share allocated among the Shareholders.

Statutory Reserve

In accordance with the Companies Law and AOEC's Bylaws, AOEC must transfer 30% of its net income for the year to the statutory reserve. AOEC may resolve to discontinue such transfers when the reserve totals 30% of the share capital. This reserve is not available for dividend distribution. The reserve is being set aside based on the annual statutory financial statements.

Foreign Currency Exchange Reserve

AOEC translates foreign currency transactions into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income. This may vary year-on-year depending on the number of foreign currency transactions where the exchange rate is not pegged against the Saudi riyal.

Retained earnings

Movement in retained earnings between December 31, 2018G and 2020G was due to net profit/loss generated by AOEC.

6.6.5 Balance Sheet – Abdullah Al Othaim Fashion Co.

The following table presents AOFC's balance sheet as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.186): Balance Sheet

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Non-current Assets						
Intangible assets	0.5	0.3	0.2	(30.7%)	(37.8%)	(34.3%)
Right-of-use assets	-	120.7	83.2	N/A	(31.1%)	N/A
Property and equipment	46.0	38.5	27.7	(16.4%)	(28.0%)	(22.4%)
Total	**46.5**	**159.5**	**111.1**	**243.4%**	**(30.3%)**	**54.7%**
Current assets						
Inventory	38.8	36.5	28.2	(6.1%)	(22.7%)	(14.8%)
Prepayments and other assets	14.7	6.2	6.3	(57.9%)	1.8%	(34.5%)
Amounts due from Related Parties	9.0	9.7	20.9	7.6%	116.6%	52.7%
Bank balances and cash	10.7	7.8	2.0	(26.8%)	(75.1%)	(57.3%)
Total	**73.2**	**60.2**	**57.4**	**(17.8%)**	**(4.6%)**	**(11.5%)**
Total assets	**119.6**	**219.6**	**168.5**	**83.6%**	**(23.3%)**	**18.7%**
Non-current liabilities						
Employee defined benefit liabilities	2.0	3.1	2.8	58.1%	(10.4%)	19.0%
Lease liabilities	–	93.1	60.5	N/A	(34.9%)	N/A
Total	**2.0**	**96.2**	**63.4**	**4,760.3%**	**(34.1%)**	**465.8%**
Current liabilities						
Lease liability – current	-	26.0	22.0	N/A	(15.5%)	N/A
Trade payables	39.9	41.9	31.1	5.0%	(25.7%)	(11.7%)
Due to Related Parties	98.5	64.1	62.6	(34.9%)	(2.5%)	(20.3%)
Accruals and other current liabilities	7.6	4.2	5.1	(44.1%)	20.1%	(18.1%)
Zakat provision	0.4	0.3	-	(40.9%)	(100.0%)	(100.0%)
Total	**146.3**	**136.5**	**120.7**	**(6.7%)**	**(11.6%)**	**(9.2%)**
Shareholders' equity						
Issued capital	0.1	0.1	0.1	-	-	-
Statutory reserve	0.1	0.1	0.1	-	-	-
Retained earnings (accumulated losses)	(28.8)	(13.1)	(15.7)	(54.4%)	19.6%	(26.1%)
Total	**(28.7)**	**(13.0)**	**(15.6)**	**(54.7%)**	**19.8%**	**(26.3%)**
Total liabilities and equity	**119.6**	**219.6**	**168.5**	**83.6%**	**(23.3%)**	**18.7%**

Source: The audited financial statements for Abdullah Al Othaim Fashion Co. for the Financial Years ended December 31, 2019G and 2020G

Non-current assets mainly consist of property, equipment and right-of-use assets, which together represented 99.0%, 99.8% and 99.8% of the total non-current assets on December 31, 2018G, 2019G and 2020G, respectively. Non-current assets increased by 243.4% at December 31, 2019G, from SAR 46.5 million at December 31, 2018G to SAR 159.5 million at December 31, 2019G. This primarily resulted from recognition of right-of-use assets of SAR 120.7 million after the adoption of IFRS 16 in 2019G. Non-current assets decreased by 30.3% at December 31, 2020G, from SAR 159.5 million at December 31, 2019G to SAR 111.1 million at December 31, 2020G. This primarily resulted from a decrease in assets use due to the closure of 12 retail stores in 2020G by AOFC.

Current assets mainly consist of inventory, accounting for 53.1% and 60.6% of the total current assets on December 31, 2018G and 2019G, respectively. Current assets decreased by 17.8% at December 31, 2019G, from SAR 73.2 million at December 31, 2018G to SAR 60.2 million at December 31, 2019G. This primarily resulted from setting off of prepaid rent against the lease liabilities recognized after adoption of IFRS 16. As of December 31, 2018G, prepaid rent for outlets amounted to SAR 7.2 million. Current assets did not witness material fluctuation between December 31, 2019G and 2020G.

Non-current liabilities consist of employee defined benefit liabilities and lease liabilities. Non-current liabilities increased by 4,760.3% at December 31, 2019G, from SAR 2.0 million at December 31, 2018G to SAR 96.2 million at December 31, 2019G. This primarily resulted from recognition of the non-current portion of lease liabilities of SAR 93.1 million after adoption of IFRS 16 in 2019G. Non-current liabilities decreased by 34.1% at December 31, 2020G, from SAR 96.2 million at December 31, 2019G to SAR 63.4 million at December 31, 2020G. This primarily resulted from a decline in lease liabilities due to the closure of 12 retail stores in 2020G by AOFC.

Current liabilities mainly consist of amounts due to Related Parties and trade payables collectively representing 94.5% and 77.7% at December 31, 2018G and 2019G, respectively. Current liabilities decreased by 6.7% at December 31, 2019G, from SAR 146.3 million at December 31, 2018G to SAR 136.5 million at December 31, 2019G. This primarily resulted from the settlement of a Related Party balance owed to AOIC. Current liabilities decreased by 11.6% at December 31, 2020G, from SAR 136.5 million at December 31, 2019G to SAR 120.7 million at December 31, 2020G. This primarily resulted from a decline in supplier payables driven by lower purchases in 2020G as a result of the disruption of business by the COVID-19 pandemic.

Shareholder's equity consists of issued capital, statutory reserve and retained earnings (accumulated losses). The movement in net shareholder's equity between December 31, 2018G and December 31, 2019G was due to the absorption of losses of SAR 29.4 million by AOIC in 2019G. Similarly, the shareholder absorbed losses of SAR 13.1 million in 2020G to support AOFC.

6.6.5.1 Non-current Assets

The following table presents AOFC's non-current assets as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.187): Non-current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Intangible assets	0.5	0.3	0.2	(30.7%)	(37.8%)	(34.3%)
Right-of-use assets	-	120.7	83.2	N/A	(31.1%)	N/A
Property and equipment	46.0	38.5	27.7	(16.4%)	(28.0%)	(22.4%)
Total	**46.5**	**159.5**	**111.1**	**243.4%**	**(30.3%)**	**54.7%**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Intangible Assets

The following table presents AOFC's intangible assets as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.188): Intangible Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Franchise fees	0.4	0.3	0.2	(27.4%)	(100.0%)	(78.7%)
Computer software	0.1	0.0	0.0	(53.2%)	(100.0%)	(46.4%)
Net book value	**0.5**	**0.3**	**0.2**	**(30.7%)**	**(100.0%)**	**(72.4%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

During prior years, AOFC entered into franchise agreements with franchisors to operate stores under the respective brand name. Franchise fees include the initial cost incurred by AOFC for setting up the branch, which include the initial franchisee fee, the service fee paid to the franchisor, legal fees, and the capitalized development cost. The cost is being amortized on a straight-line basis over the term of respective franchise agreement. The following table presents the breakdown of franchise fees by brand at December 31, 2020G.

Table No. (6.189): Franchise Fees

Brand	Term (Years)	Acquisition Date	Cost	Amortization	Net Book Value
			SAR Million		
Kiabi	7	October 29, 2015G	0.2	(0.1)	0.1
Pylones	7	May 27, 2015G	0.04	(0.03)	0.01
Kiabi	7	December 1, 2015G	0.1	(0.1)	0.05
Parfois	7	June 2, 2015G	0.04	(0.03)	0.01
Orchestra	5	December 1, 2017G	0.1	(0.03)	0.04
Boux Avenue	7	June 3, 2015G	0.3	(0.2)	0.1
Total			**0.7**	**(0.5)**	**0.3**

Source: Management information

Computer software includes software, IT applications, license etc. with a useful life of 3 to 5 years. The net book value decreased by 53.2% on December 31, 2019G due to an amortization charge of SAR 0.1 million during the year. Computer Software decreased by 100% at December 31, 2020G from SAR 27,701 at December 31, 2019G to SAR 16,991 at December 31, 2020G. This primarily resulted from charging depreciation for the year in 2020G.

Right-of-use Assets

The following table presents AOFC's right-of-use assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.190): Right-of-use Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Right-of-use assets	–	199.2	199.2	N/A	0.0%	N/A
Additions	–	-	0.5	N/A	N/A	N/A
Exclusions	-	-	(13.7)	N/A	N/A	N/A
Accumulated depreciation	–	(78.5)	(102.8)	N/A	31.0%	N/A
Total	**-**	**120.7**	**83.2**	**N/A**	**(31.1%)**	**N/A**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

During 2019G, AOFC adopted IFRS 16 – Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. Upon adoption, AOFC applied a single recognition and measurement approach for all leases for a lessee, except for short-term leases and leases of low-value assets. AOFC recognized right-of-use assets of SAR 199.2 million (before depreciation) representing the right to use the underlying assets and corresponding lease liabilities of SAR 137.3 million as of January 1, 2019G to make lease payments. Prior to 2019G, operating leases were not capitalized, and the rent expense was charged on a straight-line basis over the term of lease agreement. Any advance amount was recognized as part of current assets as prepayments.

Property and Equipment

The following table presents AOFC's net book value of property and equipment as of December 31, 2018G, 2019G and 2020G.

Table No. (6.191): Property and Equipment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Vehicles	0.5	0.3	0.1	(44.6%)	(65.1%)	(56.1%)
Leasehold improvements	13.9	13.0	9.5	(6.5%)	(27.1%)	(17.5%)
Machinery and equipment	8.4	7.3	6.0	(13.2%)	(17.5%)	(15.4%)
Computers	1.8	1.5	1.0	(17.3%)	(31.3%)	(24.6%)
Furniture and fixtures	20.1	16.3	10.8	(19.2%)	(33.6%)	(26.7%)

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Construction work in progress	1.2	0.2	0.3	(87.5%)	99.0%	(50.1%)
Net book value	**46.0**	**38.5**	**27.7**	**(16.4%)**	**(28.0%)**	**(22.4%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on the straight-line basis.

The net book value of vehicles declined by 44.6% at December 31, 2019G, from SAR 0.5 million at December 31, 2018G to SAR 0.3 million at December 31, 2019G. This was due to charging of depreciation of SAR 0.2 million in 2019G. The balance decreased by 65.1% at December 31, 2020G, from SAR 0.3 million at December 31, 2019G to SAR 0.1 million at December 31, 2020G. This primarily resulted from disposal of SAR 0.1 million and charging of deprecation of SAR 0.2 million in 2020G.

Leasehold improvements include walls, partitions, fixtures, floors, ceilings, facades, etc. The net book value declined by 6.5% at December 31, 2019G, from SAR 13.9 million at December 31, 2018G to SAR 13.0 million at December 31, 2019G. This was due to the charging of depreciation of SAR 3.0 million, partially offset by a depreciation adjustment for disposed assets amounting to SAR 1.0 million in 2019G. Leasehold improvements decreased by 27.1% on December 31, 2020G, from SAR 13.0 million on December 31, 2019G to SAR 9.5 million on December 31, 2020G. This primarily resulted from disposals of SAR 2.7 million and charging of depreciation of SAR 2.6 million in 2020G.

Machinery and equipment include air conditioners, refrigerators, washing machines, CCTV systems, security systems, fingerprint scanners, steam devices, projectors, lighting fixtures, health and safety equipment, etc. The net book value declined by 13.2% at December 31, 2019G, from SAR 8.4 million at December 31, 2018G to SAR 7.3 million at December 31, 2019G. This was due to the charging of depreciation of SAR 1.2 million, partially offset by a depreciation adjustment for disposed assets amounting to SAR 0.4 million in 2019G. Equipment decreased by 17.5% at December 31, 2020G, from SAR 7.3 million at December 31, 2019G to SAR 6.0 million at December 31, 2020G. This primarily resulted from disposals of SAR 0.6 million and a depreciation charge of SAR 1.1 million in 2020G.

Hardware includes laptops, printers, displays, POS machines, networking equipment, servers, scanners, etc. The net book value declined by 17.3% at December 31, 2019G, from SAR 1.8 million at December 31, 2018G to SAR 1.5 million at December 31, 2019G. This was due to charging of depreciation of SAR 0.6 million in 2019G. Computer Software decreased by 31.3% at December 31, 2020G, from SAR 1.5 million at December 31, 2019G to SAR 1.0 million at December 31, 2020G. This primarily resulted from disposals of SAR 0.1 million and a depreciation charge of SAR 0.6 million in 2020G.

The net book value of furniture & fixtures decreased by 19.2% at December 31, 2019G, primarily due to charging of depreciation of SAR 4.2 million in 2019G. Furniture and fixtures declined by 33.6% in as of December 31, 2020G, from SAR 16.3 million at December 31, 2019G to SAR 10.8 million at December 31, 2020G. This primarily resulted from disposals of SAR 6.7 million and a depreciation charge of SAR 3.5 million in 2020G.

Construction work in progress mainly included installation of POS systems in progress at various stores and IT installation work under process at the balance sheet date. The net book value declined by 87.5% at December 31, 2019G due to transfer of SAR 1.1 million to leasehold improvements (SAR 0.9 million), computers (SAR 0.2 million) and equipment (SAR 44,701). Construction work in progress increased by 99.9% at December 31, 2020G, from SAR 0.2 million at December 31, 2019G to SAR 0.3 million at December 31, 2020G. This primarily resulted from incurring an additional cost of SAR 0.3 million in 2020G.

6.6.5.2 Current Assets

The following table presents AOFC's current assets as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.192): Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Inventory	38.8	36.5	28.2	(6.1%)	(22.7%)	(14.8%)
Prepayments and other assets	14.7	6.2	6.3	(57.9%)	1.8%	(34.5%)
Amounts due from Related Parties	9.0	9.7	20.9	7.6%	116.6%	52.7%
Bank balances and cash	10.7	7.8	2.0	(26.8%)	(75.1%)	(57.3%)
Total	**73.2**	**60.2**	**57.4**	**(17.8%)**	**(4.6%)**	**(11.5%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Inventory

The following table presents AOFC's inventories as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.193): Inventory

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Inventory held for resale	39.3	38.7	27.2	(1.5%)	(29.7%)	(16.8%)
Goods in transit	3.3	2.6	3.5	(22.0%)	36.9%	3.3%
Other	0.5	0.2	0.2	(51.7%)	(11.6%)	(34.7%)
Less: Provision for slow moving inventory	(4.2)	(5.0)	(2.7)	18.2%	(46.5%)	(20.5%)
Total	**38.8**	**36.5**	**28.2**	**(6.1%)**	**(22.7%)**	**(14.8%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Inventories held for resale include clothing and accessories pertaining to various brands operated by AOFC. The balance did not witness material fluctuation between 2018G and 2019G. Inventories held for resale decreased by 29.7% at December 31, 2020G, from SAR 38.7 million at December 31, 2019G to SAR 27.2 million at December 31, 2020G. This primarily resulted from lower purchases by AOFC due to the lockdown and other restrictions in the Kingdom.

Goods in transit represent stocks in transit as of each balance sheet date. The stock of all brands operated by AOFC are sourced from franchisors located in different geographical locations outside the Kingdom. Goods in transit decreased by 22.0% at December 31, 2019G, from SAR 3.3 million at December 31, 2018G to SAR 2.6 million at December 31, 2019G. Goods in transit increased by 36.9% at December 31, 2020G, from SAR 2.6 million at December 31, 2019G to SAR 3.5 million at December 31, 2020G. The balance may vary as of each balance sheet date depending on the requirements and the timing of orders.

Other mainly includes inventory related to shopping bags and related items. Other decreased by 51.7% at December 31, 2019G, from SAR 0.5 million in 2018G to SAR 0.2 million in 2019G. Other did not witness material fluctuation between December 31, 2019G and 2020G.

The following table presents the movement of the provision for slow moving items for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.194): Movement of the Provision for Slow Moving Items

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
At the beginning of the year	3.5	4.2	5.0	22.1%	18.2%	20.1%
During the year	0.8	0.8	-	0.5%	(100.0%)	(100.0%)
Written down / written off	-	-	(2.3)	N/A	N/A	N/A
At the end of the year	**4.2**	**5.0**	**2.7**	**18.2%**	**(46.5%)**	**(20.5%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

AOFC recognizes a provision against slow moving stocks. The balance increased by 18.2% at December 31, 2019G, from SAR 4.2 million at December 31, 2018G to SAR 5.0 million at December 31, 2019G. This was primarily due to an additional provision of SAR 0.8 million recognized during 2019G as a result of the movement of stocks to higher age brackets. The balance decreased by 46.5% at December 31, 2020G, from SAR 5.0 million at December 31, 2019G to SAR 2.7 million at December 31, 2020G. This was due to the recognition of a SAR 2.3 million write-off for obsolescence and inventory shrinkage.

Prepayments and Other Assets

The following table presents AOFC's prepayments and other assets as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.195): Prepayments and Other Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Prepaid expenses	10.0	3.2	1.8	(67.5%)	(43.7%)	(57.2%)
Security deposits	0.7	0.5	0.4	(18.3%)	(28.3%)	(23.5%)
Advances to suppliers	0.9	0.5	0.4	(44.2%)	(17.0%)	(31.9%)
VAT receivable	1.2	0.4	-	(66.6%)	(100.0%)	(100.0%)
Advances to employees	0.5	0.2	0.1	(66.7%)	(55.1%)	(61.3%)
Other receivables	1.3	1.3	3.6	(4.0%)	178.2%	63.4%
Total	**14.7**	**6.2**	**6.3**	**(57.9%)**	**1.8%**	**(34.5%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Prepayments mainly include prepaid rent (in 2018G), insurance and other prepaid expenses. The balance increased by 67.5% on December 31, 2019G, from SAR 10.0 million on December 31, 2018G to SAR 3.2 million on December 31, 2019G. This primarily resulted from setting off prepaid rent against lease liabilities recognized after the application of IFRS 16 in 2019G. At December 31, 2018G, prepaid rent amounted to SAR 7.4 million. Advance payments decreased by 43.7% at December 31, 2020G, from SAR 3.2 million at December 31, 2019G to SAR 1.8 million at December 31, 2020G. This primarily resulted from a reduction in non-Saudi staff recruitments, which resulted in lower prepaid iqama, labor card, etc. by SAR 0.2 million in 2020G.

Security deposits represent the amounts provided to the lessor as a security which are refunded at the time of termination of the lease contract. The balance increased by 18.3% at December 31, 2019G, from SAR 0.7 million at December 31, 2018G to SAR 0.5 million at December 31, 2019G. This primarily resulted from the closure of seven stores by AOFC in 2019G. Security deposits decreased by 28.3% at December 31, 2020G, from SAR 0.5 million at December 31, 2019G to SAR 0.4 million at December 31, 2020G. This primarily resulted from the closure of 12 stores by AOFC in 2020G.

Advances to suppliers were provided for operational expenditure and inventory. The balance decreased by 44.2% at December 31, 2019G, from SAR 0.9 million at December 31, 2018G to SAR 0.5 million at December 31, 2019G. Advances to suppliers decreased by 17.0% at December 31, 2020G, from SAR 0.5 million at December 31, 2019G to SAR 0.4 million at December 31, 2020G. The movement in advances may vary on a yearly basis depending on the requirement and timing of purchase.

VAT receivable represents the input VAT paid by AOFC on purchases. The balance decreased by 66.6% on December 31, 2019G, from SAR 1.2 million on December 31, 2018G to SAR 0.4 million on December 31, 2019G. This primarily resulted from the adjustment of the balance during 2019G. VAT receivable decreased by 100.0% at December 31, 2020G, from SAR 0.4 million at December 31, 2019G to nil at December 31, 2020G. This primarily resulted from net VAT payable at the end of Financial Year ended December 31, 2020G.

Advances to employees include housing advances provided to employees in accordance with the policy. The account decreased by 66.7% at December 31, 2019G, from SAR 0.5 million at December 31, 2018G to SAR 0.2 million at December 31, 2019G. This primarily resulted from lower advances outstanding at year end. Advances to employees decreased by 55.1% at December 31, 2020G, from SAR 0.2 million at December 31, 2019G to SAR 0.1 million at December 31, 2020G. This primarily resulted from higher settlements as compared to advances provided to employees.

Other receivables include prepaid government fees, prepaid internet fees, etc. The balance did not witness material fluctuation between December 31, 2018G and 2019G. Other receivables increased by 178.2% at December 31, 2020G, from SAR 1.3 million at December 31, 2019G to SAR 3.6 million at December 31, 2020G. This primarily resulted from an increase in receivables from Mada and card sales from SAR 1.2 million in 2019G to SAR 1.9 million in 2020G.

Amounts Due from a Related Party

The following table presents AOFC's amounts due from Related Parties as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.196): Due from Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Premium Retail Company	9.0	9.7	-	7.6%	(100.0%)	(100.0%)
International Children's Fashion Company – France	-	-	20.9	N/A	N/A	N/A
Total	**9.0**	**9.7**	**20.9**	**7.6%**	**116.6%**	**52.7%**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Amounts due from a Related Party increased by 7.6% at December 31, 2019G, from SAR 9.0 million at December 31, 2018G to SAR 9.7 million at December 31, 2019G. This was due to additional working capital related funds provided to Premium Retail Company (an affiliate). Amounts due from a Related Party increased by 116.6% at December 31, 2020G, from SAR 9.7 million at December 31, 2019G to SAR 20.9 million at December 31, 2020G. This primarily resulted from advances paid to International Children's Fashion Company – France for the purpose of acquiring the company Orchestra International. The amount was a deposit for the bid which was subsequently recovered as the bid was not successful.

Bank Balances and Cash

The following table presents AOFC's bank balances and cash as of December 31, 2018G, 2019G and 2020G.

Table No. (6.197): Bank Balances and Cash

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Bank balances	9.6	6.9	1.5	(27.9%)	(78.0%)	(60.2%)
Cash at hand	1.2	0.9	0.4	(17.8%)	(53.5%)	(38.2%)
Total	**10.7**	**7.8**	**2.0**	**(26.8%)**	**(75.1%)**	**(57.3%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Bank balances decreased by 27.9% at December 31, 2019G from SAR 9.6 million at December 31, 2019G primarily due to movement in Related Party balances. Bank balances decreased by 78.0% at December 31, 2020G, from SAR 6.9 million at December 31, 2019G to SAR 1.5 million at December 31, 2020G. This primarily resulted from a decline in cash generated from operations from SAR 28.0 million in 2019G to SAR 12.0 million in 2020G driven by lower sales.

Cash in hand represents the amount held at the branches for daily operations and meeting routine expenses. Cash in hand decreased by 17.8% at December 31, 2019G, from SAR 1.2 million at December 31, 2018G to SAR 0.9 million at December 31, 2019G. Cash in hand decreased by 53.5% at December 31, 2020G, from SAR 0.9 million at December 31, 2019G to SAR 0.4 million at December 31, 2020G. The amount at each balance sheet date may vary depending on the utilization of the balance.

6.6.5.3 Shareholders' Equity

The following table presents AOFC's shareholders' equity as of December 31, 2018G, 2019G and 2020G.

Table No. (6.198): Shareholders' Equity

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Capital	0.1	0.1	0.1	-	-	-
Statutory reserve	0.1	0.1	0.1	-	-	-
Retained earnings (accumulated losses)	(28.8)	(13.1)	(15.7)	(54.4%)	19.6%	(26.1%)
Total	**(28.7)**	**(13.0)**	**(15.6)**	**(54.7%)**	**19.8%**	**(26.3%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

AOFC has a share capital of SAR 100,000 consisting of 100 shares with a value of SAR 1,000 each. AOFC is wholly owned by Abdullah Al Othaim Investment Company.

The statutory reserve is a regulatory requirement for companies in Saudi Arabia. In accordance with the latest regulations, AOFC established a statutory reserve, allocating 10% of the net income until the reserve equals 50 % of capital. This reserve is not available for distribution.

AOFC's accumulated losses exceeded 50% of the share capital as of December 31, 2018G, 2019G and 2020G. In accordance with the requirements of the bylaws, the shareholder resolved to continue with its operations and to provide financial support to AOFC. For this purpose, AOIC absorbed the losses of SAR 29.4 million and 13.1 million during 2019G and 2020G. Equity decreased again on December 31, 2020G due to reporting net losses. After the year ended December 31, 2020G, the shareholder decided to continue the operations of AOFC and provide support to cover the accumulated losses by 100% of the current account of AOIC. Management is confident that AOFC will be able to settle all its obligations on a timely basis through AOIC's support.

6.6.5.4 Non-current Liabilities

The following table presents AOFC's non-current liabilities as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.199): Non-current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Employee defined benefit liabilities	2.0	3.1	2.8	58.1%	(10.4%)	19.0%
Lease liabilities	–	93.1	60.5	N/A	(34.9%)	N/A
Total	**2.0**	**96.2**	**63.4**	**4,760.3%**	**(34.1%)**	**465.8%**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Employee Defined Benefit Liabilities

The following table presents AOFC's employee defined benefit liability at December 31, 2018G, 2019G and 2020G.

Table No. (6.200): Employee defined benefit liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
At the beginning of the year	1.6	2.0	3.1	21.8%	58.1%	39.8%
Total benefit expenses	0.7	0.9	0.8	31.1%	(4.5%)	9.5%
Re-measurement loss (gain) on employee benefit liabilities	(0.2)	0.6	(0.8)	(443.2%)	(242.7%)	102.9%
Benefits paid	(0.1)	(0.3)	(0.3)	106.1%	11.3%	84.5%
At the end of the year	**2.0**	**3.1**	**2.8**	**58.1%**	**(10.4%)**	**18.4%**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

The employee defined benefit liability is a statutory requirement for all Saudi companies and is payable to employees upon the resignation or termination of employment from an entity. The employee defined benefit liability increased by 58.1% between December 31, 2018G and 2019G. This primarily resulted from an increase in the benefits of existing employees as a result of an increase in their service years. The employee defined benefit liability decreased by 10.4% at December 31, 2020G, from SAR 3.1 million at December 31, 2019G to SAR 2.8 million at December 31, 2020G. This primarily resulted from a decline in headcount as a result of the closure of 12 retail stores in 2020G.

Lease Liabilities

The following table presents AOFC's lease liabilities as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.201): Lease Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
January 1, 2019G	-	137.3	119.1	N/A	(13.3%)	N/A
Additions	-	7.0	0.6	N/A	(92.1%)	N/A
Exclusions	-	-	(13.4)	N/A	N/A	N/A
Finance cost	-	4.0	2.9	N/A	(27.0%)	N/A
Payments	**-**	**(29.1)**	**(26.5)**	**N/A**	**(9.0%)**	**N/A**
December 31	**-**	**119.1**	**82.5**	**N/A**	**(30.7%)**	**N/A**
Current portion	-	26.0	22.0	N/A	(15.5%)	N/A
Non-current portion	-	93.1	60.5	N/A	(34.9%)	N/A

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

During 2019G, AOFC adopted IFRS 16 – Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. Upon adoption, AOFC applied a single recognition and measurement approach for all leases for a lessee, except for short-term leases and leases of low-value assets. AOFC recognized lease liabilities of SAR 137.3 million as of January 1, 2019G to make lease payments. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Additions represent the new lease contracts entered into by Abdullah Al Othaim Fashion Co. for new branches opened during the year, where the finance cost represents the interest portion on the lease liabilities recognized during the year.

Prior to 2019G, rent agreements were treated as operating lease and the expense was recognized on a straight-line basis over the term of lease.

Lease liabilities declined by 30.7% at December 31, 2020G, from SAR 119.1 million at December 31, 2019G to SAR 82.5 million at December 31, 2020G. This was primarily due to closure of 12 retail outlets during 2020G.

6.6.5.5 Current Liabilities

The following table presents AOFC's current liabilities as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.202): Current Liabilities

SAR Million	FY Ended December 31		2020G Audited	Increase/(Decrease)	Increase/(Decrease)
	2018G Audited	2019G Audited		December 2019G	December 2020G
Current liabilities					
Lease liability – current	-	26.0	22.0	N/A	(15.5%)
Trade payables	39.9	41.9	31.1	5.0%	(25.7%)
Due to Related Parties	98.5	64.1	62.6	(34.9%)	(2.5%)
Accruals and other current liabilities	7.6	4.2	5.1	(44.1%)	20.1%
Zakat provision	0.4	0.3	-	(40.9%)	(100.0%)
Total	**146.3**	**136.5**	**120.7**	**(6.7%)**	**(11.6%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Lease Liability – Current

This represents the current portion of lease liabilities recognized after the adoption of IFRS 16 in 2019G. For further details, see the lease liabilities section under non-current liabilities.

Trade Payables

Trade payables are amounts which are owed to suppliers for operating expenses and the purchase of inventory. The amounts are unsecured and have a payment term between 30 to 60 days. Trade payables did not witness material fluctuation between December 31, 2018G and 2019G. Trade payables declined by 25.7% at December 31, 2020G from SAR 41.9 million at December 31, 2019G to SAR 31.1 million at December 31, 2020G. This was due to the settlement of payments and lower purchases in 2020G.

Due to Related Parties

The following table presents AOFC's amounts due to Related Parties as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.203): Due to Related Parties

SAR Million	FY Ended December 31		2020G Audited	Increase/(Decrease)	Increase/(Decrease)
	2018G Audited	2019G Audited		December 2019G	December 2020G
Abdullah Al Othaim Investment Company	98.5	64.1	62.6	(34.9%)	(2.5%)
Lilian for Trade Establishment	0.003	-	-	(100.0%)	N/A
Total	**98.5**	**64.1**	**62.6**	**(34.9%)**	**(2.5%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Amounts due to AOIC represent financing with an interest of SIBOR + 1.75%. The balance decreased by 34.9% during December 31, 2019G, from SAR 98.5 million at December 31, 2018G to SAR 64.1 million at December 31, 2019G. This primarily resulted from the repayment of financing by AOFC to AOIC during 2019G. The balance did not witness material fluctuation between 2019G and 2020G.

The amount due to Lilian for Trade Establishment (a company owned by AOIC's CEO) pertain to certain expenses of an operational nature which were settled in 2019G.

Accrued Expenses and Other Liabilities

The following table presents AOFC's accrued expenses and other liabilities as of December 31, 2018G, 2019G, and 2020G.

Table No. (6.204): Accrued Expenses and Other Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Accrued expenses	5.1	1.9	1.1	(62.0%)	(41.8%)	(53.0%)
Tickets and vacation provision	1.5	1.6	1.5	2.3%	(3.2%)	(0.5%)
Sales returns provision	0.9	0.7	0.7	(23.3%)	(5.8%)	(15.0%)
VAT	-	-	1.7	N/A	N/A	N/A
Total	**7.6**	**4.2**	**5.1**	**(44.1%)**	**20.1%**	**(18.1%)**

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Accrued expenses include accrued payroll expenses, commission, interest, utilities and other expenses. The balance increased by 62.0% at December 31, 2019G, from SAR 5.1 million at December 31, 2018G to SAR 1.9 million at December 31, 2019G. This primarily resulted from a decline in accrued payroll expenses at December 31, 2019G to SAR 0.1 million as compared to SAR 2.1 million at December 31, 2018G. Accrued expenses declined by 41.8% at December 31, 2020G, from SAR 1.9 million at December 31, 2019G to SAR 1.1 million at December 31, 2020G. This primarily resulted from the outstanding payroll accrual for the month of December 2019G, which was settled in the subsequent month, whereas payroll for the month of December 2020G was settled in the same year.

The tickets and vacation provision did not witness material fluctuation between 2018G and 2019G. The rickets and vacation provision did not witness material fluctuation between 2019G and 2020G.

AOFC provides its customers with a right to return goods within a specified period. Therefore, for goods that are expected to be returned, AOFC recognizes a sales return liability. The sales return provision decreased by 23.3% at December 31, 2019G, from SAR

0.9 million at December 31, 2018G to SAR 0.7 million at December 31, 2019G. The amount of liability at each balance sheet date is determined through the expected value method and may vary on a yearly basis. The sales return provision did not witness material fluctuation between December 31, 2019G and 2020G.

Zakat Provision

Refer to the "**Zakat**" section in the income statement analysis for details.

6.6.6 Balance Sheet – Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s statement of financial position as of December 31, 2018G, 2019G and 2020G.

Table No. (6.205): Summary Statement of Financial Position

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Assets						
Non-current assets	14.4	24.1	23.4	67.6%	(3.2%)	27.4%
Current assets	10.6	4.9	4.7	(53.7%)	(4.5%)	(33.5%)
Total assets	**25.0**	**29.0**	**28.0**	**16.3%**	**(3.5%)**	**6.0%**
Liabilities and shareholders' equity						
Shareholders' equity	(0.7)	(3.2)	(4.4)	380.3%	40.0%	159.3%
Liabilities						
Non-current liabilities	0.5	8.0	8.1	1,489.0%	0.6%	299.9%
Current liabilities	25.1	24.1	24.3	(3.9%)	0.9%	(1.5%)
Total liabilities	**25.6**	**32.2**	**32.4**	**25.6%**	**0.8%**	**12.5%**
Total liabilities and equity	**25.0**	**29.0**	**28.0**	**16.3%**	**(3.5%)**	**6.0%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Abdullah Al Othaim Food Co. adopted IFRS 16 – Leases, which entered into effect on January 1, 2019G. The following table presents the impact of the adoption of IFRS 16 on the balance sheet as of January 1, 2019G.

Table No. (6.206): Impact of the Adoption of IFRS 16 on the Balance Sheet as of January 1, 2019G

SAR Million	01 January 2019G
Assets	
Right-of-use assets	13.6
Prepayments	(1.0)
Total assets	**12.6**
Liabilities	
Lease liabilities	12.9
Accrued expenses and other payables	(0.1)
Total liabilities	**12.8**
Shareholders' Equity	
Retained earnings	0.2
Total equity	**0.2**

Source: The audited financial statements for Abdullah Al Othaim Food Co. for the Financial Year ended 2019G.

The following table presents the impact of the adoption of IFRS 16 on the balance sheet as of December 31, 2019G.

Table No. (6.207): Impact of the Adoption of IFRS 16 on the Balance Sheet as of January 1, 2019G

SAR Million	FY Ended December 31, 2019G	
	Right-of-use assets	Lease Liabilities
As of 01 January 2019G	13.6	12.9
Additions	0.1	0.1
Amortization expenses of right-of-use assets	(3.9)	-
Finance cost on lease liabilities	-	(0.3)
Payments	-	(3.5)
Total	**9.8**	**9.3**

Source: The audited financial statements for Abdullah Al Othaim Food Co. for the Financial Year ended 2019G.

Non-current assets mainly consist of property and equipment, intangible assets and right-of-use assets. Non-current assets increased by 67.6% at December 31, 2019G, from SAR 14.4 million at December 31, 2018G to SAR 24.1 million at December 31, 2019G. This primarily resulted from first time recognition of right-of-use assets after the adoption of IFRS 16, amounting to SAR 9.8 million at December 31, 2019G. Non-current assets decreased by 3.2% at December 31, 2020G, from SAR 24.1 million at December 31, 2019G to SAR 23.4 million at December 31, 2020G. This is primarily due to a decrease in property, equipment and intangible assets by SAR 0.8 million and SAR 0.3 million as of December 31, 2020G, respectively.

Current assets mainly consist of inventory and prepayments and other assets, which collectively represented 72.1% on average of the total current assets between 2018G and 2020G. Current assets decreased by 53.7% on December 31, 2019G, from SAR 10.6 million on December 31, 2018G to SAR 4.9 million on December 31, 2019G. This primarily resulted from the settlement of amounts due from Related Parties. Current assets decreased by 4.5% at December 31, 2020G, from SAR 4.9 million at December 31, 2019G to SAR 4.7 million at December 31, 2020G. This primarily resulted from a decline in inventory by SAR 0.9 million ass at December 31, 2020G.

Shareholder's equity increased by 380.3% on December 31, 2019G, primarily due to the absorption of losses amounting to SAR 1.4 million by Abdullah Al Othaim Investment Company in order to support the business of Abdullah Al Othaim Food Co.. Equity increased by 40.0% during the period between December 31, 2019G and December 31, 2020G. This is primarily due to the absorption of losses of SAR 3.9 million in 2020G by Abdullah Al Othaim Investment Company in order to support the business of Abdullah Al Othaim Food Co..

Current liabilities decreased at a CAGR of 229.9% between December 31, 2018G and December 31, 2020G. This primarily resulted from the recognition of lease liabilities amounting to SAR 9.3 million at December 31, 2019G after the adoption of IFRS 16.

Current liabilities mainly consist of amounts due to Related Parties representing 89.4%, 86.8% and 89.5% of total current liabilities at December 31, 2018G, 2019G and 2020G, respectively. Current liabilities decreased at a CAGR of 1.5% between December 31, 2018G and December 31, 2020G. This primarily resulted from a decrease in Related Party balances from SAR 22.4 million at December 31, 2018G to SAR 15.8 million at December 31, 2020G.

6.6.6.1 Non-current Assets

The following table presents Abdullah Al Othaim Food Co.'s non-current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.208): Non-current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Property and equipment	11.5	11.7	10.9	2.0%	(6.7%)	(2.4%)
Intangible assets	2.9	2.6	2.4	(10.2%)	(10.1%)	(10.1%)
Right-of-use assets	-	9.8	10.1	N/A	2.7%	N/A
Total	**14.4**	**24.1**	**23.4**	**67.6%**	**(3.2%)**	**27.4%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Property and Equipment

The following table presents Abdullah Al Othaim Food Co.'s property and equipment as of December 31, 2018G, 2019G and 2020G.

Table No. (6.209): Net Book Value of Property and Equipment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Leasehold improvements	5.1	4.4	4.6	(13.9%)	5.5%	(4.7%)
Tools	2.9	3.1	2.9	7.9%	(8.0%)	(0.3%)
IT machines and equipment	0.5	0.4	0.3	(26.4%)	(36.6%)	(31.7%)
Furniture and fixtures	2.2	3.4	2.8	51.2%	(15.9%)	12.8%
Vehicles	0.3	0.2	0.1	(29.6%)	(41.4%)	(35.8%)
Work in progress	0.4	0.2	0.2	(47.1%)	-	(27.3%)
Total net book value	**11.5**	**11.7**	**10.9**	**2.0%**	**(6.7%)**	**(2.4%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Leasehold improvements represent the cost incurred by Abdullah Al Othaim Food Co. on setting up food and beverage outlets. On December 31, 2019G, the net book value decreased by 13.9%, from SAR 5.1 million on December 31, 2018G to SAR 4.4 million on December 31, 2019G, due to depreciation charges of SAR 0.7 million in 2019G. The net book value of leasehold improvements increased by 5.5% at December 31, 2020G, from SAR 4.4 million at December 31, 2019G to SAR 4.6 million at December 31, 2020G. This is primarily due to additions of SAR 0.9 million in 2020G, driven by the opening of a new branch of Oliver Brown.

Tools include the equipment held by food and beverage outlets, which mainly includes ovens, coffee machines, grinders, dish washers, blenders, freezers and refrigerators, stoves and other related equipment. On December 31, 2019G, the net book value increased by 7.9%, from SAR 2.9 million on December 31, 2018G to SAR 3.1 million on December 31, 2019G, primarily due to the addition of various machines and equipment for outlets amounting to SAR 0.6 million in 2019G. The increase was partially offset by charging depreciation of SAR 0.4 million in 2019G. On December 31, 2020G, the net book value of tools decreased by 8.0%, from SAR 3.1 million on December 31, 2019G to SAR 2.9 million on December 31, 2020G, primarily due to charging depreciation of SAR 0.4 million, partially offset by additions of SAR 0.2 million in 2020G.

IT equipment mainly includes printers, POS system installed at outlets, screens and laptops. The net book value of IT equipment declined by 26.4% and 36.6% at December 31, 2019G and 2020G respectively. This is primarily due to the depreciation charged during 2019G and 2020G.

Furniture and fixtures include chairs and tables for the sitting area, shelves and other related items. The net book value increased by 51.2% at December 31, 2019G primarily due to charging amortization of SAR 1.4 million in 2019G. The net book value of furniture and fixtures decreased by 15.9% on December 31, 2020G as a result of calculating depreciation of SAR 0.6 million in 2020G.

Net book value of vehicles declined at a CAGR of 35.8% between December 31, 2019G and 2020G.

Work in progress mainly relates to the food and beverage outlets under construction in Hafr Al-Batin Mall (AOIC's mall under construction).

The following table presents Abdullah Al Othaim Food Co.'s additions of property and equipment for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.210): Additions of Property and Equipment

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Leasehold improvements	0.7	-	-	(100.0%)	N/A	(100.0%)
Tools	0.4	0.6	0.2	68.7%	(71.7%)	(30.8%)
IT equipment	0.04	0.03	0.0	(34.5%)	(55.3%)	(45.8%)
Furniture and fixtures	0.2	1.3	0.0	650.1%	(97.9%)	(58.2%)
Vehicles	0.1	-	-	(100.0%)	N/A	(100.0%)
Work in progress	0.4	0.5	0.9	(31.4%)	80.0%	59.9%
Total net book value	**1.8**	**2.4**	**1.1**	**36.8%**	**(45.5%)**	**(19.9%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Intangible Assets

The following table presents Abdullah Al Othaim Food Co.'s intangible assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.211): Net Book Value of Intangible Assets

SAR Million	FY Ended December 31			Increase/(Decrease)			CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2018G	December 2019G	December 2020G	2018G–2020G
Franchises	2.9	2.6	2.4	(8.3%)	(10.2%)	(10.1%)	(10.1%)
Total net book value	**2.9**	**2.6**	**2.4**	**(8.3%)**	**(10.2%)**	**(10.1%)**	**(10.1%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Intangible assets include franchise rights and cost of trademarks and logos capitalized for the brands operated by Abdullah Al Othaim Food Co.. The rights are amortized in accordance with the terms of the agreement.

The net book value of intangible assets declined at a CAGR of 10.1% between December 31, 2018G and December 31, 2020G. This was primarily on account of charging amortization of SAR 0.3 million each in 2019G and 2020G.

Right-of-use Assets

The following table presents Abdullah Al Othaim Food Co.'s right-of-use assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.212): Net Book Value of Right-of-use Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Right-of-use assets	-	-	9.8	N/A	N/A	N/A
Additions	-	13.7	4.2	N/A	69.3%	N/A
Accumulated depreciation	-	(3.9)	(3.9)	N/A	0.0%	N/A
Total	**-**	**9.8**	**10.1**	**N/A**	**(3.1%)**	**N/A**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

During 2019G, Abdullah Al Othaim Food Co. adopted IFRS 16 – Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. Upon adoption, Abdullah Al Othaim Food Co. applied a single recognition and measurement approach for all leases with a lessee, with the exception of short-term leases and leases of low-value assets. Abdullah Al Othaim Food Co. recognized lease liabilities of SAR 9.3 million for lease payments and right-of-use assets of SAR 13.7 million (before depreciation), representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received.

6.6.6.2 Current Assets

The following table presents Abdullah Al Othaim Food Co.'s current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.213): Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Inventory	1.9	3.3	2.4	73.6%	(27.5%)	12.2%
Prepayments and other current assets	4.0	0.6	1.4	(86.2%)	150.9%	(41.2%)
Amounts due from a Related Party	3.7	-	-	(100.0%)	N/A	(100.0%)
Bank balances and cash	0.9	1.0	0.9	13.0%	(15.0%)	(2.0%)
Total	**10.6**	**4.9**	**4.7**	**(53.7%)**	**(4.5%)**	**(33.5%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Inventory

The following table presents Abdullah Al Othaim Food Co.'s inventory as of December 31, 2018G, 2019G and 2020G.

Table No. (6.214): Inventory

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Raw materials	1.9	3.4	2.4	77.0%	(28.9%)	12.2%
Less: provision for obsolete inventory	-	(0.1)	-	N/A	N/A	N/A
Total	**1.9**	**3.3**	**2.4**	**73.6%**	**(27.5%)**	**12.2%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Inventory includes stocks of spices, frozen meat, spices, coffee bags, paper cups, beverages and other related food items for consumption in restaurants and cafés. Abdullah Al Othaim Food Co.'s inventory has a short-term life and the movement in inventory at each balance sheet date depends on the timing of purchase. During 2019G, Abdullah Al Othaim Food Co. booked a provision of SAR 0.1 million for obsolete/expired inventory. No such provision was recognized in the prior periods and any such loss was directly charged to the income statement. Inventories decreased by of 27.5% at December 31, 2020G, from SAR 3.3 million at December 31, 2019G to SAR 2.4 million at December 31, 2020G. This primarily resulted in a decline in business operations, which resulted in lower inventory stocks in order to effectively manage working capital.

Prepayments and Other Current Assets

The following table presents Abdullah Al Othaim Food Co.'s prepayments and other current assets as of December 31, 2018G, 2019G and 2020G.

Table No. (6.215): Prepayments and Other Current Assets

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Advance payments to suppliers	2.8	0.2	0.8	(91.0%)	211.0%	(47.1%)
Refundable deposits	0.2	0.2	0.2	-	-	-
Prepayments	0.9	0.1	0.4	(91.4%)	472.6%	(29.8%)
Employee receivables	0.05	0.1	0.03	5.1%	(45.9%)	(24.6%)
Other	0.2	0.01	-	(96.3%)	(100.0%)	(100.0%)
Total	**4.0**	**0.6**	**1.4**	**(86.2%)**	**150.9%**	**(41.2%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Advance payments to suppliers relate to the amounts paid to food supply vendors. Advances to suppliers decreased by 91.0% at December 31, 2019G, from SAR 2.8 million at December 31, 2018G to SAR 0.2 million at December 31, 2019G. Advance balances vary year on year depending on the requirements and the timing of purchases. Advances to suppliers decreased by 211.0% at December 31, 2020G, from SAR 0.2 million at December 31, 2019G to SAR 0.8 million at December 31, 2020G. This primarily resulted from writing-off an advance payment at the end of 2019G. Further, Abdullah Al Othaim Food Co. provided additional advance payments to vendors for the planned new branches.

Refundable deposits represent the security deposits paid to operating expense vendors and the lessor for rented shops, which are refunded at the time of termination of the lease contract. At December 31, 2019G, the external auditor presented them as a separate line item and restated the comparative. Refundable deposits increased by 33.5% at December 31, 2018G primarily due to a security deposit of SAR 44,240 provided to a human resource management company for the supply of manpower. The balance of recoverable insurance amounts remained at SAR 0.2 million between December 31, 2018G and 2020G.

Employee receivables include petty cash advances and prepaid housing advances given to employees. The balance did not witness material fluctuation between December 31, 2018G and 2019G. Employee receivables declined by 45.9% at December 31, 2020G from, SAR 51,811 at December 31, 2019G to SAR 28,021 at December 31, 2020G. This is due to the decrease in employee advances provided to employees of Abdullah Al Othaim Food Co. during 2020G.

Prepayments mainly include prepaid insurance and advance rent paid by Abdullah Al Othaim Food Co. for shops, warehouses and staff accommodation. Advances decreased by 91.4% on December 31, 2018G, from SAR 0.9 million on December 31, 2018G to SAR 0.1 million on December 31, 2019G. This primarily resulted from setting off prepaid rent against lease liabilities after the adoption of IFRS 16. At December 31, 2018G, advance rent amounted to SAR 1.0 million. Advance payments decreased by 472.6% at December 31, 2020G, from SAR 0.1 million at December 31, 2019G to SAR 0.4 million at December 31, 2020G. This primarily resulted from prepaid rent paid for the lease of new warehouses during 2020G.

Other mainly includes input VAT and other miscellaneous advances for meeting operational requirements. The balance decreased by 96.3% in December 31, 2019G. This primarily resulted from net input VAT of SAR 0.2 million receivable at December 31, 2018G which was adjusted in the subsequent period. Other did not witness material fluctuation between 2019G and 2020G.

Due from Related Parties

The following table presents Abdullah Al Othaim Food Co.'s dues from Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.216): Due from Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
*Abdullah Al Othaim Entertainment Co.	3.7	-	-	(100.0%)	N/A	(100.0%)
Total	**3.7**	**-**	**-**	**(100.0%)**	**N/A**	**(100.0%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Note: Abdullah Al Othaim Entertainment Co. was known as Fun World International Investment Company in 2017G and as Leader for Leisure LLC in 2018G

Amounts due from Related Parties pertained to a sister company, Abdullah Al Othaim Entertainment Co.. In accordance with the agreement with AOEC, Abdullah Al Othaim Food Co. deposits its daily cash sales with the Related Party if Abdullah Al Othaim Food Co. has a problem with the cash deposit machines. The Related Party receives Abdullah Al Othaim Food Co.'s cash, which is transferred to Abdullah Al Othaim Food Co.'s account on a monthly basis or on an as needed basis. Amounts due from Related Parties increased by 128.7% for the period from December 31, 2017G to December 31, 2018G for not withdrawing cash from their accounts due to the lack of immediate requirements at the balance sheet date. No such cash balance was outstanding from AOEC at December 31, 2019G.

Bank Balances and Cash

The following table presents Abdullah Al Othaim Food Co.'s bank balances and cash as of December 31, 2018G, 2019G and 2020G.

Table No. (6.217): Bank Balances and Cash

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Bank balances	0.7	0.7	0.8	(2.5%)	15.4%	6.1%
Cash in hand	0.2	0.3	0.1	76.9%	(84.0%)	(46.8%)
Total	**0.9**	**1.0**	**0.9**	**13.0%**	**(15.0%)**	**(2.0%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Bank balances and cash increased at a CAGR of 2.0% between December 31, 2018G and December 31, 2020G, primarily due to the net cash flow generated from operating activities as a result of the net increase in Related Party balances. Abdullah Al Othaim Food Co. delayed the payment of rent for the shops to Abdullah Al Othaim Investment Company.

6.6.6.3 Shareholders' Equity

The following table presents Abdullah Al Othaim Food Co.'s equity as of December 31, 2018G, 2019G and 2020G.

Table No. (6.218): Partner's Equity

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Share capital	0.5	0.5	0.5	-	-	-
Statutory reserve	0.3	0.3	0.3	-	-	-
Retained earnings (accumulated losses)	(1.4)	(3.9)	(5.2)	177.6%	32.3%	91.7%
Total	**(0.7)**	**(3.2)**	**(4.4)**	**380.3%**	**40.0%**	**159.3%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Share Capital

Abdullah Al Othaim Food Co. has a capital of SAR 0.5 million, consisting of 500 fully paid and issued shares with a value of SAR 1,000 per share.

Abdullah Al Othaim Food Co. is wholly owned by Abdullah Al Othaim Investment Company.

Statutory Reserve

In accordance with the Companies Law and Abdullah Al Othaim Food Co.'s Bylaws, Abdullah Al Othaim Food Co. must transfer 30% of its net income for the year to the statutory reserve. Abdullah Al Othaim Food Co. may resolve to discontinue such transfers when the reserve totals 30% of the share capital. This having been achieved, Abdullah Al Othaim Food Co. has resolved to discontinue such transfer. The reserve is not available for distribution.

Retained Earnings / (Accumulated Losses)

Abdullah Al Othaim Food Co. reported accumulated losses as of December 31, 2018G, 2019G and 2020G. This was due to a net loss of SAR 4.2 million and SAR 3.0 million during 2018G and 2019G, respectively. Since the loss exceeded 50.0% of the share capital, the shareholder of Abdullah Al Othaim Food Co. met and resolved to continue the business by providing support to Abdullah Al Othaim Food Co.. During 2019G and 2020G, the owner absorbed the opening cumulative losses of SAR 1.4 million and SAR 3.9 million in order to support the business. After the end of 2020G, the shareholder decided to continue the operations of EAR and provide support to cover the accumulated losses by 100% of the current account of AOIC. Management is confident that EAR will be able to settle all its obligations on a timely basis with the support of its shareholder.

6.6.6.4 Non-current Liabilities

The following table presents Abdullah Al Othaim Food Co.'s non-current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.219): Non-current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Lease liability	-	7.6	7.5	N/A	(2.0%)	N/A
Employee defined benefit liability	0.5	0.4	0.6	(19.8%)	50.1%	9.7%
Total	**0.5**	**8.0**	**8.1**	**1,812.9%**	**0.5%**	**338.5%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Lease Liability

During 2019G, Abdullah Al Othaim Food Co. adopted IFRS 16 – Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. Upon adoption, Abdullah Al Othaim Food Co. applied a single recognition and measurement approach for all leases with a lessee, with the exception of short-term leases and leases of low-value assets. Abdullah Al Othaim Food Co. recognized lease liabilities of SAR 9.3 million for lease payments and right-of-use assets of SAR 13.7 million (before depreciation), representing the right to use the underlying assets. Lease liabilities are measured at the present value of lease payments to be made over the lease term.

Employee Defined Benefit Liability

Employee defined benefits is a statutory requirement for all Saudi companies and is payable to employees upon resignation or termination of employment from an entity. The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. (See the section "Significant Accounting Policies" for details on the calculation mechanism for the liability.)

Employee defined benefit liability declined by 19.8% from SAR 0.5 million at December 31, 2018G to SAR 0.4 million at June 30, 2019G. This was primarily due to recognition of actuarial gain of SAR 0.2 million. The gain was partially offset by an increase in current service cost of employees. Employee defined benefit liability declined by 50.1%, from SAR 0.4 million at December 31, 2019G to SAR 0.6 million at June 30, 2020G. This was primarily due to an increase in the current service cost of existing employees.

6.6.6.5 Current Liabilities

The following table presents Abdullah Al Othaim Food Co.'s current liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.220): Current Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Lease liabilities	-	1.6	1.6	N/A	-	N/A
Accounts and notes payable	0.8	1.2	5.8	42.5%	395.0%	165.5%
Accruals and other current liabilities	1.8	1.8	1.0	(2.3%)	(40.4%)	(23.7%)
Amount due to a Related Party	22.4	19.5	15.8	(13.0%)	(19.2%)	(16.1%)
Zakat payable	0.03	0.03	0.1	-	127.8%	50.9%
Total	**25.1**	**24.1**	**24.3**	**(3.9%)**	**0.9%**	**(1.5%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Accounts and Notes Payable

The following table presents Abdullah Al Othaim Food Co.'s accounts and notes payable as of December 31, 2018G, 2019G and 2020G.

Table No. (6.221): Accounts and Notes Payable

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Accounts payable	0.6	0.9	5.8	60.2%	520.2%	215.2%
Notes payable	0.2	0.2	-	(0.9%)	(100.0%)	(100.0%)
Total	**0.8**	**1.2**	**5.8**	**42.5%**	**395.0%**	**165.5%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Accounts payable relate to amounts due to suppliers of inventory for the food and beverage outlets. Accounts payable increased by 520.2% at December 31, 2020G, from SAR 0.9 million at December 31, 2019G to SAR 5.8 million at December 31, 2020G. The balance may fluctuate on a yearly basis depending on Abdullah Al Othaim Food Co.'s requirements and timing of purchases.

Notes payable represent checks delivered to suppliers which were presented to banks at each balance sheet date. Notes payable may fluctuate depending on Abdullah Al Othaim Food Co.'s requirements and the timing of purchases. Notes payable did not witness material fluctuation between 2018G and 2019G.

Accrued Expenses and Other Liabilities

The following table presents Abdullah Al Othaim Food Co.'s accrued expenses and other liabilities as of December 31, 2018G, 2019G and 2020G.

Table No. (6.222): Accrued Expenses and Other Liabilities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Accruals	1.4	1.4	0.9	(1.2%)	(35.1%)	(19.9%)
Retentions	0.2	0.1	0.2	(30.9%)	50.6%	2.0%
Other accrued expenses	0.3	0.3	-	9.1%	(100.0%)	(100.0%)
Total	**1.8**	**1.8**	**1.0**	**(2.3%)**	**(40.4%)**	**(23.7%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Accruals mainly include accrued salaries, ticket and vacation allowance. Accruals did not witness material fluctuation between December 31, 2018G and 2019G. Accruals decreased by 35.1% at December 31, 2020G, from SAR 1.4 million at December 31, 2019G to SAR 0.9 million at December 31, 2020G. This was primarily due to the reversal of some accruals which were not adjusted during the previous years.

Amounts withheld are the amounts deducted from contractors as a performance guarantee. These decreased by 30.9% on December 31, 2019G, from SAR 0.2 million on December 31, 2018G to SAR 0.1 million on December 31, 2019G. This primarily resulted from settlement of contractor's retentions after ensuring the performance and execution of work. However, amounts withheld increased by 50.6% at December 31, 2020G, from SAR 0.1 million at December 31, 2019G to SAR 0.2 million at December 31, 2020G. This is primarily due to the payment of some amounts to contractors, in addition to the deduction of additional amounts for new branches during 2020G.

Other accrued expenses include accrued insurance for money, fidelity, property and civil liability. No other expenses were prepaid as of December 31, 2020G.

Due to Related Parties

The following table presents Abdullah Al Othaim Food Co.'s amounts due to Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.223): Due to Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Abdullah Al Othaim Investment Company	22.4	19.5	15.8	(13.0%)	(19.2%)	(16.1%)
Total	**22.4**	**19.5**	**15.8**	**(13.0%)**	**(19.2%)**	**(16.1%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Amounts due to Related Parties include the amounts payable to AOIC for leased shops, expenses paid on Abdullah Al Othaim Food Co.'s behalf and the short-term current account with AOIC for meeting working capital requirements. Amounts due to Related Parties increased by 13.0% at December 31, 2019G, from SAR 22.4 million at December 31, 2018G to SAR 19.5 million at December 31, 2019G. The fluctuation in the balance between 2017G and 2019G was primarily due to delayed rental payments by Abdullah Al Othaim Food Co. for the outlets operated in AOIC-operated malls. Further, fluctuation depends on the movement in the current account with AOIC for working capital management.

Zakat Provision

Table No. (6.224): Zakat Provision

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Balance at beginning of the year	0.1	0.03	0.03	(75.8%)	-	(50.8%)
Charged during the year	0.03	-	-	(100.0%)	N/A	(100.0%)
Paid during the year	(0.1)	-	(0.1)	(100.0%)	N/A	(33.4%)
Zakat expense from 2019G charged from investment	-	-	0.1	N/A	N/A	N/A
Zakat expense from the year 2018G - reassessment form Zakat and Income Authority	-	-	0.04	N/A	N/A	N/A
Balance at end of the year	**0.03**	**0.03**	**0.07**	**0.0%**	**127.8%**	**50.9%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

No Zakat charge was recognized in 2019G. This was primarily due to net loss before Zakat of SAR 4.1 million and SAR 3.0 million in 2018G and 2019G. Further, Abdullah Al Othaim Food Co. reported net negative equity of SAR 0.7 million and SAR 2.3 million as of December 31, 2018G and 2019G as a result of accumulated losses.

6.7 Cash Flow Statement

6.7.1 Consolidated Cash Flow Statement

The following table presents the Group's consolidated cash flow statement for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.225): The Group's Consolidated Cash Flow Statement

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Net cash generated from operating activities	430.4	364.4	193.6	(15.3%)	(46.9%)	(32.9%)
Net cash used in investing activities	(162.6)	(166.2)	(54.2)	2.2%	(67.4%)	(42.3%)
Net cash used in financing activities	(162.4)	(270.8)	(122.4)	66.7%	(54.8%)	(13.2%)
Net cash flow for the period	**105.4**	**(72.7)**	**17.0**	**(168.9%)**	**(123.4%)**	**(59.8%)**
Cash and cash equivalents at the beginning of the year	53.5	158.9	86.3	197.1%	(45.7%)	27.0%
Change in foreign currency	-	-	-	(100.0%)	N/A	(100.0%)
Cash and cash equivalents at the end of the year	**158.9**	**86.3**	**103.3**	**(45.7%)**	**19.7%**	**(19.4%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

6.7.1.1 Cash Flow from Operating Activities

The following table presents the Group's cash flow from operating activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.226): The Group's Consolidated Cash Flow from Operating Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Profit for the year before income tax and Zakat	262.9	245.3	121.4	(6.7%)	(50.5%)	(32.2%)
Adjustments:						
Depreciation and amortization	138.0	129.3	125.1	(6.3%)	(3.2%)	(4.8%)
Depreciation - right of use assets	-	55.3	59.7	N/A	7.9%	N/A
Provision for lease receivables	22.1	60.3	102.6	173%	70.1%	115.6%
Loss from financial assets at FVPL	-	(1.5)	-	N/A	(100.0%)	N/A
Dividend income from financial assets at FVOCI	(0.6)	-	-	(100.0%)	N/A	(100.0%)
Provision for employee defined benefit liabilities	4.9	6.0	5.1	22.1%	(14.8%)	2.0%
Provision for slow moving inventory	0.3	5.4	-	1.700%	(100.0%)	(100.0%)
Reversal of provision for slow moving inventory	-	-	(3.0)	N/A	N/A	N/A
Company's share of loss from an associate	-	-	(0.6)	N/A	N/A	N/A
Provision for advances to contractors	-	-	-	N/A	N/A	N/A
(Gain) loss from sale of property and equipment	10.7	-	3.7	(100.0%)	N/A	(41.5%)
Write off of PPE and intangible assets	4.3	0.7	-	(84.0%)	(100.0%)	(100.0%)

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Finance cost	30.7	65.8	60.3	114%	(8.4%)	31.5%
Working capital changes:						
Inventory	(16.4)	(5.3)	13.6	(67.4%)	(354.6%)	N/A
Lease receivables and checks under collection	58.4	(99.6)	(180.5)	(270.6%)	81.2%	N/A
Prepayments and other current assets	(22.5)	35.9	(21.8)	(259.8%)	(160.7%)	(24.0%)
Trade and notes payable	(19.8)	6.3	(12.1)	(132.0%)	(291.3%)	(21.8%)
Accruals and other current liabilities	16.3	15.9	(73.7)	(6.9%)	(562.2%)	N/A
Contract liabilities	1.9	2.8	(17.3)	46.6%	(713.6%)	N/A
Related Parties	(15.6)	(66.8)	76.0	(327.9%)	(213.7%)	152.2%
Employee end of service benefits paid	(1.4)	(1.6)	(4.1)	14.3%	166.0%	71.1%
Zakat paid	(9.2)	(20.3)	(8.2)	121.1%	(59.8%)	(5.7%)
Finance costs paid	(34.7)	(69.6)	(52.5)	100.4%	(24.5%)	23%
Cash flow from operating activities	**430.4**	**364.4**	**193.6**	**(15.3%)**	**(46.9%)**	**(35.0%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

Cash inflow from operating activities decreased by 15.3% in 2019G mainly due to an increase in lease receivables and Related Party balances. The increase in lease receivables was due to a delay in collections. Further, the Company agreed with anchor tenants to pay the outstanding receivables in installments. The increase in Related Party balances was on the back of financing provided to AOHC in 2019G by AOIC. Further decline in inflow from operations was on account of increased lease receivables due to COVID-19 pandemic. Movement in receivables was a key element of fluctuation between EBIDTA to cash conversion ratio.

6.7.1.2 Cash Flow from Investing Activities

The following table presents the Group's cash flow from investing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.227): The Group's Consolidated Cash Flows from Investing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Purchase of property and equipment and intangible assets	(126.4)	(104.7)	(49.9)	(17.6%)	(52.1%)	(37.2%)
Purchase of investment property	(42.4)	(63.0)	(32.2)	48.6%	(48.8%)	(12.9%)
Addition to investments in associate	-	-	(0.8)			
Disposal of property and equipment	-	2.0	18.1	N/A	792.2%	N/A
Acquisition of financial assets at FVOCI	(0.8)	(10.6)	-	1,226.1%	(100.0%)	(100.0%)
Acquisition of subsidiary, net of cash acquired during the year	6.5	-	-	(100.0%)	N/A	(100.0%)
Dividend income	0.6	-	-	(100.0%)	N/A	(100.0%)
Proceeds from disposal of financial assets at FVOCI	-	10.1	10.6	N/A	5.6%	N/A
Total	**(162.6)**	**(166.2)**	**(54.2)**	**2.2%**	**(67.4%)**	**(42.25%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

Cash used in investing activities did not witness material fluctuation between 2018G and 2019G. Cash outflow relating to acquisition of financial assets at FVOCI amounting to SAR 10.6 million in 2019G was related to the purchase of shares of Saudi Aramco by AOIC which was subsequently disposed off by the Company in 2020G. Decline in outflow from investing activities in 2020G was due to lockdown and travel restrictions imposed between March 2020G and June 2020G. Further, COVID-19 also delayed the progress on the construction of on-going malls, hence, reducing CWIP and P&E purchases.

6.7.1.3 Cash Flow from Financing Activities

The following table presents the Group's cash flow from financing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.228): Consolidated Cash Flow from the Group's Financing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Proceeds from loans, net	(76.1)	(83.4)	47.9	9.7%	(157.4%)	N/A
Dividends paid	(86.3)	(113.7)	(100.0)	31.6%	(12.0%)	7.6%
Lease liabilities paid	-	(73.8)	(70.3)	N/A	(4.7%)	N/A
Total	**(162.4)**	**(270.8)**	**(122.4)**	**66.8%**	**(54.8%)**	**(13.2%)**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

During 2019G, the Group recognized lease liabilities paid as part of financing activities in accordance with the requirements of IFRS 16. Prior to 2019G, such payments were routed through the Group's operating activities.

Cash movement between 2019G and 2020G was primarily due to acquisition and repayments of borrowings by the Group, respectively.

6.7.2 Cash Flow Statement – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's cash flow statement for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.229): Cash Flow Statement

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Net cash generated from operating activities	280.5	222.9	144.8	(20.5%)	(34.7%)	(28.0%)
Net cash used in investing activities	(34.7)	(77.5)	(45.1)	123.0%	(41.8%)	13.9%
Net cash used in financing activities	(149.4)	(214.3)	(91.3)	43.4%	(57.4%)	(21.8%)
Net cash flow for the period	96.4	(68.8)	9.2	(171.4%)	(113.4%)	(69.0%)
Cash and cash equivalents at the beginning of the year	33.8	130.2	61.3	284.9%	(52.9%)	34.7%
Cash and cash equivalents at the end of the year	**130.2**	**61.3**	**70.6**	**(52.9%)**	**15.1%**	**(26.4%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

6.7.2.1 Cash Flow from Operating Activities

The following table presents AOIC's cash flow from operating activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.230): Cash Flow From Operating Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Profit for the year before income tax and Zakat	252.6	241.2	120.3	(4.5%)	(50.1%)	(31.0%)
Adjustments to reconcile income before zakat to net cash flows:						
Depreciation and amortization	70.6	63.4	60.3	(10.2%)	(5.0%)	(7.6%)
Depreciation - leases	-	36.8	27.7	N/A	2.3%	N/A
Losses from the sale of machinery and equipment	-	-	0.0	N/A	N/A	N/A
Share of results of subsidiaries	(27.3)	(61.4)	24.6	125.0%	(140.1%)	N/A
Provision for lease receivables and checks under collection	22.1	60.3	102.6	173.3%	70.1%	115.6%
Provision for employee defined benefit liabilities	-	-	1.1	N/A	N/A	N/A
Reversal (provision) for bad debt	2.5	3.1	2.1	24.5%	(32.0%)	(7.9%)
Finance cost	34.7	57.9	55.7	66.8%	(3.8%)	26.7%
Working capital adjustments:						
Inventory	0.9	0.5	(0.3)	(47.5%)	(171.0%)	N/A
Lease receivables	57.7	(97.1)	(180.4)	(268.3%)	65.4%	N/A
Advances to contractors	(26.1)	8.4	0.1	(132.2%)	(98.7%)	N/A
Advance payments and other receivables	21.1	7.4	(32.7)	(65.0%)	(543.5%)	N/A
Trade payables	(47.3)	6.8	(5.3)	(114.4%)	(177.8%)	(66.6%)
Accrued expenses and other payables	59.8	(20.0)	(69.3)	(133.5%)	391.0%	N/A
Changes in Related Party balances	(94.7)	(13.4)	99.4	(85.8%)	(841.8%)	N/A
Zakat paid	(5.7)	(13.7)	(5.9)	139.7%	(57.2%)	1.2%
Employee defined benefit liabilities paid	(0.5)	(0.6)	(2.6)	28.0%	324.1%	133.0%
Finance costs paid	(38.8)	(56.6)	(52.5)	45.8%	(7.2%)	16.3%
Cash Flow from Operating Activities	**280.5**	**222.9**	**144.8**	**(20.5%)**	**(34.7%)**	**(28.7%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Cash inflow from operating activities declined by 20.5% in 2019G from SAR 280.5 million in 2018G to SAR 222.9 million in 2019G. This was primarily due to an increase in lease receivables due to a delay in collections from tenants.

Cash inflow from operating activities further declined by 34.7% in 2020G from SAR 222.9 million in 2019G to SAR 145.6 million in 2020G. This was primarily due to a decrease in profit for the year, which declined by 50.1% in 2020G, from SAR 241.2 million in 2019G to SAR 120.3 million in 2020G, as well as an increase in lease receivables due to delay in collections from tenants.

6.7.2.2 Cash Flow from Investing Activities

The following table presents AOIC's cash flow from investing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.231): Cash Flow from Investing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Purchase of property and equipment	(7.6)	(3.4)	(3.2)	(55.4%)	(6.6%)	(35.5%)
Proceeds from the disposal of PPE	-	-	0.0	N/A	N/A	N/A
Purchase of investment properties	(44.2)	(63.0)	(32.2)	42.5%	(48.8%)	(14.6%)
Purchase of intangible assets	(0.0)	(0.4)	-	N/A	(100.0%)	(100.0%)
Acquisition of a subsidiary	(0.1)	-	(20.3)	(100.0%)	N/A	N/A
Acquisition of financial assets	(167.3)	(10.6)	-	(93.6%)	(100.0%)	(100.0%)
Disposal and sale of financial assets at FVOCI	184.5	-	10.6	(100.0%)	N/A	(76.0%)
Total	**(34.7)**	**(77.5)**	**(45.1)**	**123.0%**	**(41.8%)**	**13.9%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

During 2019G, cash used in investment activities increased by 123.1%, from SAR 34.7 million in 2018G to SAR 77.5 million in 2019G, mainly due to the cost incurred on projects under construction, which amounted to SAR 63.0 million in 2019G.

Cash used in investing activities declined by 41.8% in 2020G from SAR 77.5 million in 2019G to SAR 45.1 million in 2020G. This was primarily due reduction in acquisitions in investment properties during 2020G.

6.7.2.3 Cash Flow from Financing Activities

The following table presents AOIC's cash flow from financing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.232): Cash Flow from Financing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G December	2020G December	2018G–2020G
Loans received (paid), net	(63.1)	(51.4)	47.9	(18.5%)	(193.2%)	N/A
Dividends paid	(86.3)	(113.7)	(100.0)	31.6%	(12.0%)	7.6%
Payment of lease liability	-	(49.2)	(38.5)	N/A	(20.4%)	N/A
Total	**(149.4)**	**(214.3)**	**(90.6)**	**43.4%**	**(57.4%)**	**(21.8%)**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

During 2018G, 2019G and 2020G, cash flow from financing activities was primarily related to payments of dividends amounting to SAR 86.3 million, SAR 113.7 million and SAR 100.0 million, as well as net repayments of borrowings.

In 2020G, additional loans were acquired which were partially offset by the full repayment of the Islamic bond (sukuk) on maturity date.

6.7.3 Cash Flow Statement, Abdullah Al Othaim Entertainment Co. (Consolidated)

The following table presents AOEC's statement of cash flows for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.233): Summary Statement of Cash Flow of AOEC

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Net cash generated from operating activities	101.1	167.8	65.6	66.1%	(60.9%)	(19.4%)
Net cash used in investing activities	(84.7)	(95.5)	(26.7)	12.6%	(72.0%)	(43.8%)
Net cash flows from/(used in) financing activities	(13.0)	(74.8)	(44.7)	475.8%	(40.2%)	85.5%
Net cash flow for the period	**3.3**	**(2.5)**	**(5.9)**	**(174.0%)**	**140.1%**	**N/A**
Cash and cash equivalents at the beginning of the year	13.5	16.8	14.4	24.6%	(14.6%)	3.1%
Cash and cash equivalents at the end of the year	**16.8**	**14.4**	**8.5**	**(14.6%)**	**(41.0%)**	**(29.0%)**

Source: The consolidated audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

The decrease in cash and cash equivalents by 14.6% during 2018G, from SAR 16.8 million in 2019G to SAR 14.4 million in 2019G, was primarily attributable to the increase in net cash flow from investing activities driven by the opening of eight new FECs in 2019G.

The decrease in cash and cash equivalents by 41.0% in 2020G was primarily attributable to net loss of SAR 3.2 million before zakat & tax reported in 2020G as compared to a profit of SAR 75.7 million in 2019G.

6.7.3.1 Cash Flow from Operating Activities

The following table presents AOEC's cash flow from operating activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.234): AOEC's Cash Flow from Operating Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Net income before Zakat and income tax	70.5	75.7	(3.2)	7.4%	(104.2%)	N/A
Adjustments to reconcile net income before Zakat and income tax to net cash flow:						
Depreciation and Amortization	46.6	54.2	54.6	16.3%	0.7%	8.2%
Amortization of right-of-use assets	–	39.1	39.5	N/A	1.2%	N/A
Provision for slow moving inventory	–	-	(1.1)	N/A	N/A	N/A
Loss on disposal of property and equipment	8.7	-	0.1	(100.0%)	N/A	(92.0%)
End of service indemnity expenses	1.5	1.6	1.9	2.6%	23.0%	12.3%
	127.4	**170.6**	**91.8**	**33.9%**	**(46.2%)**	**(15.1%)**
Working capital adjustments:						
Inventory	(5.8)	(1.4)	2.8	(76.2%)	(303.6%)	N/A
Advance payments and other receivables	(13.3)	7.2	9.4	(153.9%)	31.4%	N/A
Trade payables	0.9	0.9	(0.6)	(2.3%)	(170.3%)	N/A
Accrued expenses and other payables	(0.4)	2.6	1.3	(618.0%)	(50.5%)	N/A
Contract liabilities	3.2	2.8	(17.3)	(67.2%)	(713.6%)	N/A

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Change in Related Party balances	(7.0)	(10.0)	(21.0)	43.5%	108.7%	73.0%
End of service indemnity paid	(0.7)	(0.6)	1.1	(13.4%)	(280.8%)	N/A
Zakat paid	(3.3)	(4.2)	(1.9)	29.3%	(54.3%)	(23.1%)
Cash flow from operating activities	**101.1**	**167.8**	**65.6**	**57.7%**	**(60.9%)**	**(21.5%)**

Source: The consolidated audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Cash inflow from operating activities increased by 57.7% from SAR 106.9 million in 2018G to SAR 167.5 million in 2019G. This was primarily due to the overall increase in business operations in 2019G.

Cash inflow from operating activities further declined by 60.9% in 2020G from SAR 167.8 million in 2019G to SAR 65.6 million in 2020G. This was primarily due to additional payments to AOIC during 2020G.

6.7.3.2 Cash Flow from Investing Activities

The following table presents AOEC's cash flow from investing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.235): AOEC's Cash Flow from Investing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Purchase of property and equipment	(84.7)	(95.6)	(44.7)	12.8%	(53.2%)	(27.3%)
Proceeds form sale of property and equipment	–	0.1	18.0	N/A	15,542.5%	N/A
Total	**(84.7)**	**(95.5)**	**(26.7)**	**12.6%**	**(72.0%)**	**(43.8%)**

Source: The consolidated audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

Cash outflow from investing activities increased by 12.6% in 2019G and later declined by 72.0% in 2020G. This was primarily on account of purchases/development costs for the new FECs opened in 2019G.

6.7.3.3 Cash Flow from Financing Activities

The following table presents AOEC's cash flow from financing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.236): AOEC's Cash Flow from Financing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Loans, net	(13.0)	(32.0)	-	146.2%	(100.0%)	(100.0%)
Lease liabilities paid	–	(42.8)	(44.7)	N/A	4.4%	N/A
Total	**(13.0)**	**(74.8)**	**(44.7)**	**475.8%**	**(40.2%)**	**85.5%**

Source: The consolidated audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

In 2016G, financing was obtained at SAR 75.0 million with carried interest at 1.75% from Arab National Bank for meeting working capital needs. This loan was secured against a promissory note of SAR 100.0 million from Abdullah Al Othaim Investment Company and a personal guarantee from Mr. Abdullah Saleh Al Othaim, Chairman of Abdullah Al Othaim Investment Company.

Cash outflow from financing activities increased by 475.8% from SAR 13.0 million in 2018G to SAR 74.8 million in 2019G. Cash outflow from financing activities decreased by 40.2% in 2020G from SAR 74.8 million in 2019G to SAR 44.7 million in 2020G. This resulted from the gradual settlement of the full loan by AOEC.

6.7.4 Cash Flow Statement – Abdullah Al Othaim Fashion Co.

The following table presents AOFC's cash flow statement for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.237): Cash Flow Statement

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Net cash generated from operating activities	0.9	28.0	12.0	2,984.7%	(57.0%)	264.3%
Net cash used in investing activities	(25.8)	(3.1)	(1.4)	(88.0%)	(56.0%)	(77.0%)
Net cash used in financing activities	29.1	(27.7)	(16.6)	(195.2%)	(40.3%)	N/A
Net cash flow for the period	**4.3**	**(2.9)**	**(5.9)**	**(167.6%)**	**104.9%**	**N/A**
Bank balances and cash at beginning of the year	**6.5**	**10.7**	**7.8**	**65.7%**	**(26.8%)**	**10.1%**
Bank balances and cash at end of the year	**10.7**	**7.8**	**2.0**	**(26.8%)**	**(75.1%)**	**(57.3%)**

Source: AOFC's audited financial statements for the Financial Years ended December 31, 2019G and 2020G

6.7.4.1 Cash Flow from Operating Activities

The following table presents AOFC's cash flow from operating activities for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.238): Cash Flow from Operating Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Income before zakat	(29.1)	(10.3)	(16.8)	(64.5%)	62.7%	(24.0%)
Adjustments:						
Depreciation of property and equipment	8.9	9.2	8.0	4.1%	(13.6%)	(5.2%)
Amortization of right-of-use assets	–	27.0	25.3	N/A	(6.5%)	N/A
Amortization	0.8	0.2	0.1	(78.2%)	(29.6%)	(60.8%)
Loss on disposal of property and equipment	4.3	0.7	3.6	(84.5%)	446.0%	(8.0%)
Loss on disposal of intangible assets	5.3	-	-	(100.0%)	N/A	(100.0%)
Provision for slow moving inventory	0.8	0.8	(2.3)	0.5%	(401.7%)	N/A
Finance costs	0.4	6.3	2.9	1,368.7%	(54.3%)	159.0%
Provision for employee defined benefit liabilities	0.7	0.9	0.8	31.1%	(4.5%)	11.9%
Working capital changes:						
Change in Related Parties balances	(0.4)	(0.7)	0.3	59.5%	(146.9%)	N/A
Inventory	(17.7)	1.6	10.6	(108.9%)	569.6%	N/A
Advance payments and other receivables	(4.4)	(2.8)	(10.1)	(37.8%)	266.1%	50.8%
Trade payables	28.3	2.7	(8.0)	(90.5%)	(400.5%)	N/A
Accrued expenses and other payables	3.8	(3.1)	0.8	(181.9%)	(127.1%)	(52.9%)
Commission paid	(0.4)	(4.0)	(2.9)	819.8%	(27.0%)	159.0%
Employee end-of-service benefits paid	(0.1)	(0.3)	(0.3)	106.1%	11.3%	51.5%
Zakat paid	–	(0.3)	-	N/A	(100.0%)	N/A
Cash Flow from Operating Activities	**0.9**	**28.0**	**12.0**	**N/A**	**(57.0%)**	**264.3%**

Source: AOFC's audited financial statements for the Financial Years ended December 31, 2019G and 2020G

The increase in cash generated from operating activities by SAR 27.1 million in 2019G was mainly due to a reduction in net loss before Zakat by 64.5% due to the closure of loss-making branches and focusing on profitable brands. The decrease in cash generated from operating activities by 57.0% in 2020G was mainly due to the decline in overall sales due to the closure of malls by the Government because of the COVID-19 pandemic.

6.7.4.2 Cash Flow from Investing Activities

The following table presents AOFC's cash flow from investing activities for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.239): Cash Flow from Investing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Investment in a subsidiary	-	-	(0.0)	N/A	N/A	N/A
Purchase of intangible assets	–	(0.03)	-	N/A	(100.0%)	N/A
Purchase of property and equipment	(25.8)	(3.1)	(0.9)	(88.1%)	(72.3%)	(81.8%)
Purchase of right-of-use asset	-	-	(0.5)	N/A	N/A	N/A
Total	**(25.8)**	**(3.1)**	**(1.4)**	**(88.0%)**	**(56.0%)**	**(77.0%)**

Source: AOFC's audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Net cash used in investing activities in 2018G was mainly related to purchase of furniture & fixtures (SAR 11.0 million), equipment (SAR 3.6 million) and leasehold improvements (SAR 9.3 million). This was due to addition of 10 new stores in 2018G. Net cash used in investment activities in 2019G was primarily related to additions of furniture and fixtures, leasehold improvements and other assets. No material outflow from investing activities was witnessed in 2020G.

6.7.4.3 Cash Flow from Financing Activities

The following table presents AOFC's cash flow from financing activities for the Financial Years ended December 31, 2018G, 2019G, and 2020G.

Table No. (6.240): Cash Flow from Financing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Payment of lease liabilities	–	(20.4)	(16.6)	N/A	(18.8%)	N/A
Changes in Related Party balances	29.1	(7.3)	-	(125.2%)	(100.0%)	(100.0%)
Total	**29.1**	**(27.7)**	**(16.6)**	**(195.2%)**	**(40.3%)**	**N/A**

Source: AOFC's audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Payment of lease liabilities represent the payment of rent for the branches operated by AOFC during the year. Prior to adoption of IFRS 16 in 2019G, the amount was reported in operating activities.

6.7.4.4 Cash Flow Statement – Abdullah Al Othaim Food Co.

The following table presents a summary of Abdullah Al Othaim Food Co.'s cash flow statement for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.241): Summary Cash Flow Statement

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Net cash generated from operating activities	1.8	5.4	1.4	195.4%	(73.8%)	(12.0%)
Net cash used in investing activities	(1.8)	(15.7)	(5.3)	798.5%	(66.2%)	74.4%
Net cash flows from financing activity	-	10.4	3.8	N/A	(64.1%)	N/A
Net cash flow for the period	**0.1**	**0.1**	**(0.2)**	**47.0%**	**(230.4%)**	**N/A**
Bank balances and cash at beginning of the year	**0.8**	**0.9**	**1.0**	**9.7%**	**13.0%**	**11.3%**
Cash and cash equivalents at the end of the year	**0.9**	**1.0**	**0.9**	**13.0%**	**(15.0%)**	**(2.0%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

6.7.4.5 Cash Flow from Operating Activities

The following table presents Abdullah Al Othaim Food Co.'s cash flow from operating activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.242): Cash Flow from Operating Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Net profit (loss) before Zakat	(4.1)	(3.9)	(4.9)	(6.7%)	27.8%	9.2%
Adjustments to reconcile net profit for the year to net cash flows:						
Depreciation and amortization	1.9	6.0	6.1	211.8%	1.7%	78.1%
Provision for slow moving inventory	-	0.1	-	N/A	(100.0%)	N/A
Provision for employees' defined benefit liability	0.2	0.1	0.2	(28.5%)	47.2%	2.6%
	(2.0)	**2.3**	**1.4**	**(215.1%)**	**(41.6%)**	**16.2%**
Changes in operating assets and liabilities:						
Inventory	0.8	(1.5)	0.9	(276.9%)	(162.0%)	4.7%
Advance payments and other receivables	(1.5)	3.5	(0.8)	(328.2%)	(124.2%)	(25.8%)
Related Parties	2.3	0.8	(3.7)	(65.8%)	(576.3%)	N/A
Creditors and notes payable	1.6	0.3	4.6	(78.3%)	1,225.1%	69.7%
Accrued expenses and other payables	0.8	(0.0)	(0.7)	(105.0%)	1,596.4%	N/A
	2.0	**5.5**	**1.6**	**169.3%**	**(70.7%)**	**(11.1%)**
Zakat paid	(0.1)	-	(0.1)	(100.0%)	N/A	(33.4%)
End of service benefits paid	(0.1)	(0.0)	(0.1)	(29.0%)	194.8%	44.7%
Cash Flow from Operating Activities	**1.8**	**5.4**	**1.4**	**195.4%**	**(73.8%)**	**(12.0%)**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

In 2019G, cash flow increased by 195.4%, from SAR 1.8 million in 2018G to SAR 5.4 million in 2019G, primarily due to the adjustment of non-monetary items. Further, the prepayments also declined at December 31, 2019G as a result of no prepaid rent for shops at December 31, 2019G as compared to SAR 1.0 million at December 31, 2018G. Prepaid rent was netted off from lease liabilities at December 31, 2019G which is included as part of cash flow from financing activities. Cash flow from operations declined by 73.8% in 2020G, primarily due to an increase in losses before Zakat coupled with a decline in the Related Parties balance.

6.7.4.6 Cash Flow from Investing Activities

The following table presents Abdullah Al Othaim Food Co.'s cash flow from investing activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.243): Cash Flow from Investing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Additions of property and equipment	(1.8)	(2.1)	(1.1)	17.7%	(45.5%)	(19.9%)
Additions of right-of-use assets	–	(13.7)	(4.2)	N/A	(69.3%)	N/A
Total	**(1.8)**	**(15.7)**	**(5.3)**	**798.5%**	**(66.2%)**	**74.4%**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

Cash used in investing activities was primarily related to the purchase of property and equipment. Refer to property and equipment section for details. Additionally, EAR recognized its operating lease arrangements as per the guidelines of IFRS 16 and recognized right of use assets in 2019G.

6.7.4.7 Cash Flow from Financing Activities

The following table presents Abdullah Al Othaim Food Co.'s cash flow from activities for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.244): Cash Flow from Financing Activities

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Change in right-of-use asset liabilities	-	9.0	(0.2)	N/A	(101.7%)	N/A
Change in Related Parties' balances	-	1.4	3.9	N/A	177.7%	N/A
Total	**-**	**10.4**	**3.8**	**N/A**	**(64.1%)**	**N/A**

Source: Abdullah Al Othaim Food Co.'s audited financial statements for the Financial Years ended 2019G and 2020G

The inflow from financing activities in 2019G was mainly due to recognition of lease liabilities (rent commitments) as per the requirements of IFRS 16. Allocation of retained earnings to AOIC represents the absorption of losses by the shareholder to support Abdullah Al Othaim Food Co.'s business.

6.8 Commitments and Contingencies

6.8.1 Commitments and Contingencies - Consolidated

The following table presents the Group's commitments and contingencies as of December 31, 2018G, 2019G and 2020G.

Table No. (6.245): Commitments and Contingencies

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Liabilities						
Commitments for projects under construction	77.7	56.5	635.3	(27.3%)	1,024.4%	185.9%
Letter of guarantee	99.2	56.0	40.1	(43.6%)	(28.4%)	(36.4%)
Total	**176.9**	**112.5**	**675.4**	**(36.4%)**	**500.5%**	**95.4%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

AOEC had outstanding capital commitments pertaining to projects under construction, mainly related to building shopping malls and cinema projects.

Group has also issued various non-funded bid bonds, performance bonds and payment guarantees.

6.8.2 Commitments and Contingencies - Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's commitments and contingencies as of December 31, 2018G, 2019G and 2020G.

Table No. (6.246): Commitments and Contingencies

SAR Million	FY Ended December 31			Increase/Decrease		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2020G
Liabilities						
Commitments for projects under construction	67.7	46.2	635.3	(31.9%)	1,275.1%	206.2%
Letter of guarantee	67.4	29.1	40.1	(56.8%)	37.8%	(22.8%)
Total	**135.1**	**75.3**	**675.4**	**(44.3%)**	**797.2%**	**123.6%**

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

AOEC had outstanding capital commitments pertaining to projects under construction, mainly related to Almashreq Mall (Hafr Al-Batin) and Khafji Mall in 2018G and 2019G. The increase in commitments between 2019G and 2020G was mainly for the purchase of land located in Riyadh in 2021G.

6.8.3 Commitments and Contingencies - Abdullah Al Othaim Entertainment Co.

The following table presents AOEC's commitments as of December 31, 2018G, 2019G and 2020G.

Table No. (6.247): AOEC's Commitment and Contingencies

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	2019G Audited	2020G Audited	2018G–2019G
Liabilities						
Commitments for projects under construction	10.0	10.3	7.7	N/A	(100.0%)	N/A

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co for the year ended December 31, 2019G and 2020G

AOEC had outstanding capital commitments pertaining to projects under construction. These commitments mainly relate to family entertainment centers in Al-Rabwah and Tabuk in Saudi Arabia as well as other centers under construction in other jurisdictions.

AOEC has not issued any non-funded bid bonds, performance bonds or payment guarantees.

6.8.4 Commitments and Contingencies - Abdullah Al Othaim Fashion Co.

The following table presents AOFC's commitments and contingencies as of December 31, 2018G, 2019G and 2020G.

Table No. (6.248): Commitments and Contingencies

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Potential commitments to projects in progress	-	-	0.3	N/A	N/A	N/A
Letter of guarantee	31.8	26.9	30.8	-15.6%	14.8%	-1.6%
Total	**31.8**	**26.9**	**31.1**	**(15.6%)**	**15.7%**	**(1.2%)**

Source: AOFC's audited financial statements for the Financial Years ended December 31, 2019G and 2020G

AOFC has issued unfunded guarantees to the franchisors through AlAwwal and Arab National Bank. At December 2020G, the guarantees were mainly related to KIABI (EUR 2.64 million or SAR 12.1 million) and OVS (EUR 3.0 million or SAR 13.8 million).

6.8.5 Commitments and Contingencies - Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. did not witness any contingent liabilities or expenses as of December 31, 2020G.

6.9 Related Party Transactions and Balances

6.9.1 Related Party Transactions – Consolidated

The following table presents the Group's Related Party transactions for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.249): Related Party Transactions – Consolidated

SAR Million	Relationship	Nature of Transaction	FY Ended December 31		
			2018G Audited	2019G Audited	2020G Audited
Abdullah Al Othaim Markets Company	Shareholder	Rent revenue	26.7	18.0	14.1
		Rent expenses	-	-	26.4
		Payments on behalf of the subsidiary	-	2.4	0.8
		Other revenue	-	15.1	7.4
		Intercompany charges	-	0.3	0.4
Al Othaim Holding Company	Shareholder	Transfer of construction work in progress	-	13.9	18.0
		Expenses paid on behalf	-	-	0.7
		Intercompany charges	-	0.5	2.1
		Transfer of FVOCI to the Related Party	2.6	-	-
		Transfer of investment in an affiliate to a Related Party	0.5	-	-
		Acquisition of a subsidiary	82.0	-	-
Premium Retail Company	Subsidiary	Financing	1.5	1.5	-
International Leisure Company Ltd.	Subsidiary	Financing	-	0.6	-
Fun World For Amusement Parks	Subsidiary	Financing	-	0.03	-
Global Enterprise Team Limited Company	Subsidiary	Financing (settlement)	0.3	(0.3)	-
Euro Enterprise Team Limited Company	Subsidiary	Financing (settlement)	0.3	(0.3)	-
World of Adventure Limited Company	Subsidiary	Financing (settlement)	0.3	(0.3)	-
Leader for Real Estate Investment Co.	Subsidiary	Financing	-	0.2	-
Lilian Company	Subsidiary	Financing	4.4	0.1	-
Compensation of Key Management Personnel		Salaries and benefits	6.3	5.5	6.6

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

Abdullah Al Othaim Markets Company

Rental revenue – represents the rent for the supermarkets operated by AOMC in AOIC malls. The Company has lease agreements in place with respect to the hypermarkets operated by AOMC in the Company's shopping malls. The Company had 13 agreements in place with AOMC with a total leased space of 39,819 sq m for a total annual lease value of SAR 13.5 million.

Rent expenses – relate to rent paid by AOIC for Dammam Mall (SAR 34.9 million) and head office space (SAR 0.7 million) owned by AOMC. The arrangement is subject to lease agreements between the Company and AOMC.

Related Party transactions pertaining to rent expenses were not disclosed in the financial statements for the year ended December 31, 2019G.

Payments on behalf of the affiliate –pertains to the salary paid to AOMC's employees in accordance with their employment contracts.

Other revenue – other income related to sponsor revenue through AOMC which sublets space to vendors for organizing their promotional campaigns in AOIC-operated malls. No such income was accrued in 2020G.

Intercompany charges – represent the amount charged by AOMC for HR portal amounting to SAR 0.8 million per year, which is subject to a SLA. Additionally, these include the purchase of goods from AOMC stores on credit by AOIC employees which are settled in the subsequent month.

Al Othaim Holding Company

AOIC commenced the Marfa Mall project in Jubail during 2015G with an estimated project cost of SAR 245.3 million. The Company incurred capital work in progress of SAR 13.9 million with a project completion of 5.7% as of December 31, 2018G. The project was terminated in 2019G and the cost incurred to date was transferred to AOHC. Management stated that AOIC had an agreement with AOHC whereby AOIC undertook this project on behalf of AOHC and the cost incurred originally belonged to AOHC and was later transferred by AOIC. The Company recorded receivables of SAR 43.2 million (CWIP, prepaid rent etc.) from AOHC at December 31, 2019G in relation to Marfa Mall development expenses. The audited financial statements for 2019G reported SAR 13.9 million as an amount transferred to AOHC due to underreporting Related Party transactions in the disclosure of Related Party transactions in the audited financial statements for 2019G. Further, the amount of SAR 18.0 million in 2020G pertained to the accrual of rent for this project, which was written back in AOIC books as other income. This amount was wrongly stated as a transfer of WIP in Note 17.2 of the audited financial statements of 2020G.

Expenses paid on behalf – represent the salaries of certain employees on AOIC payroll who rendered their services for AOHC . Further, it included certain amounts which were borrowed against AOIC facilities and passed through to AOHC with the interest costs recharged to AOHC. Management confirmed that this practice was stopped in May 2020G.

Intercompany charges – represent various transactions which include insurance payments, shipment charges, social security, salaries expenses, subscription fees, etc.

Transfer of FVOCI to a Related Party – during 2018G, the Company transferred its rights in SEIC Hospitality Company (13.3%) to AOHC at its carrying value

Transfer of investment – during 2018G, the Company transferred its rights in SEIC Garden Company and Rafif For Travel and Tourism Company to AOHC at its carrying value.

Acquisition of subsidiary – AOIC acquired Abdullah Al Othaim Fashion Co. (formerly known as Nahj Al Khayal for Trading) for SAR 82.0 million from AOHC on January 1, 2018G.

Financing – according to the information provided to us, the Company has been providing financing to AOHC, the total amount of which was not disclosed as part of Related Party transactions in the audited financial statements for the year ended December 31, 2019G. This practice was stopped by AOIC from May 2020G.

Other

These relate to the financing provided to and settled by Related Parties (Premium Retail Co., Lilian Co., International Leisure Company Ltd, Fun World For Amusement Parks, Euro Enterprise Team Limited Co., Leader for Real Estate Investment, and World of Adventure Limited Company).

Compensation of Key Management Personnel

Represents salaries and benefits paid to Directors who hold key positions within the Group. The administration confirmed that transactions with Related Parties were carried out on a purely commercial basis and were approved by the executive management.

Related Party Balances

Amounts due from Related Parties

The following table presents the Group's dues from Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.250): Due from Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Wamda Cinemas Company	-	-	34.8	N/A	N/A	N/A
Abdullah Al Othaim Markets Company	-	19.3	3.5	N/A	(81.9%)	N/A
Al Othaim Holding Company	11.4	75.9	-	566.9%	(100.0%)	(100.0%)
Premium Retail Company	10.4	11.1	-	6.6%	(100.0%)	(100.0%)
World of Adventure Limited Company	0.3	-	-	(100.0%)	-	(100.0%)
Lilian Co.	3.4	-	-	(100.0%)	-	(100.0%)
Qyol for Real Estate Investment	0.7	0.7	0.7	-	0.0%	-
Global Enterprise Company	0.3	-	-	(100.0%)	-	(100.0%)
Euro Enterprise Company	0.3	0.6	-	(100.0%)	-	(100.0%)
Leader for Real Estate Investment Co.	0.1	-	-	(100.0%)	-	(100.0%)
Fun World For Amusement Parks	-	0.0	-	N/A	(100.0%)	-
International Leisure Company Ltd.	-	0.03	-	-	(12,900.0%)	-
Total	**26.9**	**107.6**	**39.0**	**300.5%**	**(63.8%)**	**20.4%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

Wamda – This balance primarily consists of a transfer of SAR 34.8 million made during June 2020G at the request of the Board of Directors. This amount was transferred to Wamda to fund 55% of the capital expenditure requirements for the cinemas in Arar and Hail. The joint venture partner contributed its share of 45% of the capital expenditures for such cinemas.

Abdullah Al Othaim Markets Company – According to Management, the amounts due from AOMC relate to the rent receivable for the space leased in Company-operated Malls.

Premium Retail Company – According to the information provided to us, this represents financing for a company owned by AOIC's Chairman (Mr. Fahad Abdullah Saleh Al Othaim).

Al Othaim Holding Company – The balance at December 31, 2019G pertained to Marfa Mall project development expenses charged to AOHC (SAR 42.3 million) and financing extended to AOHC (SAR 23.0 million). There was no formal agreement executed between the Related Parties for the financing arrangement and the balance was settled by AOHC partially against dividends (SAR 60.35 million) and remaining balance through bank transfers in the second half of 2020G.

In addition, the Company also provided financing to other affiliated companies during 2018G, 2019G and 2020G.

Due to Related Parties

The following table presents the Group's dues to Related Parties as of December 31, 2018G, 2019G and 2020G.

Table No. (6.251): Due to Related Parties

SAR Million	FY Ended December 31			Increase/(Decrease)		CAGR
	2018G Audited	2019G Audited	2020G Audited	December 2019G	December 2020G	2018G–2020G
Orion Holding Company Limited	-	0.01	0.4	N/A	778.3%	N/A
Fun World International for Investment	0.0	-	-	(100.0%)	N/A	(100.0%)
FAW International Company	-	-	15.0	N/A	N/A	N/A
Total	**0.0**	**0.01**	**15.4**	**(3.8%)**	**34302.4%**	**1,719.4%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

FAW International Company–The company is owned by Fahad Al Othaim, who is also a Director of AOIC. The amount of SAR 15.0 million at December 31, 2020G is a transfer of debts owed to FAW International by Hamdan Al Badr Company. The debt recovery from Hamdan Al-Badr Company will be paid to FAW International. Hamdan Al Badr Company has a receivable balance with AOIC. The arrangement is executed under an agreement.

The transfer of SAR 15.0 million owed by Hamdan Al-Badr to FAW represents an independent transaction between the respective parties. This transaction is not related to the rent amounts payable by Hamdan Al-Badr to AOIC. The transfer of SAR 15.0 million to AOIC does not impose any obligation on AOIC other than for AOIC to pass through any amounts specifically received against said amount to FAW. As Hamdan Al-Badr was carrying out a voluntary restructuring of the business, it was agreed that consolidating the debt under AOIC would strengthen the case for recovery of the sums due.

6.9.2 Balances and Transactions with Related Parties – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's Related Party transactions for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.252): Related Party Transactions

SAR Million	Relationship	Nature of Transaction	FY Ended December 31		
			2018G Audited	2019G Audited	2020G Audited
Al Othaim Holding Company	Shareholder	Transfer of construction work in progress	-	13.9	18.0
		Expenses paid on behalf	-	-	0.7
		Shared expenses	-	0.5	2.1
Abdullah Al Othaim Markets Company	Subsidiary	Rent income	-	18.0	14.1
		Rent expenses	-	37.2	26.4
		Payments of subsidiary	-	2.4	0.8
		Other sources of income	-	15.1	7.4
		Shared expenses	-	0.3	0.4
Abdullah Al Othaim Fashion Co.	Subsidiary	Finance cost	-	2.4	0.6
		Rental revenue	-	18.0	13.5
		Shared expenses	-	0.5	0.3
		Share of losses	-	29.4	13.1
Abdullah Al Othaim Entertainment Co.	Subsidiary	Finance cost	-	0.2	-
		Shared expenses	-	6.0	0.9
		Expenses paid on behalf	-	-	14.3
		Rental revenue	20.2	33.1	21.6

SAR Million	Relationship	Nature of Transaction	FY Ended December 31		
			2018G Audited	2019G Audited	2020G Audited
Emteyaz Al Riyadh Co.	Subsidiary	Rental revenue	-	5.3	2.1
		Finance charges	-	0.8	-
		Shared expenses	-	1.2	0.1
		Expenses paid on behalf	36.0	-	2.2
		Share of losses	-	1.4	3.9

Source: The audited financial statements of Abdullah Al Othaim Investment Company for the Financial Years ended December 31, 2019G and 2020G

Al Othaim Holding Company

Transfer of construction work in progress – AOIC was constructing the Marfa Mall project on behalf of Al Othaim Holding, which was suspended by the shareholder. AOIC incurred a cost of SAR 13.9 million till December 31, 2018G which was transferred to AOHC in 2019G. Further, the amount of SAR 18.0 million in 2020G pertained to the rent accrual for this project which was written back in AOIC books as 'other income'. This amount was stated as transfer of construction work in progress in the audited financial statements of 2020G.

AOIC has paid expenses on behalf of the subsidiary during 2020G

Common expenses were shared between AOIC and the subsidiary in 2019G and 2020G.

Al Othaim Markets Co.

Rent revenue – Refer to 'revenue split by related and non-Related Party' for details

Rent expenses – This relates to the rent paid by AOIC for the Dammam Mall acquired on lease from AOMC.

AOIC has paid expenses on behalf of the subsidiary during 2019G and 2020G

Other income related to sponsor revenue through AOMC, which sublets space to vendors to hold their promotional campaigns in AOIC-operated malls.

Common expenses were shared between AOIC and the subsidiary in 2019G and 2020G.

Abdullah Al Othaim Fashion Co.

Finance charges – AOIC provided a financing to AOFC in 2019G.

Rent revenue – Refer to the section "**Division of Revenue by Related and Non-related Parties**" for details.

Common expenses were shared between AOIC and the subsidiary in 2019G and 2020G.

Share of losses refers to AOIC's share of loss from certain of its subsidiary companies that exceeded the carrying amount of its investment. This excess of loss has been classified as provision against losses in subsidiaries under current liabilities.

Abdullah Al Othaim Entertainment Co.

Finance charge represents the interest charged by AOIC on the current account utilized by AOEC for meeting working capital requirements.

AOIC has paid expenses on behalf of the subsidiary during 2019G and 2020G

Rent revenue – Refer to the section "**Division of Revenue by Related and Non-related Parties**" for details.

Abdullah Al Othaim Entertainment Co.

Rent revenue – Refer to the section "**Division of Revenue by Related and Non-related Parties**" for details.

Finance charge represents the amount charged by AOIC for the consumption of current account for meeting working capital requirements

Common expenses were shared between AOIC and the subsidiary in 2019G and 2020G.

AOIC has paid expenses on behalf of the subsidiary during 2019G and 2020G

Share of losses refers to AOIC's share of loss from certain of its subsidiary companies that exceeded the carrying amount of its investment. This excess of loss has been classified as provision against losses in subsidiaries under current liabilities.

Key management and board of directors

This represents the salaries and compensation paid to executives holding key positions with AOIC Group.

Related Party Balances

Refer to the sections "**Due from Related Parties**" and "**Due to Related Parties**" of Abdullah Al Othaim Investment Company for details.

6.9.3 Balances and Transactions with Related Parties – Abdullah Al Othaim Entertainment Co.

The following table presents AOEC's Related Party transactions for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.253): AOEC's Related Party Transactions

SAR Million	Nature of transaction	FY Ended December 31		
Name of Related Parties		2018G Audited	2019G Audited	2020G Audited
Abdullah Al Othaim Investment Company	Expenses	6.1	7.6	14.4
	Rent	34.5	32.2	22.5
Premium Retail for Ready Garments Co. – UAE	Financing	1.5	1.5	-
Fun World – UK	Financing	0.8	-	-
Fun World - BVI	Financing	-	0.6	0.5
Fun World for Amusement Parks	Financing	-	0.0	-

Source: The audited financial statements of Abdullah Al Othaim Entertainment Co. for the Financial Year ended December 31, 2020G

AOEC has entered into transactions with Related Parties in relation to the leasing of real estate properties, financing, property transfer and other expenses.

AOIC has paid expenses on behalf of the AOEC during 2019G and 2020G.

Related Party Balances

Refer to the sections "**Due from Related Parties**" and "**Due to Related Parties**" of AOEC for details.

6.9.4 Balances and Transactions with Related Parties – Abdullah Al Othaim Fashion Co.

Related Party Transactions

The following table presents AOFC's Related Party transactions for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.254): AOFC's Related Party Transactions

SAR Million	Relationship	Nature of Transaction	FY Ended December 31		
			2018G Audited	2019G Audited	2020G Audited
Abdullah Al Othaim Investment Company	Owner	Absorption of losses	-	(29.4)	(13.1)
		Financing	2.7	0.9	0.3
		Finance cost	1.3	2.4	-
		Lease expenses	12.6	15.1	12.2
Premium Retail Company	Subsidiary	Purchases	0.5	0.7	-
Lilian for Trade Establishment	Subsidiary	Financing	4.4	0.1	0.0
		Revenue	0.2	-	(9.7)

Source: Abdullah Al Othaim Fashion Co.'s audited financial statements for the Financial Years ended December 31, 2019G and 2020G

Abdullah Al Othaim Investment Company

- Since AOFC's accumulated losses exceeded half of its capital; therefore, as required by the local law, AOIC has decided to continue with the operations and to provide financial support to AOFC. For this purpose, AOIC absorbed losses of SAR 29.4 million in 2019G.
- Financing and finance cost – AOFC have obtained financing from the owner at an interest rate of SIBOR + 1.75%.
- Lease expenses related to the rental paid by AOFC for the stores in AOIC operated malls on lease basis

Premium Retail Company – AOFC provided financing to the company, which is owned by an AOIC shareholder (Mr. Fahd Al Othaim).

Lilian for Trade Establishment – The Related Party is owned by AOFC's CEO (Mr. Fahad Al Medaihish). The transactions between Lilian and AOFC related to provision of financing, rent allocation, stationary expenses and staff related expenses.

Revenue related transaction recorded in 2020G of SAR 9.7 million was in relation to an amount receivable from sister company "Premium Retail Dubai" which was closed. The outstanding balance was transferred to AOIC's Related Party account in 2020G.

Related Party Balances

Refer to the sections "**Due from Related Parties**" and "**Due to Related Parties**" of AOFC for details.

6.9.5 Balances and Transactions with Related Parties – Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s Related Party transactions for the Financial Years ended December 31, 2018G, 2019G and 2020G.

Table No. (6.255): Related Party Transactions

SAR Million	Relationship	Nature	FY Ended December 31		
			2018G Audited	2019G Audited	2020G Audited
Abdullah Al Othaim Investment Company	Owner	Leases	3.5	3.9	3.0
		Absorption of losses	-	1.4	3.9
		Finance costs	0.5	0.8	-
		Capital work in progress	-	0.3	-
		Allocated expenses	0.9	0.7	-
		Other	-	-	0.2
Abdullah Al Othaim Entertainment Co.	Subsidiary	Transfers & Operating	16.0	13.9	5.9

Source: The audited financial statements for Emteyaz Al Riyadh Co.for the Financial Years ended 2019G and 2020G

AOIC is the owner of Abdullah Al Othaim Food Co. and entered into the following transactions during 2018G, 2019G and 2020G

- Leases – Abdullah Al Othaim Food Co. leased outlets in AOIC-operated malls.
- Absorption of losses – Refer to 'partner's equity' section for details
- Finance costs – This related to the current account with the owner for meeting working capital requirements
- Transfer of CWIP – This is related to WIP for Mado concept, a Turkish brand, and upon management approval, AOIC was charged with the amount.
- Other – This related to costs other than the lease, absorption, finance cost and WIP.

AOEC – This is a subsidiary owned by the owner of Abdullah Al Othaim Food Co.. Abdullah Al Othaim Food Co. has an arrangement with AOEC to deposit its daily cash sales with the Related Party, which is transferred to Abdullah Al Othaim Food Co.'s account on a monthly basis. The number of transactions depend on the sales volume as well as the timing of transfer of cash by the Related Party.

Related Party Balances

Refer to the sections "**Due from Related Parties**" and "**Due to Related Parties**" of Abdullah Al Othaim Food Co. for details.

6.10 Statement of Changes in Equity

The following table presents the Group's statement of changes in equity as of December 31, 2018G, 2019G and 2020G.

Table No. (6.256): Statement of Changes in Equity

SAR Million	Issued Capital	Statutory Reserve	Retained Earnings	Foreign Currency Exchange Reserve	Change FVTOCI revaluation reserve	Total
At December 31, 2018G (restated)	**1,000.0**	**99**	**436.3**	**(0.4)**	**(2.0)**	**1,533.7**
IFRS 16 adjustment	-	-	(62.8)	-	-	(62.8)
Reclassification of revaluation reserve	-	-	(2.0)	-	2.0	-
Net income for the year	-	-	232.6	-	-	232.6
Other comprehensive income for the year	-	-	(0.7)	(0.9)	1.1	(0.4)
Dividends	-	-	(100.0)	-	-	(100.0)
Transfer to statutory reserve	-	23.2	(23.2)	-	-	-
On December 31, 2019G	**1,000.0**	**122.3**	**480.2**	**(0.5)**	**1.1**	**1,603.0**
Net income for the year	-	-	116.3	-	-	116.3
Other comprehensive income for the year	-	-	0.9	(0.6)	-	0.3
Disposed during the year	-	-	-	-	(1.1)	(1.1)
Transfer to statutory reserve	-	11.6	(11.6)	-	-	0.0
Dividends	-	-	(100.0)	-	-	(100.0)
As of December 31, 2020G	**1,000.0**	**133.9**	**485.7**	**(1.1)**	**-**	**1,618.5**

Source: The Group's audited consolidated financial statements for the Financial Years ended 2019G and 2020G

Share Capital

Share capital of AOIC is divided into 100.0 million shares of SAR 10 each. The following table presents the ownership of the share capital of AOIC as of December 31, 2018G, 2019G and 2020G.

Table No. (6.257): Share Capital

	FY Ended December 31			FY Ended December 31			FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited	2018G Audited	2019G Audited	2020G Audited	2018G Audited	2019G Audited	2020G Audited
	Number of Shares (Millions)			Amount (SAR Million)			Shareholding (%)		
Abdullah Al Othaim Holding Company	79.3	60.3	60.3	793.5	603.5	603.5	79.3%	60.3%	60.3%
Abdullah Al Othaim Markets Company	13.7	13.7	13.7	136.5	136.5	136.5	13.7%	13.7%	13.7%
Abdullah Saleh Al Othaim	5.0	26.0	26.0	50.0	260.0	260.0	5.0%	26.0%	26.0%
Fahad Abdullah Saleh Al Othaim	1.0	-	-	10.0	-	-	1.0%	-	-
Saleh Abdullah Saleh Al Othaim	1.0	-	-	10.0	-	-	1.0%	-	-
Total	**100.0**	**100.0**	**100.0**	**1,000.0**	**1,000.0**	**1,000.0**	**100.0%**	**100.0%**	**100.0%**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

During 2019G, Mr. Abdullah Al Fahad Abdullah Saleh Al Othaim and Mr. Saleh Abdullah Saleh Al Othaim transferred their entire ownership interest in AOIC to Mr. Abdullah Saleh Al Othaim. Further, Abdullah Al Othaim Holding Company also transferred its 19.0% ownership interest in AOIC to Mr. Abdullah Saleh Al Othaim. The purpose of this transfer of interests was to consolidate the shareholding as well as to achieve tax efficiency.

Statutory Reserve

In accordance with the Companies Law and AOIC's Bylaws, AOIC must transfer 30% of its net income for the year to the statutory reserve. AOIC may resolve to discontinue such transfers when the reserve totals 30% of the share capital. This reserve is not available for dividend distribution. The reserve is being set aside based on the annual statutory financial statements.

Retained Earnings

The Company adjusted the opening balances of 2019G in order to retrospectively adjust the prior year errors. These mainly related to:

- Management noted an error of not adjusting the revenue impact in cases of contracts with differential rental value over the contract period in accordance with the requirements of IFRS 15 for lessors, which impacted the revenue by SAR 11.3 million (January 1, 2019G: SAR 9.7 million and December 31, 2019G: SAR 1.6 million). The corresponding impact was passed to unearned revenue.
- A prior year adjustment for excess depreciation of AOEC on property and equipment was made and adjusted in the opening year of 2019G.

Foreign Currency Exchange Reserve

AOIC translates foreign currency transactions into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from the settlement and translation of foreign currency transactions are included in the statement of comprehensive income. This may vary year-on-year depending on the number of foreign currency transactions where the exchange rate is not pegged against the Saudi riyal.

Cumulative Change in Fair Value of Financial Assets at FVTOCI

This represents the movement in the fair value of investments made by AOIC in Al Mabani Company (listed), Saudi Aramco (listed) and SEIC Hospitality Company (unlisted).

During 2018G, AOIC assigned its rights in its investment in SEIC Hospitality Company to Abdullah Al Othaim Holding Company (shareholder) pursuant to a resolution of the Board of Directors.

During 2020G, the Company disposed its investment in Saudi Aramco.

Dividends

During 2018G and 2019G, the Company did not have a formal dividend policy in place and the dividends were declared after the shareholders' approval in their annual General Assembly meeting. The following table presents the summary of dividends declared and paid during the years ended December 31, 2018G, 2019G and 2020G.

SAR Million	FY Ended December 31		
	2018G Audited	2019G Audited	2020G Audited
As of January 1	-	13.7	-
Dividends declared	100.0	100.0	100.0
Dividends paid	(86.3)	(113.7)	(100.0)
Total	**13.7**	**-**	**-**

Source: The Group's audited consolidated financial statements for the Financial Year ended 2020G

The Shareholders of the Company, in their annual General Assembly meetings held on June 30, 2018G, 2019G and 2020G, approved the distribution of dividends of SAR 100.0 million (SAR 10 per share) each for the years 2017G, 2018G and 2019G.

6.11 Results of Operations for the Nine-month Periods Ended September 30, 2020G and 2021G

6.11.1 Income Statement – Consolidated

The following table presents the Group's consolidated income statement for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.258): The Group's Consolidated Income Statement

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Revenue	485.2	608.7	25.5%
Cost of revenue	(270.3)	(322.1)	19.2%
Gross profit	**214.9**	**286.6**	**33.4%**
Selling and marketing expenses	(53.5)	(52.7)	(1.5%)
General and administrative expenses	(37.5)	(43.3)	15.6%
Other income/expenses	(2.9)	13.6	(572.9%)
Operating income	**121.0**	**204.2**	**68.8%**
Finance costs	(50.7)	(29.9)	(41.1%)
Share of results of associates	-	1.3	N/A
Net income before Zakat	**70.2**	**175.5**	**149.9%**
Zakat and tax	1.6	(2.5)	(257.8%)
Net income for the year	**71.8**	**173.1**	**141.0%**
Net income margin (%)	14.8%	28.4%	92.1%

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Revenue increased by 25.5% during the nine-month period ended September 30, 2021G, from SAR 485.2 million during the nine-month period ended September 30, 2020G to SAR 608.7 million during the nine-month period ended September 30, 2021G. This is mainly due to the entertainment and leasing sectors, with an increase in revenue of SAR 64.7 million and SAR 36.8 million, respectively, and the restoration of operations after the easing of closure procedures and other restrictions during the nine-month period ended September 30, 2021G. Additionally, the other major reason for the increase in revenue during the nine-month period ended September 30, 2021G was the reduction in COVID-19 discounts granted by AOIC. COVID-19 discounts reduced from SAR 74.2 million during the nine month period ended September 30, 2020G to SAR 16.0 million during the nine month period ended September 30, 2021G.

Cost of revenue increased by 19.2% on September 30, 2021G, from SAR 270.3 million during the nine-month period ended September 30, 2020G to SAR 322.1 million during the nine-month period ended September 30, 2021G. This primarily resulted from the increase in costs in the entertainment, fashion and leasing segments by SAR 26.4 million, SAR 16.9 million and 15.6 million, respectively.

Selling and marketing expenses decreased by 1.5% on September 30, 2021G, from SAR 53.5 million during the nine-month period ended September 30, 2020G to SAR 52.7 million during the nine-month period ended September 30, 2021G. This primarily resulted from a decrease in the selling and marketing expenses of the leasing segment by SAR 3.7 million, partially offset by an increase of SAR 0.3 million and SAR 0.5 million in the entertainment and fashion segments, respectively, during the nine-month period ended September 30, 2021G.

General and administrative expenses increased by 15.6% at September 30, 2021G from SAR 37.5 million during the nine month period ended September 30, 2020G to SAR 43.3 million during the nine month period ended September 30, 2021G. This is mainly due to the government bearing part of the salaries of Saudi employees within the SANED program during the closure period due to the COVID-19 pandemic, which in turn led to a decrease in general and administrative expenses during the nine-month period ended September 30, 2020G. During the nine month period ended September 30, 2021G, such benefit was not available.

Other revenue and expenses mainly include foreign exchange gains or losses, penalties charged to contractors for delay in projects, gain and loss on sale of property and equipment and investment properties netted off against the provision for credit losses. Other revenue (expenses) changed during the nine-month period ended September 30, 2021G from expenses estimated at SAR 2.9 million during the nine-month period ended September 30, 2020G to revenues of SAR 13.6 million during the nine-month period ended September 30, 2021G. This primarily resulted from gain made on the sale of land of SAR 20.7 million during the nine month period ended September

30, 2021G. No such gain was recognized during the nine month period ended September 30, 2020G.

Finance charges decreased by 41.1% on September 30, 2021G, from SAR 50.7 million during the nine-month period ended September 30, 2020G to SAR 29.9 million during the nine-month period ended September 30, 2021G. This primarily resulted from the replacement of Islamic bonds (interest at 1.7% + 6M SAIBOR) with medium term debt (interest at 1% and 0.85 % + 3M SAIBOR) as of September 1, 2020G. Further, during November 2020G, AOIC switched from 3M SAIBOR to 1M SAIBOR, which further reduced interest rates.

The Group's share of an associate company recorded profits of SAR 1.3 million during the nine-month period ended September 30, 2021G.

6.11.1.1 Key Performance Indicators

The following table presents Group's key performance indicators for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.259): The Group's Key Performance Indicators

%	Nine month Period Ended September 30	
	2020G	2021G
Financial KPIs – Consolidated		
1. Gross profit margin	44.3%	47.1%
2. Net profit margin	14.8%	28.4%
3. Return on assets		5.7%
4. Return on equity		13.1%
5. Current ratio (x)		0.7
6. Debt to equity (x)		0.96
7. Days sales outstanding (no.)		247
8. Days payable outstanding (no.)		38
9. Days inventory outstanding (no.)		45

Source: Management information

Note:

1. Gross profit margin = gross profit for the period / revenue for the period
2. Net profit margin = net profit for the period / revenue for the period
3. Return on assets = annualized net profit / assets as at period end
4. Return on equity = annualized net profit / equity as at period end
5. Current ratio = total current assets as at period end / total current liabilities as at period end
6. Debt to equity ratio = total current liabilities as at period end / total equity as at period end
7. Days sales outstanding = (gross trade accounts receivable at period end (leasing) / (gross annualized leasing revenue) x 365
8. Days payables outstanding = (trade accounts payable as at period end / annualized cost of revenue) x 365
9. Days inventory outstanding = (inventory as at period end / annualized cost of revenue) x 365

Table No. (6.260): Revenue by Sector

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Rental revenue	365.0	342.8	(6.1%)
Entertainment revenues	120.4	185.1	53.7%
Retail revenues	80.9	107.2	32.5%
Service revenues	37.6	37.1	(1.2%)
Restaurant revenues	10.0	12.0	20.6%
Advertising revenues	5.4	5.8	5.9%
Discounts	(59.9)	(65.3)	9.1%
COVID-19 discounts	(74.2)	(16.0)	(78.5%)
Total	**485.2**	**608.7**	**25.4%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Rent revenue decreased by 6.1% during the nine-month period ended September 30, 2021G, from SAR 365.0 million during the nine-month period ended September 30, 2020G to SAR 342.8 million during the nine-month period ended September 30, 2021G. This was primarily due to a decrease in rent per square meter (basic rent revenue plus leasing percentage / average leased area) from SAR 1,155 / square meter during the nine-month period ended September 30, 2020G to SAR 996 / square meter during the nine-month period ended September 30, 2021G as result of the reduction in existing rent agreements.

Entertainment revenue increased significantly by 53.7% during the nine month period ended September 30, 2021G, from SAR 120.4 million during the nine-month period ended September 30, 2020G to SAR 185.1 million during the nine-month period ended September 30, 2021G. This is primarily due to the significant increase in the number of visitors to entertainment centers during the nine-month period ended September 30, 2021G. This comes against the background of the easing of certain precautionary measures adopted to confront the pandemic, compared to the measures taken during the nine-month period ended September 30, 2020G, which led to the closure of entertainment centers and shopping malls during the pandemic period, which mainly resulted in a decrease in the number of visitors.

Retail revenue increased significantly by 32.5% during the nine-month period ended September 30, 2021G, from SAR 80.9 million during the nine-month period ended September 30, 2020G to SAR 107.2 million during the nine-month period ended September 30, 2021G. This is primarily due to the significant increase in revenues for the Kiabi and OVS brands during the nine-month period ended September 30, 2021G, from SAR 39.4 million and SAR 21.6 million, respectively, during the nine-month period ended September 30, 2020G, to SAR 66.3 million and SAR 30.4 million, respectively, during the nine-month period ended September 30, 2021G. This is primarily due to the increase in the number of transactions during such period, especially during the month of Ramadan, which represents the highest revenue-generating months during the nine-month period ended September 30, 2021G, compared to the month of Ramadan during the nine-month period ended September 30, 2020G, which was accompanied by precautionary measures taken to confront the pandemic.

Service revenues represent revenues from Abdullah Al Othaim Investment Company (standalone) from its tenants for the consumption of utilities, which includes the cost of electricity, water, gas and air conditioning. They did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

Restaurant revenue increased significantly by 20.6% during the nine-month period ended September 30, 2021G, from SAR 10.0 million during the nine-month period ended September 30, 2020G to SAR 12.0 million during the nine-month period ended September 30, 2021G. This is primarily due to the significant increase in the revenues of the café sector, especially "Oliver Brown" and "Mocha & More" during the nine-month period ended September 30, 2021G, from SAR 2.8 million and SAR 2.3 million, respectively, during the nine-month period ended September 30, 2020G, to SAR 3.6 million and SAR 3.0 million, respectively, during the nine-month period ended September 30, 2021G. This is primarily due to the opening of a new Oliver Brown branch inside Al Othaim Mall - Al-Ahsa.

Advertising revenues did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

Discounts did not witness material fluctuations between the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G.

COVID-19 discounts declined by 78.5%, from SAR 74.2 million during the nine-month period ended September 30, 2020G to SAR 16.0 million during the nine-month period ended September 30, 2021G. The decrease was due to the suspension of the precautionary measures adopted to confront the pandemic.

6.11.1.2 Cost of Revenue

The following table presents the Group's cost of revenue for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.261): Cost of Revenue

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Cost of merchandise sold	45.2	67.0	48.4%
Depreciation	83.2	82.9	(0.4%)
Employee salaries and other benefits	49.0	57.1	16.6%
General benefits	38.3	49.8	30.0%
Depreciation - intangible assets	0.2	0.2	-
Amortization of right-of-use assets	44.1	35.7	(19.1%)
External services	10.1	11.7	15.8%
Maintenance	3.3	4.0	20.5%
Lease - lease discounts	(16.7)	4.8	(128.5%)
Other	13.6	8.9	(34.6%)
Total	**270.3**	**322.1**	**19.2%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Cost of goods sold increased by 48.4% during the nine-month period ended September 30, 2021G, from SAR 45.2 million during the nine-month period ended September 30, 2020G to SAR 67.0 million during the nine-month period ended September 30, 2021G. This is primarily due to the high cost of the merchandise sold in the retail sector, as the cost of the merchandise sold for the retail sector represents 82.1% and 80.4% of the total cost of the merchandise sold item during the nine-month period ended September 30, 2020G and September 30, 2021G, respectively. Such increase is relatively consistent with the increase in the revenues of that sector, especially after the end of the lockdown period caused by the COVID-19 pandemic during the nine-month period ended September 30, 2020G.

Depreciation did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

Employee salaries and other benefits increased by 16.6% during the nine-month period ended September 30, 2021G, from SAR 49.0 million during the nine-month period ended September 30, 2020G to SAR 57.1 million during the nine-month period ended September 30, 2021G. This is primarily due to the increase in the number of employees and the annual increases of current employees during the nine-month period ended September 30, 2021G. Also during the nine-month period ended September 30, 2020G, the Government paid part of the salaries of Saudi employees (under the SANED program) to support the private sector following the suspension of work during the COVID-19 pandemic, which contributed to the reduction of salaries for the nine month period ended September 30, 2020G.

Public utilities increased by 30.0% during the nine-month period ended September 30, 2021G, from SAR 38.3 million during the nine-month period ended September 30, 2020G to SAR 49.8 million during the nine-month period ended September 30, 2021G. This is largely in line with the increase in revenues during the nine-month period ended September 30, 2021G, in addition to the fact that some business sectors such as the leasing and restaurant sectors have faced the closure of shopping malls and restaurants as a result of the precautionary measures taken to confront the pandemic during the nine-month period ended September 30, 2020G, which led to a decrease in such costs during the period.

The depreciation of intangible assets did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

Depreciation of right-of-use assets decreased by 19.1% during the nine-month period ended September 30, 2021G, from SAR 44.1 million during the nine-month period ended September 30, 2020G to SAR 35.7 million during the nine-month period ended September 30, 2021G.

External services did not witness material movement between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

Maintenance increased by 20.5% on September 30, 2021G, from SAR 3.3 million during the nine-month period ended September 30, 2020G to SAR 4.0 million during the nine-month period ended September 30, 2021G.

Rent and rent discounts increased significantly by 128.5% during the nine-month period ended September 30, 2021G, from SAR 16.7 million during the nine-month period ended September 30, 2020G to SAR 4.8 million during the nine-month period ended September

30, 2021G. Such increase is largely in line with the increase in the value of rents for the entertainment sector, as the locations concentrated in the Kingdom of Saudi Arabia and the UAE together increased by SAR 8.7 million during the nine-month period ended September 30, 2021G.

Other expenses decreased by 34.6% during the nine-month period ended September 30, 2021G, from SAR 13.6 million during the nine-month period ended September 30, 2020G to SAR 8.9 million during the nine-month period ended September 30, 2021G.

6.11.1.3 Selling and Distribution Expenses

The following table presents the Group's selling and distribution expenses for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.262): Selling and Distribution Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Employee salaries and other benefits	17.4	19.0	9.1%
Advertising	7.8	6.6	(15.8%)
Amortization of right-of-use assets	9.8	8.3	(15.2%)
Depreciation	7.0	5.5	(21.2%)
Lease, net concessions	3.5	5.7	62.1%
General benefits	1.4	1.3	(0.8%)
Depreciation - intangible assets	0.1	0.01	(87.5%)
Other	6.7	6.3	(5.8%)
Total	**53.5**	**52.7**	**(1.6%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Employee salaries and other benefits increased by 9.1% during the nine-month period ended September 30, 2021G, from SAR 17.4 million during the nine-month period ended September 30, 2020G to SAR 19.0 million during the nine-month period ended September 30, 2021G. This is primarily due to the increase in retail employee salaries during the nine-month period ended September 30, 2021G estimated at SAR 1.9 million as compared with the nine-month period ended September 30, 2020G. The Company's Management justified such increase in the cost of employee salaries and other benefits with the suspension of salary deductions that were in effect during the nine-month period ended September 30, 2020G.

Advertising expenses declined by 15.8% during the nine-month period ended September 30, 2021G, from SAR 7.8 million during the nine-month period ended September 30, 2020G to SAR 6.6 million during the nine-month period ended September 30, 2021G. This is primarily due to the decrease in promotional campaigns for the leasing sector during the nine-month period ended September 30, 2021G, which in turn led to a decrease in the cost of advertising for this sector from SAR 5.0 million during the nine-month period ended September 30, 2020G to SAR 1.7 million during the nine-month period ended September 30, 2021G.

Depreciation of right-of-use assets decreased by 15.2% during the nine-month period ended September 30, 2021G, from SAR 9.8 million during the nine-month period ended September 30, 2020G to SAR 8.3 million during the nine-month period ended September 30, 2021G. This is primarily due to the decline in number of retail rented locations, which decreased from 46 locations during the nine-month period ended September 30, 2020G to 37 locations during the nine-month period ended September 30, 2021G.

Depreciation of property and equipment mainly relates to equipment, furniture and fixtures, vehicles, computers, decor and arrangements. Depreciation of property and equipment decreased by 21.2% during the nine-month period ended September 30, 2021G, from SAR 7.0 million during the nine-month period ended September 30, 2020G to SAR 5.5 million during the nine-month period ended September 30, 2021G. This is primarily due to the disposal of fixed assets amounting to SAR 10.0 million during the period ended September 30, 2021G, which mainly consist of improvements to leased premises (SAR 3.1 million), games (SAR 3.0 million) and furniture and fixtures (SAR 2.1 million). Such disposals were related to branches closed by AOFC during the period.

Rent expenses and net concessions increased significantly by 62.1% during the nine-month period ended September 30, 2021G, from SAR 3.5 million during the nine-month period ended September 30, 2020G to SAR 5.7 million during the nine-month period ended September 30, 2021G. This is primarily due to the increase in revenues, as these expenses are paid based on a percentage of revenues; the higher the revenues are, the higher those expenses are, pursuant to the franchise agreement entered into.

Public utility expenses did not witness material fluctuation during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

The depreciation of intangible assets did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

Other expenses did not witness material fluctuation during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

6.11.1.4 General and Administrative Expenses

The following table presents the Group's general and administrative expenses for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.263): General and Administrative Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Employee salaries and other benefits	23.5	26.3	11.9%
Depreciation	3.7	2.7	(27.6%)
Insurance	0.3	0.1	(48.1%)
Depreciation - intangible assets	1.2	0.9	(29.7%)
Amortization of right-of-use assets	0.2	0.2	(34.5%)
Licenses	1.2	1.3	6.8%
Rent	0.1	0.2	76.4%
General benefits	0.5	0.6	33.6%
Professional fees	1.2	4.9	295.8%
Maintenance	0.6	0.4	(34.5%)
Other	5.0	5.8	17.7%
Total	**37.5**	**43.3**	**15.6%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

General and administrative expenses increased by 15.6% during the nine-month period ended September 30, 2021G, from SAR 37.5 million during the nine-month period ended September 30, 2020G to SAR 43.3 million during the nine-month period ended September 30, 2021G. This is primarily due to the increase in employee salaries and other benefits expenses, as salaries and other benefits increased by 11.9% during the nine-month period ended September 30, 2021G, from SAR 23.5 million during the nine-month period ended September 30, 2020G to SAR 26.3 million during the nine-month period ended September 30, 2021G, due to the suspension of the support provided by the Government during the nine-month period ended September 30, 2021G. The Government paid part of the salaries of Saudi employees (under the SANED program) to support the private sector during the suspension of work as a result of the COVID-19 pandemic, which contributed to a reduction in salaries for the nine-month period ended September 30, 2020G. This is also due to a reduction in the number of employees.

Depreciation decreased by 27.6% during the nine-month period ended September 30, 2021G, from SAR 3.7 million during the nine-month period ended September 30, 2020G to SAR 2.7 million during the nine-month period ended September 30, 2021G.

Insurance expenses did not witness material fluctuations during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

The depreciation of intangible assets did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

The amortization of right-of-use assets did not witness material fluctuations between the nine-month period ended September 30, 2021G and the nine-month period ended September 30, 2020G.

License expenses did not witness material fluctuation during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

Rent expenses did not witness material fluctuation during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

Public utility expenses did not witness material fluctuation during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

Professional fees increased by 295.8% during the nine-month period ended September 30, 2021G, from SAR 1.2 million during the nine-month period ended September 30, 2020G to SAR 4.9 million during the nine-month period ended September 30, 2021G. This is primarily due to the increase in expenses related to the subscription, the auditor and legal services.

Maintenance expenses did not witness material fluctuation during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G.

Other expenses increased by 17.7% during the nine-month period ended September 30, 2021G, from SAR 5.0 million during the nine-month period ended September 30, 2020G to SAR 5.8 million during the nine-month period ended September 30, 2021G.

6.11.1.5 Finance Costs

The following table presents the Group's finance costs for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.264): Finance Costs

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Finance costs	39.3	20.5	(47.4%)
Finance cost - leases	11.5	8.9	(22.3%)
Commission cost - end of service allowance	-	0.3	N/A
Total	**50.7**	**29.9**	**(41.1%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Finance charges decreased by 41.1% on September 30, 2021G, from SAR 50.7 million during the nine-month period ended September 30, 2020G to SAR 29.9 million during the nine-month period ended September 30, 2021G. This primarily resulted from the replacement of Islamic bonds (interest at 1.7% + 6M SAIBOR) with medium term debt (interest at 1% and 0.85 % + 3M SAIBOR) as of September 1, 2020G. Further, during November 2020G, AOIC switched from 3M SAIBOR to 1M SAIBOR, which further reduced interest rates.

6.11.1.6 Other Income/Expenses

The following table presents other income (expenses) for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.265): Other Income/Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Profits from the sale of real estate investments	-	20.7	N/A
Losses from the disposal of real estate investments	(1.8)	(1.0)	(46.7%)
Provision for expected credit losses	(5.0)	(13.2)	164.4%
Foreign currency translation gain	(1.6)	1.2	(179.1%)
Claims provision reversal	1.3	2.1	64.31%
Other	4.3	3.9	(9.4%)
Total	**(2.9)**	**13.6**	**(572.9%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Other revenue and expenses mainly include foreign exchange gains or losses, penalties charged to contractors for delay in projects, gain and loss on sale of property and equipment and investment properties netted off against the provision for credit losses. Other revenue (expenses) changed during the nine-month period ended September 30, 2021G from expenses estimated at SAR 2.9 million during the nine-month period ended September 30, 2020G to revenues of SAR 13.6 million during the nine-month period ended September 30, 2021G. This primarily resulted from gain made on the sale of land of SAR 20.7 million during the nine month period ended September 30, 2021G. No such gain was recognized during the nine month period ended September 30, 2020G.

6.11.2 Income Statement – Consolidated

The following table presents the Group's consolidated income statement for the financial period ended September 30, 2021G.

Table No. (6.266): Consolidated Income Statement as of September 30, 2021G

SAR Million	Abdullah Al Othaim Investment Co.	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Other	Total	Adjustments	Note	Consolidated Balance Sheet
Segment	Leasing	Entertainment		Fashion	Other				
Revenue	329.8	185.1	12.0	107.2	0.3	634.4	(25.6)	1	608.7
Cost of revenue	(144.9)	(128.5)	(10.5)	(53.9)	-	(337.9)	15.8	1	(322.1)
Gross profit	184.8	56.6	1.5	53.3	0.3	296.5	(9.9)		286.6
Selling and distribution expenses	(4.3)	(7.8)	(0.0)	(48.2)	-	(60.3)	7.6	2	(52.7)
General and administrative expenses	(28.2)	(5.3)	(2.7)	(7.0)	(0.1)	(43.3)	0.0		(43.3)
Other sources of income	11.1	-	-	2.6	0.1	13.8	(0.2)		13.6
Operating income	163.4	43.6	(1.3)	0.6	0.3	206.6	(2.4)		204.2
Finance costs	(27.1)	(3.3)	(0.2)	(1.9)	-	(32.4)	2.6		(29.9)
Company's share of profit from associate	36.3	-	-	-	-	36.3	(35.1)		1.3
Net income before zakat	172.7	40.3	(1.4)	(1.3)	0.3	210.5	(35.0)		175.5
Zakat and tax	0.4	(2.8)	-	(0.5)	-	(2.9)	0.5		(2.5)
Net income	**173.1**	**37.4**	**(1.4)**	**(1.8)**	**0.3**	**207.6**	**(34.5)**		**173.1**
Other comprehensive income									
Foreign currency translation differences	(0.0)	(0.0)	-	-	-	(0.0)	0.0		(0.0)
Re-measurement for subsidiary EOSB actuarial	1.7	1.6	0.0	0.1	-	3.3	(1.7)		1.7
Re-measurement gain / (loss) on employees' defined benefit	(0.7)	-	-	-	-	(0.7)	-		(0.7)
Total comprehensive income for the year	**174.0**	**39.0**	**(1.4)**	**(1.7)**	**0.3**	**210.2**	**(36.2)**		**174.0**

Source: Management information

The following table presents the consolidated balance sheet - consolidated income statement for the financial period ended September 30, 2020G.

Table No. (6.267): Consolidated Income Statement as of September 30, 2020G

SAR Million	Abdullah Al Othaim Investment Co.	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Food Co.	Abdullah Al Othaim Fashion Co.	Other	Total	Adjustments	Note	Consolidated Balance Sheet
Segment	Leasing	Entertainment	Food & Beverage	Fashion	Other				
Revenue	293.0	120.4	10.0	80.9	0.7	505.0	(19.8)	1	485.2
Cost of revenue	(129.3)	(102.1)	(9.2)	(37.1)	-	(277.7)	7.3	1	(270.3)
Gross profit	163.7	18.4	0.8	43.8	0.7	227.4	(12.5)		214.9
Selling and distribution expenses	(7.6)	(7.5)	(0.0)	(47.7)	-	(62.9)	9.3	2	(53.5)
General and administrative expenses	(20.2)	(4.9)	(2.4)	(8.4)	(0.1)	(35.9)	(1.6)		(37.5)
Other sources of income	(3.4)	-	0.0	(1.1)	0.1	(4.4)	1.5		(2.9)
Operating income	132.5	5.9	(1.6)	(13.4)	0.8	124.3	(3.3)		121.0
Finance costs	(46.5)	(5.0)	(0.2)	(2.4)	-	(54.0)	3.3		(50.7)
Company's share of profit from associate	(16.3)	-	-	-	-	(16.3)	16.3		-
Net income before zakat	69.7	0.9	(1.8)	(15.7)	0.8	53.9	16.3		70.2
Zakat and tax	2.1	(0.5)	-	-	-	1.6	-		1.6
Net income	**71.8**	**0.4**	**(1.8)**	**(15.7)**	**0.8**	**55.5**	**16.3**		**71.8**
Other comprehensive income						-			
Foreign currency translation differences	0.0	0.0	-	-	-	0.1	(0.0)		0.0
Total comprehensive income for the year	**71.8**	**0.4**	**(1.8)**	**(15.7)**	**0.8**	**55.6**	**16.3**		**71.8**

Source: Management information

Key consolidation adjustments

1. Abdullah Al Othaim Investment Company generates revenue through the leased spaces offered to its subsidiaries at its malls. The amendment represents the cancellation of the lease between the sister companies.
2. These adjustments relate to rent charged to the Related Party (Abdullah Al Othaim Fashion Co.) which classifies lease expenses under selling and marketing expenses and hence it is eliminated from the same line.
3. This is a consolidation adjustment which excludes the share of result of subsidiaries.

6.11.3 Income Statement – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's income statement for the period ended September 30, 2020G and 2021G.

Table No. (6.268): Income Statement

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Revenue	293.0	329.8	12.6%
Cost of revenue	(129.3)	(144.9)	12.1%
Gross profit	**163.7**	**184.8**	**12.9%**
Selling and distribution expenses	(7.6)	(4.3)	(43.0%)
General and administrative expenses	(20.2)	(28.2)	40.1%
Other income/expenses	(3.4)	11.1	(426.8%)
Operating income	**132.5**	**163.4**	**23.3%**
Finance cost	(46.5)	(27.1)	(41.8%)
Share of results of subsidiaries and associates	(16.3)	36.3	(322.6%)
Net income before Zakat	**69.7**	**172.7**	**147.7%**
Zakat	**2.1**	**0.4**	**(82.1%)**
Net income for the year	**71.8**	**173.1**	**141.0%**
Net income margin (%)	24.5%	52.5%	

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Revenue (net) increased by 12.6% during the nine month period ended September 30, 2021G from SAR 293.0 million during the nine month period ended September 30, 2020G to SAR 329.8 million during the nine month period ended September 30, 2021G. This primarily resulted from the decrease in COVID-19 rental discounts given to customers, which was netted from gross revenue, which decreased by 78.5% during the nine-month period ended September 30, 2021G, from SAR 74.2 million during the nine-month period ended September 30, 2020G to SAR 16.0 million during the nine-month period ended September 30, 2021G. The impact of increase in revenue from discounts on account of COVID-19 was partially offset by decrease in leased area during the nine month period ended September 30, 2021G from 392,257 sqm in nine month period ended September 30, 2020G to 380,662 sqm during the nine month period ended September 30, 2021G.

Cost of revenue increased by 12.1% during the nine month period ended September 30, 2021G from SAR 129.3 million during the nine month period ended September 30, 2020G to SAR 144.9 million during the nine month period ended September 30, 2021G. This resulted from the increase in utilities expenses, employee salaries and other benefits, outsourcing services and a reduction in COVID-19 discounts netted in cost of sales as malls were closed for 43 days in 2020G, which led to lower utilities expenses and the application of a 30% discount on electricity costs during April to June 2020G.

Selling and distribution expenses declined by 43.0% during the nine month period ended September 30, 2021G from SAR 7.6 million during the nine month period ended September 30, 2020G to SAR 4.3 million during the nine month period ended September 30, 2021G. This was primarily due a lack of marketing events due to the slowdown in marketing activities in the malls.

General and administrative expenses increased by 40.1% during the nine-month period ended September 30, 2021G, from SAR 20.2 million during the nine-month period ended September 30, 2020G to SAR 28.2 million during the nine-month period ended September 30, 2021G. This is primarily due to the increase in employee salaries and other benefits and professional fees. The Company was receiving support for the costs of Saudi employees' salaries under the SANED program during the nine-month period ended September 30, 2020G. The support was suspended during the nine-month period ended September 30, 2021G, which led to an increase in employee salaries and other benefits. Employees' salaries and other benefits increased by 24.0% from SAR 14.3 million during the nine month period ended September 30, 2020G to SAR 17.7 million during the nine month period ended September 30, 2021G due to increase in headcount of staff involved in administrative functions. Further, professional fees increased by SAR 4.7 million, from SAR 0.6 million during the nine month period ended September 30, 2020G to SAR 4.1 million during the nine month period ended September 30, 2021G, due to increased spending on external consultants and lawyers for certain commercial matters.

Other revenue and expenses increased by 426.8% during the nine-month period ended September 30, 2021G, from expenses amounting to SAR 3.4 million during the nine-month period ended September 30, 2020G to revenue estimated at SAR 11.1 million during the nine-month period ended September 30, 2021G, on account of gains from the disposal of land in Abha, which was sold to the General Authority for State Properties for SAR 23.1 million and resulted in a gain of SAR 20.7 million. This was offset by the classification of provision for expected credit loss of SAR 13.2 million during the nine-month period ended September 30, 2021G.

During the nine-month period ended September 30, 2021G, an additional provision of SAR 13.2 million was booked against doubtful debts.

Finance costs declined by 41.8% during the nine-month period ended September 30, 2021G, from SAR 46.5 million during the nine-month period ended September 30, 2020G to SAR 27.1 million during the nine-month period ended September 30, 2021G. This was due to the offsetting of Islamic bonds which carried a higher interest rate (paid off on August 30, 2020G) using additional Murabaha loans which carry a lower interest rate.

Share of results of subsidiaries and associates is mainly related to AOIC's share in the profits and losses arising out of its investment in various subsidiaries and associates. (Refer to the section "**Investments in Subsidiaries**" for further details.)

6.11.3.1 Key Performance Indicators

The following table presents AOIC's key performance indicators for the nine-month periods ended September 30, 2020G and 2021G.

Table No. (6.269): Key Performance Indicators

	Period Ended September 30	
	2020G	2021G
Financial KPIs		
Gross margin (%)	55.9%	56.0%
Net profit margin (%)	24.5%	52.5%
Return on assets (%)		5.8%
Return on equity (%)		12.9%
Current ratio (x)		0.7
Debt to equity (x)		0.94
Days sales outstanding (no.)		128
Operational KPIs		
Operational Malls (no.)	9	9
Gross lease area (m2)	602,580	602,580
Net lease area (m2)	458,596	458,624
Lease area (m2)	392,257	380,662
Rent per m2 (SAR)	996	1,155
Average occupancy of malls (%)	85.5%	83.0%

Source: Management information

Note 1: This includes Akirshah Mall with a total leasable area of 6,320 square meters of operating line shops.

Note 2:

1. Gross profit margin = gross profit for the period / revenue for the period
2. Net profit margin = net profit for the period / revenue for the period
3. Return on assets = annualized net profit / assets as at year period
4. Return on equity = annualized net profit / assets as at period end
5. Current ratio = total current assets as at period end / total current liabilities as at period end
6. Debt to equity = total outstanding debt as at period end / total equity
7. Days sales outstanding = (gross receivables as at period end / annualized revenue) x 365
8. Rent per sqm = annualized gross revenue / average leased area

6.11.3.2 Revenue

Revenue by Segment

The following table presents an overview of AOIC's revenue by segment for the periods ended September 30, 2020G and 2021G.

Table No. (6.270): Revenue by Segment

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rent revenue	384.0	368.2	(4.1%)
Service revenue	37.6	37.1	(1.2%)
Promotion and advertising revenue	5.4	5.8	5.9%
Other revenue	(0.0)	(0.0)	62.5%
Total revenue	427.0	411.1	(3.7%)
Less: COVID-19 discounts	(74.2)	(16.0)	(78.5%)
Less: Discount	(59.9)	(65.3)	9.1%
Net revenue	**293.0**	**329.8**	**12.6%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

During the period, the auditors changed the classification of segments, therefore, we have adjusted the revenue table in order to present a consistent comparison. The following table presents the adjusted revenue by segment for the periods ended September 30, 2020G and 2021G.

Table No. (6.271): Adjusted Revenue by Segment

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rent revenue	336.8	323.3	(4.0%)
Operation of malls	47.3	44.8	(5.1%)
Service revenue	37.6	37.1	(1.2%)
Promotion and advertising revenue	5.4	5.8	5.9%
Other revenue	(0.0)	(0.0)	62.5%
Total revenue	427.0	411.1	(3.7%)
Less: COVID-19 discounts	(74.2)	(16.0)	(78.5%)
Less: Discount	(59.9)	(65.3)	9.1%
Net revenue	**293.0**	**329.8**	**12.6%**

Source: Management information

Rent Revenue

Rent revenue decreased by 4.0% during the nine month period ended September 30, 2021G from SAR 336.8 million during the nine month period ended September 30, 2020G to SAR 323.3 million during the nine month period ended September 30, 2021G. This was primarily due to a decrease in average occupancy, which declined from 85.5% in the nine-month period ended September 30, 2020G to 83.0% in the nine-month period ended September 30, 2021G. The decrease was driven by the termination of lease contracts by certain customers due to the current economic situation.

Operation of Malls

Revenue decreased by 5.1% during the nine-month period ended September 30, 2021G, from SAR 47.3 million during the nine-month period ended September 30, 2020G to SAR 44.8 million during the nine-month period ended September 30, 2021G. This was primarily due to decline in rent revenue, since the malls' operations revenue is calculated as a percentage of rent revenue. Malls operation revenue percentage is pre-determined in the rent agreement.

Service Revenue

Service revenue decreased by 1.2% during the nine month period ended September 30, 2021G from SAR 37.6 million during the nine month period ended September 30, 2020G to SAR 37.1 million during the nine month period ended September 30, 2021G. This decline was in the normal course of business.

Advertising/Specialty Revenue

The revenue from this stream increased by 5.9% during the nine month period ended September 30, 2021G from SAR 5.4 million during the nine month period ended September 30, 2021G to SAR 5.8 million during the nine month period ended September 30, 2020G. The primarily reason for increase was pick-up in advertisement activities as the government eased COVID-19 related restrictions during 2021G.

Discounts

The discounts declined by 39.4% during the nine month period ended September 30, 2021G from SAR 134.1 million during the nine month period ended September 30, 2020G to SAR 81.3 million during the nine month period ended September 30, 2021G.

The discount percentage is determined on a case-by-case basis depending on multiple factors, including the relevant tenant's quality, brand portfolio and its overall contribution to AOIC's business. Discounts are granted to maintain the performance of the malls and to maintain strategic relations with tenants to ensure the business continuity of tenants during challenging market conditions. Therefore, discounts may fluctuate on a yearly basis.

Another category of discount is presented in the financial statements by the external auditors as the COVID-19 discount. This is the discount given due to the COVID-19 pandemic to its customers.

Revenue by Mall

The following table presents an overview of AOIC's revenue by mall for the periods ended September 30, 2020G and 2021G.

Table No. (6.272): Revenue by Mall

SAR Million	Year of Opening	Period Ended September 30		Increase/(Decrease)
		2020G Reviewed	2021G Reviewed	2021G
Al Othaim Mall - Al-Rabwah	2001G	87.0	88.1	1.3%
Al Othaim Mall - Al-Ahsa	2007G	74.9	70.9	(5.2%)
Al Othaim Mall - Dammam	2011G	68.4	64.7	(5.5%)
Al Othaim Mall - Hail	2016G	50.3	48.9	(2.6%)
Al Othaim Mall - Buraidah	2008G	42.2	40.6	(3.7%)
Al Othaim Mall - Khurais	2008G	45.4	46.2	1.7%
Al Othaim Mall - Arar	2016G	32.9	31.1	(5.4%)
Al Othaim Mall - Unaizah	2012G	23.9	18.1	(24.2%)
Akirshah Mall	2011G	1.9	1.9	(0.1%)
Other		0.2	0.4	129.8%
Total revenue		**427.0**	**411.1**	**(3.7%)**
Less: COVID-19 discounts		(74.2)	(16.0)	(78.5%)
Less: Discounts		(59.9)	(65.3)	9.1%
Net revenue		**293.0**	**329.8**	**12.6%**

Source: Management information

Al Othaim Mall - Al-Rabwah

The following table presents the breakdown of revenue and operational key performance indicators by mall for the periods ended September 30, 2020G and 2021G.

Table No. (6.273): Al Othaim Mall - Al-Rabwah

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	69.9	71.1	1.8%
Operation of malls	9.1	8.6	(6.0%)
Service income	6.7	6.7	0.6%
Promotion and advertising revenue	1.3	1.8	32.5%
Total revenue	87.0	88.1	1.3%
Total discounts	(25.8)	(21.2)	(17.6%)
Net revenue	61.2	66.9	9.3%
Operational KPIs			
Turnout rate (in millions)	3.5	4.4	26.8%
Net lease area (m^2)	76,405	76,366	(0.1%)
Leased area (m^2)	63,264	63,490	0.4%
Rent per square meter (SAR)[1]	1,833	1,851	1.0%
Average occupancy (%)	82.8%	83.1%	0.4%
Average annual efficiency (%) *	70.4%	75.9%	7.9%

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Al-Rabwah contributed on average 20.9% of the gross revenue earned by AOIC during the nine-month period ended September 30, 2020G and 2021G.

Gross revenue increased by 1.3% during the nine month period ended September 30, 2021G, from SAR 87.0 million during the nine month period ended September 30, 2020G to SAR 88.1 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in rent per square meter from SAR 1,833 per square meter during the nine-month period ended September 30, 2020G to SAR 1,851 per square meter during the nine-month period ended September 30, 2021G.

Al Othaim Mall - Al-Ahsa

The following table presents the breakdown of revenue and operational key performance indicators by mall for the period ended September 30, 2020G and 2021G.

Table No. (6.274): Al Othaim Mall - Al-Ahsa

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	61.3	57.5	(6.2%)
Operation of malls	7.0	6.8	(2.3%)
Service income	6.1	6.1	0.8%
Promotion and advertising revenue	0.5	0.5	(2.6%)
Total revenue	74.9	70.9	(5.2%)
Total discounts	(23.7)	(8.9)	(62.5%)
Net revenue	51.2	62.1	21.2%
Operational KPIs			
Turnout rate (in millions)	3.0	4.2	39.1%
Net lease area (m^2)	61,523	61,658	0.2%
Leased area (m^2)	54,425	56,033	3.0%
Rent per square meter (SAR)[1]	1,834	1,688	(8.0%)
Average occupancy (%)	88.5%	90.9%	2.7%
Average annual efficiency (%) *	68.4%	87.5%	27.9%

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Al-Ahsa contributed on average 17.4% of the gross revenue earned by AOIC during the nine-month period ended September 30, 2020G and 2021G.

Gross revenue from the mall declined by 5.2% during the nine-month period ended September 30, 2021G, from SAR 74.9 million during the nine-month period ended September 30, 2020G to SAR 70.9 million during the nine-month period ended September 30, 2021G. This was primarily due to a decline in average rent per square meter, from SAR 1,834 per square meter in the nine-month period ended September 30, 2020G to SAR 1,688 per square meter in the nine-month period ended September 30, 2021G.

The discounts decreased by 62.5% during the nine month period ended September 30, 2021G from SAR 23.7 million during the nine month period ended September 30, 2020G to SAR 8.9 million during the nine month period ended September 30, 2021G, was primarily due to lower discounts extended to customers.

Al Othaim Mall - Dammam

The following table presents the breakdown of revenue and operational key performance indicators by mall for the period ended September 30, 2020G and 2021G.

Table No. (6.275): Al Othaim Mall - Dammam

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	52.7	49.6	(5.9%)
Operation of malls	7.3	6.8	(7.4%)
Service income	7.2	7.2	(0.2%)
Promotion and advertising revenue	1.2	1.1	(7.0%)
Total revenue	68.4	64.7	(5.5%)
Total discounts	(21.7)	(12.8)	(41.2%)
Net revenue	46.7	51.9	11.1%
Operational KPIs			
Turnout rate (in millions)	2.6	3.2	23.8%
Net lease area (m^2)	71,369	71,280	(0.1%)
Leased area (m^2)	60,100	57,528	(4.3%)
Rent per square meter (SAR)[1]	1,518	1,498	(1.3%)
Average occupancy (%)	84.2%	80.7%	(4.2%)
Average annual efficiency (%) *	68.2%	80.2%	17.6%

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Revenue from Al Othaim Mall - Dammam represented on average 15.9% of AOIC's gross revenue during the nine-month periods ended September 30, 2020G and 2021G.

Gross revenue declined by 5.5% during the nine month period ended September 30, 2021G, from SAR 68.4 million during the nine month period ended September 30, 2020G to SAR 64.7 million during the nine month period ended September 30, 2021G. This was due to the decline in occupancy of the Mall from 84.2% during the nine month period ended September 30, 2020G to 80.7% during the nine month period ended September 30, 2021G.

The rent per sqm also declined from SAR 1,518 per sqm during the nine month period ended September 30, 2020G to SAR 1,498 per sqm during the nine month period ended September 30, 2021G.

Al Othaim Mall - Hail

The following table presents the breakdown of revenue and operational key performance indicators by mall for the periods ended September 30, 2020G and 2021G.

Table No. (6.276): Al Othaim Mall - Hail

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	37.7	36.4	(3.5%)
Operation of malls	6.8	6.7	(1.5%)
Service income	5.5	5.6	1.9%
Promotion and advertising revenue	0.3	0.3	(10.7%)
Total revenue	50.3	48.9	(2.6%)
Total discounts	(17.4)	(10.3)	(40.9%)
Net revenue	32.8	38.6	17.7%
Operational KPIs			
Turnout rate (in millions)	1.9	1.9	(4.5%)
Net lease area (m^2)	63,421	63,424	0.0%
Leased area (m^2)	53,024	52,495	(1.0%)
Rent per square meter (SAR)[1]	1,264	1,243	(1.7%)
Average occupancy (%)	83.6%	82.8%	(1.0%)
Average annual efficiency (%) *	65.3%	78.9%	20.9%

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Hail contributed on average 11.8% of AOIC's gross revenue during the nine-month period ended September 30, 2020G and 2021G.

Gross revenue from the mall declined by 2.6% during the nine-month period ended September 30, 2021G, from SAR 50.3 million during the nine-month period ended September 30, 2020G to SAR 48.9 million during the nine-month period ended September 30, 2021G. This was primarily due to a decrease in average occupancy from 83.6% during the nine-month period ended September 30, 2020G to 82.8% during the nine-month period ended September 30, 2021G.

Al Othaim Mall - Buraidah

The following table presents the breakdown of revenue and operational key performance indicators by mall for the periods ended September 30, 2020G and 2021G.

Table No. (6.277): Al Othaim Mall - Buraidah

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	36.7	35.2	(4.0%)
Operation of malls	4.6	4.4	(2.7%)
Service income	0.6	0.6	2.3%
Promotion and advertising revenue	0.4	0.4	4.7%
Total revenue	42.2	40.6	(3.7%)
Total discounts	(10.2)	(4.7)	(53.6%)
Net revenue	32.0	35.9	12.2%
Operational KPIs			
Turnout rate (in millions)	2.1	2.3	5.8%
Net lease area (m2)	40,899	40,899	-
Leased area (m2)	38,281	37,467	(2.1%)
Rent per square meter (SAR)[1]	1,469	1,446	(1.6%)
Average occupancy (%)	93.6%	91.6%	(2.1%)
Average annual efficiency (%) *	75.8%	88.4%	16.5%

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Buraidah contributed on average 9.9% of AOIC's gross revenue during the nine-month period ended September 30, 2020G and 2021G.

Gross revenue declined by 3.7% during the nine month period ended September 30, 2021G, from SAR 42.2 million during the nine month period ended September 30, 2020G to SAR 40.6 million during the nine month period ended September 30, 2021G. This was primarily due to a decrease in rent per square meter from SAR 1,469 per square meter during the nine-month period ended September 30, 2020G to SAR 1,446 per square meter during the nine-month period ended September 30, 2021G. This decrease is attributed to the annual reduction/exemption provided on the value of lease contracts for various customers.

Al Othaim Mall - Khurais

The following table presents the breakdown of revenue and operational key performance indicators by mall for the period ended September 30, 2020G and 2021G.

Table No. (6.278): Al Othaim Mall - Khurais

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	34.7	35.2	1.4%
Operation of malls	4.9	4.9	0.1%
Service income	4.8	4.8	(0.3%)
Promotion and advertising revenue	1.1	1.4	28.1%
Total revenue	45.4	46.2	1.7%
Total discounts	(12.5)	(5.7)	(54.8%)
Net revenue	32.9	40.5	23.3%
Operational KPIs			
Turnout rate (in millions)	2.4	3.0	22.7%
Net lease area (m2)	50,656	50,656	-
Leased area (m2)	46,173	47,860	3.7%
Rent per square meter (SAR)1	1,312	1,287	(1.9%)
Average occupancy (%)	91.2%	94.5%	3.7%
Average annual efficiency (%) *	72.4%	87.7%	21.2%

Source: Management information

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Khurais contributed on average 10.9% of AOIC's gross revenue during the nine-month period ended September 30, 2020G and 2021G. Gross revenue increased by 1.7% during the nine month period ended September 30, 2020G from SAR 45.4 million during the nine month period ended September 30, 2020G to SAR 46.2 million during the nine month period ended September 30, 2021G. This was due to increase in average occupancy of the Mall from 91.2% during the nine month period ended September 30, 2020G to 94.5% during the nine month period ended September 30, 2021G. The impact of increase in mall occupancy was partially offset by a decline in average rent per sqm from SAR 1,312 per sqm during the nine month period ended September 30, 2020G to SAR 1,287 per sqm during the nine month period ended September 30, 2021G.

Al Othaim Mall - Arar

The following table presents the breakdown of revenue and operational key performance indicators by mall for the periods ended September 30, 2020G and 2021G.

Table No. (6.279): Al Othaim Mall - Arar

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	24.5	23.2	(5.3%)
Operation of malls	4.3	4.1	(5.3%)
Service income	3.8	3.7	(2.5%)
Promotion and advertising revenue	0.3	0.2	(47.6%)
Total revenue	32.9	31.1	(5.4%)
Total discounts	(14.7)	(10.8)	(26.7%)
Net revenue	18.2	20.4	11.7%
Operational KPIs			
Turnout rate (in millions)	1.6	1.7	6.3%
Net lease area (m2)	50,372	50,390	0.0%
Leased area (m2)	39,445	34,583	(12.3%)
Rent per sq m (SAR)[1]	1,112	1,200	7.9%
Average occupancy (%)	78.3%	68.6%	(12.4%)
Average annual efficiency (%) *	55.4%	65.4%	18.1%

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Arar contributed on average 7.6% of AOIC's gross revenue during the nine-month period ended September 30, 2020G and 2021G. Gross revenue declined by 5.4% during the nine month period ended September 30, 2021G, from SAR 32.9 million during the nine month period ended September 30, 2020G to SAR 31.1 million during the nine month period ended September 30, 2021G. This was primarily due to a decline in average occupancy from 78.3% during the nine-month period ended September 30, 2020G to 68.6% during the nine-month period ended September 30, 2021G.

Al Othaim Mall - Unaizah

The following table presents the breakdown of revenue and operational key performance indicators by mall for the period ended September 30, 2020G and 2021G.

Table No. (6.280): Al Othaim Mall - Unaizah

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	17.6	13.3	(24.6%)
Operation of malls	3.2	2.5	(22.8%)
Service income	2.7	2.2	(19.4%)
Promotion and advertising revenue	0.3	0.1	(56.4%)
Total revenue	23.9	18.1	(24.2%)
Total discounts	(8.0)	(6.6)	(17.4%)
Net revenue	15.8	11.5	(27.7%)
Operational KPIs			
Turnout rate (in millions)	1.2	1.9	54.8%
Net lease area (m2)	37,632	37,632	-
Leased area (m2)	31,776	25,437	(19.9%)
Rent per square meter (SAR)[1]	1,002	948	(5.3%)
Average occupancy (%)	84.4%	67.6%	(19.9%)
Average annual efficiency (%) *	66.3%	63.3%	(4.6%)

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Al Othaim Mall - Unaizah contributed on average 5.0% of AOIC's gross revenue during the nine-month period ended September 30, 2020G and 2021G. Gross revenue declined by 24.2% during the nine month period ended September 30, 2021G, from SAR 23.9 million during the nine month period ended September 30, 2020G to SAR 18.1 million during the nine month period ended September 30, 2021G. The occupancy of the Mall declined from 84.4% during the nine month period ended September 30, 2020G to 67.6% during the nine month period ended September 30, 2021G. The decline in occupancy of the mall was due to the termination of some contracts with fixed tenants in order to start the construction of the cinema project.

Akirshah Mall

The following table presents the breakdown of revenue and operational key performance indicators of the Akirshah Mall for the periods ended September 30, 2020G and 2021G.

Table No. (6.281): Akirshah Mall

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Rental income	1.6	1.6	(0.1%)
Operation of malls	0.2	0.2	(0.2%)
Service income	0.2	0.2	(0.2%)
Total revenue	1.9	1.9	(0.1%)
Total discounts	-	(0.3)	N/A
Net revenue	1.9	1.7	(14.7%)
Operational KPIs			
Net lease area (m2)	6,320	6,320	-
Leased area (m2)	5,770	5,770	-
Rent per square meter (SAR)[1]	449	449	(0.1%)
Average occupancy (%)	91.3%	91.3%	-
Average annual efficiency (%) *	100.0%	85.4%	(14.6%)

Source: Management information

*Average annual efficiency (calculated by dividing net rental income by total rental income) is used to measure discounts granted to customers

Note 1: Rent per sq m has been annualized

Akirshah Mall contributed on average 0.5% of AOIC's gross revenue during the nine-month period ended September 30, 2020G and 2021G. Revenue did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G. The average occupancy and rent per square meter remained at 91.3% and SAR 449 per square meter during the nine-month periods ended September 30, 2020G and 2021G, respectively.

Other

Other primarily includes rental income from a plot of land located in Al-Kharj with an annual rent of SAR 0.15 million. The income did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

Top 10 Customers Based on Revenue

The following table presents an overview of AOIC's top 10 customers based on revenue (net) for the periods ended September 30, 2020G and September 30, 2021G.

Table No. (6.282): Revenue by Top 10 Customers

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Alshaya Group	21.4	26.0	21.7%
Landmark Arabia Company	29.7	18.8	(36.8%)
Abdullah Al Othaim Entertainment Co.	15.3	20.3	33.1%
Abdullah Al Othaim Markets Company	17.2	13.0	(24.5%)
Abdullah Al Othaim Fashion Co.	9.9	7.6	(23.1%)
Sky Island Fashion Company Limited	11.2	11.3	1.1%
Al Abdulkarim Holding Co.	4.2	3.6	(14.4%)
Apparel Group (Leather Corner Trading)	(4.4)	3.4	(177.2%)
Alazya Alasasiah Alfaridah Trading Company	0.4	1.9	362.7%
NESK LLC	4.4	5.3	22.4%
Top 10 revenue contributors	109.2	111.2	1.8%
Other	183.8	218.6	18.9%
Total revenue	**293.0**	**329.8**	**12.6%**
As a percentage of total revenue			
Alshaya Group	7.3%	7.9%	8.1%
Landmark Arabia Company	10.1%	5.7%	(43.9%)
Abdullah Al Othaim Entertainment Co.	5.2%	6.2%	18.2%
Abdullah Al Othaim Markets Company	5.9%	3.9%	(33.0%)
Abdullah Al Othaim Fashion Co.	3.4%	2.3%	(31.7%)
Sky Island Fashion Company Limited	3.8%	3.4%	(10.2%)
Al Abdulkarim Holding Co.	1.4%	1.1%	(24.0%)
Apparel Group (Leather Corner Trading)	(1.5%)	1.0%	(168.6%)
Alazya Alasasiah Alfaridah Trading Company	0.1%	0.6%	311.1%
NESK LLC	1.5%	1.6%	8.7%
Top 10 revenue contributors	37.3%	33.7%	(9.5%)
Other	62.7%	66.3%	5.7%
Total revenue	**100.0%**	**100.0%**	-

Source: Management information

Alshaya Group

The Group was the largest revenue contributor to AOIC with an average contribution of 7.6% of the total revenue during the nine-month period ended September 30, 2020G and nine-month period ended 2021G combined.

Revenue from the customer increased by 21.7% during the nine month period ended September 30, 2021G from SAR 21.4 million during the nine month period ended September 30, 2020G to SAR 26.0 million during the nine month period ended September 30, 2021G. This was primarily due to the reduction in the COVID-19 related discount extended to Alshaya Group, which amounted to SAR 0.5 million during nine-month period ended September 30, 2021G as compared to SAR 9.5 million during nine-month period ended September 30, 2020G.

Landmark Arabia Company

Landmark Arabia Company was the second largest revenue contributor to AOIC with an average contribution of 7.9% of the total revenue during the nine-month period ended September 30, 2020G and the nine-month period ended 2021G.

Revenue from the customer further declined by 36.8% during the nine month period ended September 30, 2021G from SAR 29.7 million during the nine month period ended September 30, 2020G to SAR 18.8 million during the nine month period ended September 30, 2021G. This was primarily due to decline in the number of active contracts, from 25 in the nine-month period ended September 30, 2021G to 22 in the nine-month period ended September 30, 2020G, which resulted in a decline in rented space from 60,936 square meters to 48,904 in the nine-month period ended September 30, 2020G.

Abdullah Al Othaim Entertainment Co.

Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

Abdullah Al Othaim Markets Company

Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

Abdullah Al Othaim Fashion Co.

Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

Sky Island Fashion Company Limited

The customer remained the sixth largest contributor with an average contribution of 3.6% of gross revenue during the nine-month period ended September 30, 2020G and the nine-month period ended 2021G.

Revenue increased by 1.1% during the nine-month period ended September 30, 2021G, from SAR 11.3 million during the nine-month period ended September 30, 2020G to SAR 11.2 million during the nine-month period ended September 30, 2021G. This increase was in the normal course of business.

Al Abdulkarim Holding Co.

Revenue decreased by 14.4% during the nine-month period ended September 30, 2021G, from SAR 4.2 million during the nine-month period ended September 30, 2020G to SAR 3.6 million during the nine-month period ended September 30, 2021G. The decrease was due to the decline in rent per square meter from SAR 640 per square meter in the nine-month period ended September 30, 2020G to SAR 548 in the nine-month period ended September 30, 2021G. This was due to renegotiation of rental agreements with the said customer.

Apparel Group (Leather Corner Trading)

Cost of revenue increased by 177.2% during the nine-month period ended September 30, 2021G, from SAR 4.4 million during the nine-month period ended September 30, 2020G to SAR 3.4 million during the nine-month period ended September 30, 2021G. This was primarily due to the discount extended to said customer amounting to SAR 13.4 million during nine-month period ended September 30, 2020G and SAR 6.3 million in the nine-month period ended September 30, 2021G.

Alazya Alasasiah Alfaridah Trading Company

Revenue increased by 362.7% during the nine-month period ended September 30, 2021G, from SAR 0.4 million during the nine-month period ended September 30, 2020G to SAR 1.9 million during the nine-month period ended September 30, 2021G. This was primarily due to the increase in leased area from 4,033 square meters during the nine-month period ended September 30, 2020G to 5,863 square meters during the nine-month period ended September 30, 2021G.

NESK LLC

Revenue increased by 22.4% during the nine-month period ended September 30, 2021G, from SAR 4.4 million during the nine-month period ended September 30, 2020G to SAR 5.3 million during the nine-month period ended September 30, 2021G. This was primarily due to the increase in rent per square meter from SAR 1,456 per square meter in the nine-month period ended September 30, 2020G to SAR 1,782 in the nine-month period ended September 30, 2021G.

Division of Revenue by Related and Non-related Parties

The following table presents an overview of AOIC's division of revenue by related and non-Related Parties for the Financial Year and period ended December 31, 2020G and September 30, 2021G.

Table No. (6.283): Division of Revenue by Related and Non-Related Parties

SAR Million	Period Ended 30 September		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Related Party			
Abdullah Al Othaim Entertainment Co.	15.3	20.3	33.1%
Abdullah Al Othaim Markets Company	17.2	13.0	(24.5%)
Abdullah Al Othaim Fashion Co.	9.9	7.6	(23.1%)
Abdullah Al Othaim Food Co.	2.1	2.6	27.2%
Total income	44.4	43.5	(2.0%)
Non-Related Party	248.5	286.2	15.2%
Total revenue	**293.0**	**329.8**	**12.6%**

Source: Management information

Abdullah Al Othaim Entertainment Co.

Related parties occupied on average 59,339 of the total net leasable area across various AOIC-operated malls.

Gross revenue increased by 33.1% during the nine month period ended September 30, 2021G, from SAR 15.3 million during the nine month period ended September 30, 2020G to SAR 20.3 million during the nine month period ended September 30, 2021G. This was primarily due to the increase in rent per square meter from SAR 345 per square meter in the nine-month period ended September 30, 2020G to SAR 455 in the nine-month period ended September 30, 2021G in the absence of significant COVID-19 discounts in 2021G.

Abdullah Al Othaim Markets Company

Related parties occupied on average 38,890 square meters of the total net leasable area across various AOIC-operated malls.

Revenue decreased by 24.5% during the nine-month period ended September 30, 2021G, from SAR 17.2 million during the nine-month period ended September 30, 2020G to SAR 13.0 million during the nine-month period ended September 30, 2021G. This was primarily due to booking of an income of SAR 7.4 million pertaining to marketing support revenue from AOMC (sponsor revenue) during the nine-month period ended September 30, 2020G. No such revenue was recorded during the nine month period ended September 30, 2021G.

Abdullah Al Othaim Fashion Co.

Related parties occupied on average 13,932 square meters of the total net leasable area across various AOIC-operated malls.

Revenue decreased by 23.1% during the nine-month period ended September 30, 2021G, from SAR 9.9 million during the nine-month period ended September 30, 2020G to SAR 7.6 million during the nine-month period ended September 30, 2021G. This was primarily due to a decline in the leased area from 13,932 square meters during the nine-month period ended September 30, 2020G to 12,902 square meters during the nine-month period ended September 30, 2021G due to the exiting of brands in their portfolio leading to closure of outlets.

Emteyaz Al Riyadh Co.

Related parties occupied on average 2,877 square meters of the total net leasable area across various AOIC-operated malls.

Gross revenue increased by 27.2% during the nine month period ended September 30, 2021G, from SAR 2.1 million during the nine month period ended September 30, 2020G to SAR 2.6 million during the nine month period ended September 30, 2021G. This was primarily due to the increase in leased area from 2,638 square meters during the nine-month period ended September 30, 2020G to 3,116 square meters during the nine-month period ended September 30, 2021G.

The following table presents AOIC's cost of sales for the periods ended September 30, 2020G and 2021G.

Table No. (6.284): Cost of Sales

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Depreciation	43.1	43.1	0.0%
Utilities	30.9	37.3	20.9%
Employee salaries and other benefits	18.7	22.4	19.4%
Amortization – right of use assets	27.2	27.6	1.6%
Outsourcing services	10.1	11.7	15.8%
Maintenance	5.2	4.1	(20.6%)
Rent	(9.3)	(2.8)	(69.8%)
Other	3.4	1.5	(56.6%)
Total	**129.3**	**144.9**	**12.1%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Depreciation did not witness material fluctuations in the nine-month periods ended September 30, 2020G and 2021G.

Utilities increased by 20.9% during the nine-month period ended September 30, 2021G, from SAR 30.9 million during the nine-month period ended September 30, 2021G to SAR 37.3 million during the nine-month period ended September 30, 2021G. This primarily resulted from an improvement in lockdown procedures and restrictions during the nine-month period ended September 30, 2021G as compared to the nine-month period ended September 30, 2020G, where malls were closed on account of the COVID-19 pandemic.

Employee salaries and other benefits increased by 19.4% during the nine-month period ended September 30, 2021G, from SAR 18.7 million during the nine-month period ended September 30, 2020G to SAR 22.4 million during the nine-month period ended September 30, 2021G. This primarily resulted from an increase in operational staff. Further, annual increases in the salaries of existing staff also contributed to an increase in expenses. Another factor was the cessation of government support through the SANED program for Saudi employees during the COVID-19 pandemic.

Amortization expense – right of use assets did not witness material fluctuation during the nine month period ended September 30, 2020G and 2021G.

Outsource services increased by 15.8% during the nine month period ended September 30, 2021G, from SAR 10.1 million during the nine month period ended September 30, 2020G to SAR 11.7 million during the nine month period ended September 30, 2021G, this was primarily due to increase in requirement of staff after ease in lockdown restrictions, as the malls were closed during the nine month period ended September 30, 2020G for 44 days so a discount was negotiated with the supplier to reduce the cost then.

Maintenance cost declined by 20.6% from SAR 5.2 million during the nine month period ended September 30, 2020G to SAR 4.1 million during the nine month period ended September 30, 2021G. This decline was due to the reduction in cost of annual maintenance contracts driven by provision of discounts by the vendors. Further, cost optimization measures implemented to effectively manage the assets resulted in decline in maintenance costs.

From 2019G onwards, the rent was recognized as per the requirements of IFRS 16 and the expense was charged by depreciating the capitalized right of use assets on a straight-line basis over the lease term. As a result there was no amount classified under rent during the nine month periods ended September 30, 2020G and 2021G.

Rental discounts received on rental arrangements was netted off from the Right Of Use Depreciation expense in 2020G and in 2021G. Net rental expenses was a credit amount of SAR 9.3 million during the nine months ended September 30, 2020G against a credit of SAR 2.8 million during the nine months ended September 30, 2021G. This is due to a significant rental discount that was received in 2020G for Dammam Mall under the rental agreement, which was not received during 2021G, and a lower amount was received by way of a rental discount for the leased land portion of Rabwah Mall during 2021G..

Others declined by 56.6% from SAR 3.4 million during the nine month period ended September 30, 2020G to SAR 1.5 million during the nine month period ended September 30, 2021G. This primarily resulted from a decrease in fines, violations and permit and renewal fees.

6.11.3.3 Selling and Distribution Expenses

The following table presents AOIC's selling and distribution expenses for the periods ended September 30, 2020G and 2021G.

Table No. (6.285): Selling and Distribution Expenses

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Advertising	5.0	1.7	(65.1%)
Employee salaries and other benefits	2.4	2.5	1.4%
Depreciation	0.1	0.1	43.8%
Other	0.1	0.0	(72.9%)
Total	**7.6**	**4.3**	**(43.0%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Advertisement declined by 65.1% during the nine month period ended September 30, 2021G, from SAR 5.0 million during the nine month period ended September 30, 2020G to SAR 1.7 million during the nine month period ended September 30, 2021G. The primary reason was the restrictions imposed by the COVID pandemic resulting in less marketing campaigns

Employees' salaries and other benefits did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

In absolute terms, depreciation expense did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

In absolute terms, others did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

6.11.3.4 General and Administrative Expenses

The following table presents AOIC's general and administration expenses for the periods ended September 30, 2020G and 2021G.

Table No. (6.286): General and Administrative Expenses

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Employee salaries and other benefits	14.3	17.7	24.0%
Professional fees	0.7	4.1	501.5%
Depreciation	1.7	1.3	(24.4%)
Amortization – right of use assets	0.5	0.5	1.0%
Amortization – intangible assets	0.2	0.1	(35.7%)
Licenses	0.5	0.4	(24.8%)
Maintenance	0.3	0.2	(46.3%)
Outsourcing	0.1	0.1	-
Rent	-	0.1	N/A
Other	1.8	3.6	103.7%
Total	**20.2**	**28.2**	**40.1%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Employees' salaries, and other benefits increased by 24.0% during the nine month period ended September 30, 2021G, from SAR 14.3 million during the nine month period ended September 30, 2020G to SAR 17.7 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the number of staff in accordance with AOIC's workforce plan as a replacement cost and for upcoming projects, as well as the support received under the SANED program during 2020G.

Professional fees increased from SAR 0.7 million during the nine month period ended September 30, 2020G to SAR 4.1 million during nine month period ended September 30, 2021G. This increase is on account of the reversal of IPO expenses previously charged to the profit and loss account as the same is now classified as prepayments.

Depreciation expense decreased by 24.4% during the nine month period ended September 30, 2021G, from SAR 1.7 million during the nine month period ended September 30, 2020G to SAR 1.3 million during the nine month period ended September 30, 2021G. This was primarily due to an adjustment in the amortization charge of SAR 0.3 million in the nine-month period ended September 30, 2021G. Depreciation expense – leases did not witness material fluctuation during the nine month period ended September 30, 2021G as compared to the nine month period ended September 30, 2020G.

Amortization – right of use assets did not witness any material fluctuations during the financial reporting period.

Amortization of intangibles decreased from SAR 0.2 million during the nine month period ended September 30, 2020G to SAR 0.1 million during the nine month period ended September 30, 2021G due to disposal of intangibles, resulting in reduction in charge during the nine months ended September 30, 2021G.

Licenses cost decreased by 24.8% during the nine month period ended September 30, 2021G, from SAR 0.5 million during the nine month period ended September 30, 2020G to SAR 0.4 million during the nine month period ended September 30, 2021G. This decline was in the normal course of business.

Maintenance cost declined by 46.3% during the nine month period ended September 30, 2021G, from SAR 0.3 million during the nine month period ended September 30, 2020G to SAR 0.2 million during the nine month period ended September 30, 2021G. The decline was due to the reduction in the cost of annual maintenance contracts driven by provision of discounts by the vendors. Further, cost optimization measures implemented before to effectively manage the assets resulted in decline in maintenance costs.

Outsource expense and rent expense did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

Others increased by 103.7% during the nine month period ended September 30, 2021G, from SAR 1.8 million during the nine month period ended September 30, 2020G to SAR 3.6 million during the nine month period ended September 30, 2021G. This was mainly due to an increase in recruitment fees classified in other.

6.11.3.5 Other Income/Expenses

The following table presents AOIC's other income (expenses) for the periods ended September 30, 2020G and 2021G.

Table No. (6.287): Other Income/Expenses

SAR Million	Period Ended 30 September		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Gain on sale of investment property	-	20.7	N/A
Losses from disposal of investment property	-	(0.1)	N/A
Provision for doubtful debts	(5.0)	(13.2)	164.4%
Foreign exchange gain/ (loss)	(1.9)	1.2	(161.3%)
Gain (Loss) from investments in financial assets	0.1	(0.7)	(718.0%)
Other	3.4	3.4	1.3%
Total	**(3.4)**	**11.1**	**(426.8%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Gain on sale of fixed assets represented gain from sale of investment property which relates to the disposal of Abha land, that was sold to the General Authority for State Properties for SAR 23.1 million and resulted in a gain of SAR 20.7 million. The cost derecognized from the investment property amounted to SAR 2.4 million in the nine-month period ended September 30, 2021G.

Provision for doubtful debts were classified by the external auditors and amounted to SAR 13.2 million during the nine month period ended September 30, 2021G.

Exchange gain/(loss) relates to the foreign currency transactions undertaken by AOIC during the nine-month period ended September 30, 2021G. These amounts fluctuates based on the fluctuation of exchange rates at the time.

Gain (Loss) from investments in financial assets was recognized in order to match the net assets as per the IAS-28 requirement during the nine month period ended September 30, 2021G.

Other sources of income increased by 1.3%, from SAR 3.4 million during the nine month period ended September 30, 2020G to SAR 3.4 million during the nine month period ended September 30, 2021G. The income may fluctuate on a period-to-period basis depending on the scrap available for sale.

6.11.3.6 Finance Cost

The following table presents AOIC's finance cost for the periods ended September 30, 2020G and 2021G.

Table No. (6.288): Finance Cost

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Financial burdens	39.1	20.5	(47.7%)
Interest expenses - leases	7.2	6.3	(12.6%)
Bank fees	0.1	0.1	(61.2%)
Interest cost on benefit liabilities	-	0.2	N/A
Total	**46.5**	**27.1**	**(41.8%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Financial liabilities declined by 47.7% during the nine-month period ended September 30, 2021G, from SAR 39.1 million during the nine-month period ended September 30, 2020G to SAR 20.5 million during the nine-month period ended September 30, 2021G. This was due to the offsetting of Islamic bonds which carried a higher interest rate (paid off on August 30, 2020G) using additional Murabaha loans which carry a lower interest rate.

Interest expenses - leases declined by 12.6% during the nine-month period ended September 30, 2021G, from SAR 7.2 million during the nine-month period ended September 30, 2020G to SAR 6.3 million during the nine-month period ended September 30, 2021G. This primarily resulted from a decline in lease liabilities from SAR 336.3 million on December 31, 2020G to SAR 262.2 million on September 30, 2021G.

Bank fees represent the charges incurred on banking transactions and acquiring loans. The expense did not witness material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

Interest cost on employee end-of-service benefit liabilities did not witness any material movement for the nine-month period ended September 30, 2021G.

6.11.3.7 Zakat

The following table presents AOIC's Zakat for the periods ended September 30, 2020G and 2021G.

Table No. (6.289): Zakat

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Balance at beginning of the year/period	9.1	7.2	(20.5%)
Charge during the year / period	4.0	(0.4)	(109.3%)
Paid during the year/period	(5.9)	(3.9)	(34.3%)
Balance at end of the year / period	**7.2**	**3.0**	**(58.7%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

AOIC is up to date with its Zakat compliance obligations. AOIC submitted its Zakat declarations for 2018G to 2020G and has obtained Zakat certificates. Refer to Section 6.5.4.8 "**Zakat**" which covers the periods 2018G–2020G for details.

6.11.3.8 Net Income

Net income increased by 141.0% during the nine month period ended September 30, 2021G, from SAR 71.8 million during the nine month period ended September 30, 2020G to SAR 173.1 million during the nine month period ended September 30, 2021G. Further, the net profit margin also increased from 24.5% during the nine month period ended September 30, 2020G to 52.5% during the nine month period ended September 30, 2021G. This was primarily due to an increase in net revenue due to a reduction in discounts extended to customers as well as a reduction in finance cost. Another contribution to the increase in net income is due to share of profits of subsidiaries and associates during the nine month period ended September 30, 2021G as compared to losses during the nine month period ended September 30, 2020G. The following table presents the abovementioned components of net income during the periods ended September 30, 2020G and 2021G.

Table No. (6.290): Impact on net income

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Discounts	(59.9)	(65.3)	9.1%
COVID-19 discounts	(74.2)	(16.0)	(78.5%)
Financial cost	(46.5)	(27.1)	(41.8%)
Share of results of subsidiaries and associates	(16.3)	36.3	(322.6%)
Total	**(196.9)**	**(72.0)**	**(433.7%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

6.11.4 Income Statement – Abdullah Al Othaim Entertainment Co. (Consolidated)

The following table presents AOEC's consolidated income statement for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.291): Income Statement

SAR Million	Financial Period Ended 30 September		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Revenue	120.4	185.1	53.7%
Cost of revenue	(102.1)	(128.5)	25.9%
Gross profit	**18.4**	**56.6**	**208.1%**
Selling, distribution and marketing expenses	(7.5)	(7.8)	2.8%
General and administrative expenses	(4.9)	(5.3)	7.0%
Operating profit	**5.9**	**43.6**	**640.6%**
Finance costs	(5.0)	(3.3)	(34.2%)
Profit before Zakat and Tax	**0.9**	**40.3**	**4,453.1%**
Zakat and Tax expense	(0.5)	(2.8)	443.1%
Profit for the period	**0.4**	**37.4**	**10,260.6%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Revenue increased by 53.7% from SAR 120.4 million during the nine month period ended September 30, 2020G to SAR 185.1 million during the nine month period ended September 30, 2021G. This was primarily due to the suspension of work in several locations by the Government, driven by the spread of COVID-19, for a period of 110 days (closure periods varied across different regions) during the nine-month period ended September 30, 2020G compared to 30 days closure during the nine-month period ended September 30, 2021G.

Cost of revenue increased by 25.9% from SAR 102.1 million during the nine month period ended September 30, 2020G to SAR 128.5 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in rent expenses by SAR 11.1 million during the nine-month period ended September 30, 2021G.

Selling, distribution and marketing expenses did not witness any material fluctuations during the nine month period ended September 30, 2021G.

General and administrative expenses did not witness any material fluctuations during the nine-month period ended September 30, 2021G.

Finance costs declined by 34.2% from SAR 5.0 million during the nine month period ended September 30, 2020G to SAR 3.3 million during the nine month period ended September 30, 2021G. This was primarily due to a decline in lease interest in some locations in UAE.

Zakat and Tax expense increased by 443.1% from SAR 0.5 million during the nine month period ended September 30, 2020G to SAR 2.8 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the Zakat base.

Net income increased from SAR 0.4 million during the nine month period ended September 30, 2020G to a net income of SAR 37.4 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in revenue due to the lifting of COVID-19 restrictions during September 30, 2021G.

6.11.4.1 Key Performance Indicators

The following table presents AOEC's key performance indicators for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.292): Key Performance Indicators

	Financial Period Ended 30 September	
	2020G	2021G
Financial KPIs		
Gross margin	15.2%	30.6%
Net profit margin	0.3%	20.2%
Return on assets		8.6%
Return on equity		11.8%
Current ratio		2.3
Days sales outstanding		-
Days payable outstanding		24
Days inventory outstanding		35
Cash conversion ratio (x)		11.1
Operational KPIs		
Entertainment centers	36	38
Total no. of visitors	1,593,297	3,318,981
Average revenue per customer (SAR million)	75.6	55.8

Source: Management information

Note:

1. Gross profit margin = gross profit for the period / revenue for the period
2. Net profit margin = net profit for the period / revenue for the period
3. Return on assets = annualized net profit / assets as at period end
4. Return on equity = annualized net profit / equity as at period end
5. Current ratio = total current assets as at period end / total current liabilities as at period end
6. Debt to equity ratio = total current liabilities as at period end / total equity as at period end
7. Days sales outstanding = (gross trade accounts receivable at period end (leasing) / (gross annualized leasing revenue) x 365
8. Days payables outstanding = (trade accounts payable as at period end / annualized cost of revenue) x 365
9. Days inventory outstanding = (inventory as at period end / annualized cost of revenue) x 365

6.11.4.2 Revenue

Revenue by Family Entertainment Center

The following table presents AOEC's division of revenue by family entertainment center for the financial period ended September 30, 2020G and 2021G.

Table No. (6.293): Revenue by Family Entertainment Center

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Saffori Land	72.6	84.5	16.4%
Faby Land	29.2	53.5	83.4%
Snow City	9.5	20.7	118.2%
Action Zone	1.0	2.1	116.5%
My Town	2.4	4.5	86.2%
Other	5.7	19.8	222.0%
Total	**120.4**	**185.1**	**53.7%**

Source: Management information

Saffori Land

Table No. (6.294): Key Performance Indicators

Saffori Land	Financial Period Ended September 30	
SAR Million	2020G	2021G
	Reviewed	Reviewed
(Number of) branches	10	10
(Number of) visitors	976,882	1,749,666
Average ticket size per visitor (SAR)	74.3	48.3
(Number of) employees	464	479

Source: Management information

Revenue increased by 16.4% from SAR 72.6 million during the nine month period ended September 30, 2020G to SAR 84.5 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in number of visitors from 1.0 million during the nine month period ended September 30, 2020G to 1.7 million during the nine month period ended September 30, 2021G. This was primarily driven by the opening of malls and entertainment centers after the lifting of the COVID-19 restrictions imposed by the Government (110 days during the nine-month period ended September 30, 2020G and 30 days during the period ended September 30, 2021G).

Faby Land

Table No. (6.295): Key Performance Indicators

Faby Land	Financial Period Ended September 30	
SAR Million	2020G	2021G
	Reviewed	Reviewed
(Number of) branches	11	12
(Number of) visitors	411,373	919,765
Average ticket size per visitor (SAR)	70.9	58.1
(Number of) employees	454	488

Source: Management information

Revenue increased by 83.4% from SAR 29.2 million during the nine month period ended September 30, 2020G to SAR 53.5 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the number of visitors by 123.6%, driven by the opening of malls and entertainment centers after the lifting of the COVID-19 restrictions imposed by the Government (110 days during the nine-month period ended September 30, 2020G and 30 days during the period ended September 30, 2021G). Further, a new branch was also opened in the nine month period ended September 30, 2021G.

Snow City

Table No. (6.296): Key Performance Indicators

Snow City	Financial Period Ended September 30	
SAR Million	2020G	2021G
	Reviewed	Reviewed
(Number of) branches	2	2
(Number of) visitors	77,690	205,646
Average ticket size per visitor (SAR)	121.9	100.5
(Number of) employees	156	158

Source: Management information

Revenue increased by 118.2% from SAR 9.5 million during the nine month period ended September 30, 2020G to SAR 20.7 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the number of visitors by 164.7%, driven by the opening of malls and entertainment centers after the lifting of the COVID-19 restrictions imposed by the Government (110 days during the nine-month period ended September 30, 2020G and 30 days during the period ended September 30, 2021G).

Action Zone

Table No. (6.297): Key Performance Indicators

Action Zone	Financial Period Ended September 30	
SAR Million	2020G	2021G
	Reviewed	Reviewed
(Number of) branches	2	2
(Number of) visitors	21,779	59,929
Average ticket size per visitor (SAR)	45.1	35.5
(Number of) employees	13	13

Source: Management information

Revenue increased by 116.5% from SAR 1.0 million during the nine month period ended September 30, 2020G to SAR 2.1 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the number of visitors by 175.2% during the nine-month period ended September 30, 2021G, driven by the opening of malls and entertainment centers after the lifting of the COVID-19 restrictions imposed by the Government (110 days during the nine-month period ended September 30, 2020G and 30 days during the period ended September 30, 2021G).

My Town

Table No. (6.298): Key Performance Indicators

My Town	Financial Period Ended September 30	
SAR Million	2020G	2021G
	Reviewed	Reviewed
(Number of) branches	6	6
(Number of) visitors	40,256	79,052
Average ticket size per visitor (SAR)	50.5	47.6
(Number of) employees	48	48

Source: Management information

Revenue increased by 86.2% from SAR 2.4 million during the nine month period ended September 30, 2020G to SAR 4.5 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the number of visitors by 96.4%, driven by the opening of malls and entertainment centers after the lifting of the COVID-19 restrictions imposed by the Government (110 days during the nine-month period ended September 30, 2020G and 30 days during the period ended September 30, 2021G).

Other

Others revenue increased by 222.0% from SAR 6.8 million during the nine month period ended September 30, 2020G to SAR 21.9 million during the nine month period ended September 30, 2021G. This was primarily due resume of work in several locations after Government closures during the nine month period ended in September 30, 2020G.

Revenue by Location

The following table presents the breakdown of AOEC's revenue by location for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.299): Revenue by Location

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Saudi Arabia	100.9	127.9	26.8%
UAE	9.0	29.9	232.3%
Egypt	4.6	9.8	113.4%
Qatar	3.9	9.7	151.5%
Oman	2.1	7.7	272.9%
Total	**120.4**	**185.1**	**53.7%**

Source: Management information

Revenue for Saudi increased by 26.8% from SAR 100.9 million during the nine month period ended September 30, 2020G to SAR 127.9 million during the nine month period ended September 30, 2021G. This was primarily due to suspension of work in several locations from the government driven by COVID-19 for the duration of 110 days during the nine month period ended September 30, 2020G compared to 30 day closure during the nine month period ended September 30, 2021G.

Revenue for UAE increased by 232.3% from SAR 9.0 million during the nine month period ended September 30, 2020G to SAR 29.9 million during the nine month period ended September 30, 2021G. This was primarily due to the suspension of work in several locations by the Government due to the spread of COVID-19 during the months of April to June of the nine-month period ended September 30, 2020G, hence the increase of revenue, given the additional working days during the nine-month period ended September 30, 2021G and the lifting of COVID-19-related restrictions during the period.

Revenue for Egypt increased by 113.4% from SAR 4.6 million during the nine month period ended September 30, 2020G to SAR 9.8 million during the nine month period ended September 30, 2021G. This was primarily due to suspension of work in several locations by the Government, driven by the spread of COVID-19 during the months of April to May of the nine-month period ended September 30, 2020G.

Revenue for Qatar increased by 151.5% from SAR 3.9 million during the nine month period ended September 30, 2020G to SAR 9.7 million during the nine month period ended September 30, 2021G. This was primarily due to the suspension of work in several locations by the Government, driven by the spread of COVID-19 during the months of April to June of the nine-month period ended September 30, 2020G.

Revenue for Oman increased by 272.9% from SAR 2.1 million during the nine month period ended September 30, 2020G to SAR 7.7 million during the nine month period ended September 30, 2021G. This was primarily due to the suspension of work in several locations by the Government, driven by the spread of COVID-19 during the months of April to June of the nine-month period ended September 30, 2020G.

6.11.4.3 Cost of Revenue

The following table presents AOEC's cost of revenue for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.300): Cost of Revenue

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Rent expenses	0.8	11.9	1,347.7%
Amortization of right-of-use assets	33.5	22.9	(31.7%)
Depreciation	39.2	38.8	(1.1%)
Employee salaries and other benefits	27.5	31.3	13.7%
Direct operating cost	5.3	9.8	85.8%
Maintenance	3.0	4.7	58.8%
Electricity and utilities	7.2	12.2	68.3%
Insurance	0.7	0.3	(53.8%)
Other expenses	1.3	2.2	65.1%
Rent discount	(16.4)	(5.5)	(66.3%)
Total	**102.1**	**128.5**	**25.9%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Rent expense increased from SAR 0.8 million during the nine month period ended September 30, 2020G to SAR 11.9 million during the nine month period ended September 30, 2021G. This was primarily due to discontinuation of rent discounts (COVID-19 relief discounts) offered by landlords to the Company during COVID-19 period.

AOEC recognized SAR 33.5 million and SAR 22.9 million as charges under right-of-use assets during the nine-month period ended September 30, 2020G and 2021G, respectively. The decline in depreciation of right-of-use assets is mainly due to changes in rent contracts for five (5) locations in the UAE from fixed rent to rent as a percentage of revenue.

Depreciation expense did not witness any material fluctuation during the nine month period ended September 30, 2020G and 2021G.

Employee salaries and other benefits increased by 13.7%, from SAR 27.5 million during the nine-month period ended September 30, 2020G to SAR 31.3 million during the nine-month period ended September 30, 2021G. This was primarily due to the discontinuation of Government support (under the SANED program), which bore 60% of employees' salaries during the suspension of work due to the spread of COVID-19.

Operation direct costs increased by 85.8% from SAR 5.3 million during the nine month period ended September 30, 2020G to SAR 9.8 million during the nine month period ended September 30, 2021G. This is a direct cost item and therefore fluctuates in line with the revenue generated from redemptions and prize games. Higher number of visitors resulted in increase in revenue during the nine month period ended September 30, 2021G, hence the operation direct cost has increased.

Maintenance costs increased by 58.8% from SAR 3.0 million during the nine month period ended September 30, 2020G to SAR 4.7 million during the nine month period ended September 30, 2021G. This was primarily due to increase in usage of equipment post COVID-19 restrictions and accordingly, resulted in higher maintenance of games and machines. Maintenance costs generally fluctuate on a periodic basis depending on AOEC's requirements.

Electricity and utilities costs increased by 68.3% from SAR 7.2 million during the nine month period ended September 30, 2020G to SAR 12.2 million during the nine month period ended September 30, 2021G. This was primarily due to resumption of work after COVID-19 closures resulting in increase in electricity and other utilities.

Insurance costs declined by 53.8% from SAR 0.7 million during the nine month period ended September 30, 2020G to SAR 0.3 million during the nine month period ended September 30, 2021G. This was primarily due to a reduction in insurance premium costs in the new insurance agreement negotiated by AOEC as compared to the previous insurance agreement.

Other expenses increased by 65.1%, from SAR 1.3 million during the nine-month period ended September 30, 2020G to SAR 2.2 million during the nine-month period ended September 30, 2021G. This was primarily due to increased transportation, business travel and government expenses during the nine month period ended in September 30, 2021G. Further, certain penalties were imposed due to breach of COVID-19 protocols (i.e., overcrowding in entertainment centers) during the nine month period ended September 30, 2021G.

Rental discounts declined by 66.3%, from SAR 16.4 million during the nine-month period ended September 30, 2020G to SAR 5.5 million during the nine-month period ended September 30, 2021G. This was primarily due to higher discounts granted by lessors in order to support AOEC's business during the COVID-19 period.

6.11.4.4 Selling, Distribution and Marketing Expenses

The following table presents AOEC's selling, distribution and marketing expenses for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.301): Selling, Distribution and Marketing Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Marketing	2.1	3.3	56.2%
Employee salaries and other benefits	3.6	3.3	(9.3%)
Depreciation	1.3	0.7	(49.4%)
Maintenance	0.0	0.0	238.0%
Rent	0.3	0.2	(7.9%)
Electricity and public utilities	0.1	0.1	24.1%
Insurance	0.0	0.0	(76.0%)
Other expenses	0.1	0.1	5.7%
Total	**7.5**	**7.8**	**2.8%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Marketing expense increased by 56.2% from SAR 2.1 million during the nine month period ended September 30, 2020G to SAR 3.3 million during the nine month period ended September 30, 2021G. This was primarily due to the increase in marketing expenses during the nine month period ended September 30, 2021G to support attraction to sites during the nine month period ended September 30, 2021G.

Employees' salaries and other benefits declined by 9.3% from SAR 3.6 million during the nine month period ended 0 September 30, 2020G to SAR 3.3 million in 2021G. This was primarily due to the fact that certain senior management personnel left the employment during the nine month period ended September 30, 2021G.

Depreciation did not witness any material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Maintenance costs did not witness any material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Rent expenses did not witness material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Electricity and utilities witnessed no material fluctuation between the nine month periods ended September 30, 2020G and 2021G.

Insurance costs did not witness any material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Other expenses did not witness material fluctuation between the nine month periods ended September 30, 2020G and 2021G.

6.11.4.5 General and Administrative Expenses

The following table presents AOEC's general and administrative expenses for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.302): General and Administrative Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Employee salaries and other benefits	3.2	2.6	(18.4%)
Professional fees	0.3	0.4	67.6%
Rent expenses	0.1	0.1	(30.2%)
Depreciation	0.6	0.6	(5.0%)
Insurance	0.0	0.0	48.0%
Maintenance	0.1	0.1	(12.0%)
Electricity and utilities	0.1	0.1	5.8%
Other expenses	0.4	1.2	203.4%
Total	**4.9**	**5.3**	**7.0%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Employees' salaries and other benefits declined by 18.4% from SAR 3.2 million during the nine month period ended September 30, 2020G to SAR 2.6 million during the nine month period ended September 30, 2021G. This was primarily due to the fact that certain senior management personnel left the employment during the nine month period ended September 30, 2021G.

Professional fees witnessed no material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Rent expenses did not witness material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Depreciation did not witness any material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Insurance costs did not witness any material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Maintenance costs did not witness any material fluctuation between the nine-month periods ended September 30, 2020G and 2021G.

Electricity and utilities costs did not witness any material fluctuation between the nine month periods ended September 30, 2020G and 2021G.

Other expenses increased by 203.4%, from SAR 0.4 million during the nine-month period ended September 30, 2020G to SAR 1.2 million during the nine-month period ended September 30, 2021G. This was primarily due to the increase in miscellaneous expenses such as bank charges, software charges and subscription charges during the period.

6.11.4.6 Finance Costs

Finance costs declined by 34.2% from SAR 5.0 million during the nine month period ended September 30, 2020G to SAR 3.3 million during the nine month period ended September 30, 2021G. This was primarily due to a decline in interest cost on leases during the nine month period ended September 30, 2021G, driven by changes in rent contracts for five locations in the UAE from fixed rent to rent as a percentage of revenue.

6.11.4.7 Zakat and Tax expense

Zakat and Tax expense increased by 443.1% from SAR 0.5 million during the nine month period ended September 30, 2020G to SAR 2.8 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in the Zakat base for AOEC in line with the increase in revenue during the period.

6.11.5 Income Statement – Abdullah Al Othaim Fashion Co.

The following table presents AOFC's income statement for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.303): Income Statement

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Sales	80.9	107.2	32.5%
Cost of sales	(37.1)	(53.9)	45.5%
Gross profit	**43.8**	**53.3**	**21.6%**
Selling and distribution expenses	(47.7)	(48.2)	1.1%
General and administrative expenses	(8.4)	(7.0)	(16.3%)
Other sources of income (expenses)	(1.1)	2.6	(325.7%)
Loss from operations	**(13.4)**	**0.6**	**(104.6%)**
Finance costs	(2.4)	(1.9)	(19.3%)
Loss before Zakat	**(15.7)**	**(1.3)**	**(91.7%)**
Zakat	-	(0.5)	N/A
Net loss for the year	**(15.7)**	**(1.8)**	**(88.7%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Sales increased by 32.5% during the nine month period ended September 30, 2021G from SAR 80.9 million during the nine month period ended September 30, 2020G to SAR 107.2 million during the nine month period ended September 30, 2021G. This primarily resulted from an increase in revenue from Kiabi and OVS by SAR 27.0 million and SAR 8.8 million, respectively. As a result of the COVID-19 pandemic, fashion stores were closed from March 16, 2020G to April 28, 2020G. The closure of stores and subsequent restrictions on access to stores affected revenues as well as the footfall of AOFC significantly during the nine-month period ended September 30, 2020G. The increase in sales, during the nine month period ended September 30, 2021G , is mainly attributed to the resumption of normal business activities resulting from ease in lockdown restrictions, which were imposed by the government in Kingdom of Saudi Arabia during 2020G.

Cost of sales increased by 45.5% during the nine-month period ended September 30, 2021G, from SAR 37.1 million during the nine-month period ended September 30, 2020G to SAR 53.9 million during the nine-month period ended September 30, 2021G. This primarily resulted from increase in sales as a result of increase in number of transactions from 0.7 million during the nine month period ended September 30, 2020G to 0.9 million during the nine month period ended September 30, 2021G. Additionally, cost of sales as a percentage of sales increased from 45.8% during the nine month period ended September 30, 2020G to 50.3% during the nine month period ended September 30, 2021G. This was primarily due to decrease in COVID-19 discount for rent during the nine month period ended September 30, 2021G (SAR 3.3 million) compared to the nine month period ended September 30, 2020G (SAR 7.8 million).

In line with the 32.5% increase in sales during the nine month period ended September 30, 2021G, gross profit increased by 21.6% during the same period. This primarily resulted from decline in COVID-19 discount for rent from SAR 7.8 million during the nine month period ended September 30, 2020G to SAR 3.3 million during the nine month period ended September 30, 2021G. A higher discount was provided in 2020G due to the closure of malls between March 2020G and June 2020G.

Selling and distribution expenses did not witness material fluctuation during the nine month period ended September 30, 2020G and 2021G.

General and administration expenses decreased by 16.3% during the nine month period ended September 30, 2021G from SAR 8.4 million during the nine month period ended September 30, 2020G to SAR 7.0 million during the nine month period ended September 30, 2021G. This primarily resulted from decline in depreciation of fixed assets from SAR 0.9 million during the nine month period ended September 30, 2020G to SAR 0.4 million during the nine month period ended September 30, 2021G. This was primarily due to a decline in the number of stores from 46 during the nine-month period ended September 30, 2020G to 37 during the nine-month period ended September 30, 2021G.

Other income / expenses recorded an expense of SAR 1.1 million during the nine month period ended September 30, 2020G which turned into an income of SAR 2.6 million during the nine month period ended September 30, 2021G. This primarily resulted from the reversal of payables amounting to SAR 2.1 million during the nine month period ended September 30, 2021G.

Financial costs decreased by 19.3% during the nine-month period ended September 30, 2021G, from SAR 2.4 million during the nine-month period ended September 30, 2020G to SAR 1.9 million during the nine-month period ended September 30, 2021G. This primarily resulted from decline in finance cost on lease liabilities due to decline in number of stores between the nine month periods ended September 30, 2020G and 2021G.

6.11.5.1 Key Performance Indicators

The following table presents AOFC's key performance indicators for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.304): Key Performance Indicators

	Financial Period Ended September 30	
	2020G	2021G
Financial KPIs		
1. Gross margin	54.2%	49.7%
2. Net profit margin	(19.4%)	(1.7%)
3. Return on assets		(1.7%)
4. Return on equity		13.7%
5. Current ratio (x)		0.4
7. Days sales outstanding (no.)		N/A
8. Days payable outstanding (no.)		N/A
9. Days Inventory outstanding (no.)		161
Operational KPIs		
No. of branches	46	37
Total number of guests (in millions)	0.7	0.9
Average ticket size per customer (SAR)	117.9	123.6

Source: Management information

Note:

1. Gross profit margin = gross profit for the period / revenue for the period
2. Net profit margin = net profit for the period / revenue for the period
3. Return on assets = annualized net profit / assets as at period end
4. Return on equity = annualized net profit / equity as at period end
5. Current ratio = total current assets as at period end / total current liabilities as at period end
6. Debt to equity ratio = total current liabilities as at period end / total equity as at period end
7. Days sales outstanding = (gross trade accounts receivable at period end (leasing) / (gross annualized leasing revenue) x 365
8. Days payables outstanding = (trade accounts payable as at period end / annualized cost of revenue) x 365
9. Days inventory outstanding = (inventory as at period end / annualized cost of revenue) x 365

6.11.5.2 Revenue

Revenue by Brand

The following tables present an overview of AOFC's revenue by brand for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.305): Revenue by Brand

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Store sales			
Kiabi	39.4	66.3	68.1%
OVS Kids	21.6	30.4	40.7%
Parfois	4.1	4.7	16.9%
Tally Weijl	4.7	4.0	(14.8%)
Orchestra	5.5	0.8	(85.8%)
Du Pareil au Même	2.1	-	(100.0%)

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Boux Avenue	2.2	0.5	(77.5%)
Pylones	0.0	-	(100.0%)
Other			N/A
Outlet stores	0.6	0.4	(38.4%)
Warehouse sales	0.5	0.3	(44.6%)
Total	**80.6**	**107.2**	**33.0%**
IFRS 15 provision for sales return	0.3	-	(100.0%)
Total	**80.9**	**107.2**	**32.5%**

Source: Management information

Note: According to the reviewed financial statements for the nine-month period ended 2021G revenue for the nine-month period ended 2020G amounted to SAR 80.9 million while according to management information revenue was SAR 80.6 million. Management stated that this was due to an IFRS 15 sales return provision which was included as part of cost of sales in the reviewed financial statement whereas in management accounts the adjustment was deducted from revenue.

Kiabi

Table No. (6.306): Key Performance Indicators

Kiabi	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	9	11
Area (m2)	12,858	14,538
(Number of) transactions	317,128	522,364
Average revenue per transaction (SAR)	124	127
(Number of) employees	135	142

Source: Management information

Revenue increased by 68.1% during the nine-month period ended September 30, 2021G, from SAR 39.4 million during the nine-month period ended September 30, 2020G to SAR 66.3 million during the nine-month period ended September 30, 2021G. This primarily resulted from an increase in number of transactions from 0.3 million during the nine month period ended September 30, 2020G to 0.5 million during the nine month period ended September 30, 2021G. During the nine-month period ended September 30, 2020G, malls were closed, and travel restrictions were imposed between March 2020G and June 2020G, which resulted in a decline in the number of transactions. Further, AOFC opened a new branch of Kiabi in Granada Mall during March 2021G which generated additional revenue of SAR 2.6 million during the nine-month period ended September 30, 2021G.

OVS

Table No. (6.307): Key Performance Indicators

OVS	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	14	16
Area (m2)	6,535	7,225
(Number of) transactions	206,531	248,480
Average revenue per transaction (SAR)	105	122
(Number of) employees	93	110

Source: Management information

Revenue increased by 40.7% during the nine-month period ended September 30, 2021G, from SAR 21.6 million during the nine-month period ended September 30, 2020G to SAR 30.4 million during the nine-month period ended September 30, 2021G. This primarily resulted from increase in number of transactions by 20.3% during the nine month period ended September 30, 2021G driven by increase in number of stores from 14 stores during the nine month period ended September 30, 2020G to 16 stores during the nine month period ended September 30, 2021G. Further, recovery of business operations after ease of COVID-19 restrictions also contributed to the rise in footfall during the nine month period ended September 30, 2021G.

Parfois

Table No. (6.308): Key Performance Indicators

Parfois	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	4	3
Area (m2)	445	323
(Number of) transactions	37,238	35,273
Average revenue per transaction (SAR)	109	134
(Number of) employees	17	12

Source: Management information

Revenue increased by 16.9% during the nine-month period ended September 30, 2021G, from SAR 4.1 million during the nine-month period ended September 30, 2020G to SAR 4.7 million during the nine-month period ended September 30, 2021G. This primarily resulted from the increase in average ticket revenue per customer during the nine month period ended September 30, 2021G from SAR 109 during the nine month period ended September 30, 2020G to SAR 134 during the nine month period ended September 30, 2021G. This was driven by higher spending by customers after ease of lock down and other restrictions during the nine month period ended September 30, 2021G.

Tally Weijl

Table No. (6.309): Key Performance Indicators

Tally Weijl	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	8	7
Area (m2)	1,126	1,102
(Number of) transactions	41,163	39,053
Average revenue per transaction (SAR)	114	102
(Number of) employees	27	26

Source: Management information

Revenue declined by 14.8% or by SAR 0.7 million during the nine month period ended September 30, 2021G from SAR 4.7 million during the nine month period ended September 30, 2020G to SAR 4.0 million during the nine month period ended September 30, 2021G. This primarily resulted from decline in the number of transactions from 41,163 transactions during nine month period ended September 30, 2020G to 39,053 transactions during the nine month period ended September 30, 2021G driven by closure of one store in Granada Mall during the nine month period ended September 30, 2021G. Such store contributed SAR 0.7 million to revenue during the nine month period ended September 30, 2021G as compared to SAR 0.8 million during the nine month period ended September 30, 2020G.

Orchestra

Table No. (6.310): Key Performance Indicators

Orchestra	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	4	-
Area (m2)	2,206	-
(Number of) transactions	53,863	14,141
Average revenue per transaction (SAR)	103	56
(Number of) employees	21	4

Source: Management information

Revenue decreased by 85.8% during the nine-month period ended September 30, 2021G, from SAR 5.5 million during the nine-month period ended September 30, 2020G to SAR 0.8 million during the nine-month period ended September 30, 2021G. This primarily resulted from the closure of loss-making branches by AOFC. During the nine month period ended September 30, 2021G, Orchestra has generated SAR 0.8 million mainly due to one store which has been partially used as an outlet, however as at September 30, 2021G the number of stores is nil.

Du Pareil au Même

Table No. (6.311): Key Performance Indicators

Du Pareil au Même	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	3	-
Area (m2)	724	-
(Number of) transactions	15,385	2,924
Average revenue per transaction (SAR)	135	-
(Number of) employees	12	-

Source: Management information

AOFC closed all of its Du Pareil Au Même stores during the nine-month period ended September 30, 2021G due to posting operational losses. As a result, no revenue was generated from such brand during the nine month period ended September 30, 2021G.

Boux Avenue

Table No. (6.312): Key Performance Indicators

Boux	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	3	-
Area (m2)	484	-
(Number of) transactions	11,811	5,659
Average revenue per transaction (SAR)	184	86
(Number of) employees	11	-

Source: Management information

Revenue decreased by 77.5% during the nine-month period ended September 30, 2021G, from SAR 2.2 million during the nine-month period ended September 30, 2020G to SAR 0.5 million during the nine-month period ended September 30, 2021G. This was due to closure of entire stores of Boux Avenue during the nine month period ended September 30, 2021G due to posting operational losses.

Pylones

Table No. (6.313): Key Performance Indicators

Pylones	Financial Period Ended September 30	
	2020G	2021G
(Number of) branches	-	-
Area (m2)	83	-
(Number of) transactions	653	-
Average revenue per transaction (SAR)	16	-
(Number of) employees	-	-

Source: Management information

Note (*) Last branch was closed in June 2020G

AOFC closed all of its Pylones stores during the nine-month period ended September 30, 2021G due to operational losses. As a result, no revenue was generated from such brand during the nine month period ended September 30, 2021G.

Outlet Sales

Revenue declined by 38.4% during the nine month period ended September 30, 2021G from SAR 0.6 million during the nine month period ended September 30, 2020G to SAR 0.4 million during the nine month period ended September 30, 2021G This primarily resulted from closure of certain outlets in line with decline in number of stores.

Warehouse sales

Revenue decreased by 44.6% during the nine-month period ended September 30, 2021G, from SAR 0.5 million during the nine-month period ended September 30, 2020G to SAR 0.3 million during the nine-month period ended September 30, 2021G. This primarily resulted from the closure of certain warehouses in line with a decline in the number of operational stores.

6.11.5.3 Cost of Sales

The following table presents AOFC's cost of sales for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.314): Cost of Sales

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Cost of goods sold	45.3	58.3	28.6%
Freight and transportation	0.3	0.4	14.5%
IFRS-sales return accrual (reversal)	(0.2)	(0.2)	24.7%
Rent discount	(7.8)	(3.3)	(58.2%)
Stock adjustments	(0.9)	(1.0)	16.5%
Other	0.0	(0.2)	(614.6%)
IFRS 15 provision for sales return	0.3	-	(100.0%)
Total	**37.1**	**53.9**	**45.5%**

Source: Management information

Note: According to the reviewed financial statements for the nine-month period ended 2021G, revenue for nine-month period ended 2020G amounted to SAR 80.9 million, while according to management information revenue was SAR 80.6 million. Management stated that this was due to an IFRS 15 sales return provision which was included as part of cost of sales in the reviewed financial statement whereas in management accounts the adjustment was deducted from revenue.

Cost of goods sold increased by 28.6% during the nine-month period ended September 30, 2021G, from SAR 45.3 million during the nine-month period ended September 30, 2020G to SAR 58.3 million during the nine-month period ended September 30, 2021G. This primarily resulted from increase in sales by 32.5% during the nine month period ended September 30, 2021G.

Freight and transportation increased by 14.5% during the nine-month period ended September 30, 2021G, from SAR 0.3 million during the nine-month period ended September 30, 2020G to SAR 0.4 million during the nine-month period ended September 30, 2021G. This primarily resulted from increased purchases as well as requirements at the stores during the nine month period ended September 30, 2021G. During the nine-month period ended September 30, 2020G the stores were closed from March 16, 2020G and April 28, 2020G, resulting in lower freight and transportation requirements. However, the impact of such increase was partially offset by closure of loss making stores.

IFRS-Sales return accrual (reversal) declined by 24.3% or SAR 41,067 during the nine month period ended September 30, 2021G from SAR 0.2 million during the nine month period ended September 30, 2020G to SAR 0.2 million during the nine month period ended September 30, 2021G. The movement in the IFRS-sale return accrual depends on the sales recorded during the period, hence it is subject to fluctuation on a period-to-period basis. The accrual declined from SAR 0.7 million at December 31, 2020G to SAR 0.4 million at September 30, 2021G which resulted in reversal adjustment in cost of sales.

Rent discount declined by 58.2% during the nine month period ended September 30, 2020G from SAR 7.8 million during the nine month period ended September 30, 2020G to SAR 3.3 million during the nine month period ended September 30, 2021G. This primarily resulted from an exceptional discount provided by AOIC during the closure period in order to provide relief to AOFC.

Stock adjustments increased by 16.5% during the nine-month period ended September 30, 2021G, from SAR 0.9 million during the nine-month period ended September 30, 2020G to SAR 1.0 million during the nine-month period ended September 30, 2021G. This primarily resulted from recognition of reversal of stock obsolescence adjustment of SAR 1.3 million during the nine month period ended September 30, 2021G as compared a reversal of SAR 0.3 million during the nine month period ended September 30, 2020G. The reversal was due to a decline in the inventory provision as lower amount of inventory was aged over one year on September 30, 2021G (SAR 4.1 million) as compared to December 31, 2020G (SAR 7.8 million).

Other decreased by 614.6% during the nine-month period ended September 30, 2021G, from SAR 0.0 million during the nine-month period ended September 30, 2020G to SAR 0.2 million during the nine-month period ended September 30, 2021G.

6.11.5.4 Selling and Distribution Expenses

The following table presents AOFC's selling and distribution expenses for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.315): Selling and Distribution Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Amortization of right-of-use assets	19.1	15.9	(16.7%)
Employee salaries and other benefits	11.3	13.2	16.7%
Depreciation of property and equipment	5.6	4.7	(15.4%)
Franchise fees	3.5	5.7	62.1%
Advertising	0.6	1.5	134.1%
Sales commissions	0.4	0.9	91.9%
Business trips	0.2	0.2	(13.6%)
Maintenance	0.2	0.2	(12.1%)
Insurance	0.6	0.9	38.0%
Amortization	0.1	0.1	(4.8%)
Water and electricity	1.4	1.3	(0.8%)
Service charges	2.5	2.1	(17.1%)
Government fee	0.2	0.2	7.9%
Other	1.9	1.5	(25.4%)
Total	**47.7**	**48.2**	**1.1%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Depreciation of right-of-use assets decreased by 16.7% from SAR 19.1 million during the nine month period ended September 30, 2020G to SAR 15.9 million during the nine month period ended September 30, 2021G. This primarily resulted from decline in right-of-use assets due to closure of stores. AOFC had 45 stores as of September 30, 2020G as compared to 37 stores as of September 30, 2021G.

Employee salaries and other benefits increased by 16.7%, from SAR 11.3 million during the nine-month period ended September 30, 2020G to SAR 13.2 million during the nine-month period ended September 30, 2021G. This was primarily due to 60% expense borne by the Government for the Saudi nationals under Sanad program during 2020G. Further, the cost reduction measures which were effective during the nine-month period ended September 30, 2020G were discontinued during the nine-month period ended September 30, 2021G, which resulted in an increase in salary expenses.

Depreciation of property and equipment decreased by 15.4% from SAR 5.6 million during the nine month period ended September 30, 2020G to SAR 4.7 million during the nine month period ended September 30, 2021G. This primarily resulted from a decline in leasehold improvements and furniture and fixtures as a result of the closure of stores by AOFC.

Franchise and royalty fees increased by 62.1% from SAR 3.5 million during the nine month period ended September 30, 2020G to SAR 5.7 million during the nine month period ended September 30, 2021G. This primarily resulted from increase in revenue as the fee is paid as a percentage of revenue included as part of franchise agreements.

Advertisement increased by 134.1% from SAR 0.6 million during the nine month period ended September 30, 2020G to SAR 1.5 million during the nine month period ended September 30, 2021G. This primarily resulted from increased advertisement activities such as back to school campaigns during the nine month period ended September 30, 2020G post COVID-19 related closure of stores and other restrictions.

Sales commission increased by 91.9% from SAR 0.4 million during the nine month period ended September 30, 2020G to SAR 0.9 million during the nine month period ended September 30, 2021G. This primarily in line with the increase in sales during the nine month period ended September 30, 2021G.

In absolute terms, business trips expense did not witness material fluctuation during the nine month period ended September 30, 2020G and 2021G.

Maintenance expenses. did not witness material fluctuations during the reporting period.

Insurance increased by 38.0% from SAR 0.6 million during the nine month period ended September 30, 2020G to SAR 0.9 million during the nine month period ended September 30, 2021G. This primarily resulted from increase in insurance premium during the nine month period ended September 30, 2021G.

Amortization expenses did not witness material fluctuation during the nine-month period ended September 30, 2020G and 2021G.

Water and electricity expenses did not witness material fluctuation between the nine-month period ended September 30, 2020G and 2021G.

Service charges are paid to lessors in accordance with the lease agreements. Service charges decreased by 17.1% from SAR 2.5 million during the nine month period ended September 30, 2020G to SAR 2.1 million during the nine month period ended September 30, 2021G. This primarily resulted from decline in the number of stores from 46 at September 30, 2020G to 37 at September 30, 2021G.

Government fee expenses did not witness material fluctuation between the nine-month period ended September 30, 2020G and 2021G.

Others declined by 25.4% from SAR 1.9 million during the nine month period ended September 30, 2020G to SAR 1.5 million during the nine month period ended September 30, 2021G. This primarily resulted from closure of stores which resulted in decline in miscellaneous expenses.

6.11.5.5 General and Administrative Expenses

The following table presents AOFC's general and administrative expenses for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.316): General and Administrative Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Employee salaries and other benefits	4.6	4.2	(10.0%)
Depreciation of property and equipment	0.9	0.4	(57.1%)
Consultancy	0.3	0.3	(3.5%)
Amortization of right-of-use assets	0.6	0.3	(55.3%)
Management fee	0.7	0.9	28.6%
Business trips	0.1	0.2	70.4%
Maintenance	0.1	0.1	(22.8%)
Amortization	0.0	0.0	-
Insurance	0.2	0.1	(56.7%)
Water and electricity	0.1	0.1	11.6%
Other	0.6	0.5	(16.9%)
Total	**8.4**	**7.0**	**(16.3%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Employee salaries and other benefits did not witness material fluctuation between the nine-month period ended September 30, 2020G and 2021G.

Depreciation of property and equipment decreased by 57.1% during the nine month period ended September 30, 2021G from SAR 0.9 million during the nine month period ended September 30, 2020G to SAR 0.4 million during the nine month period ended September 30, 2021G. This primarily resulted from decline in net book value of fixed assets due to disposals of fixed assets, particularly leasehold improvements, and furniture & fixtures.

Consultancy expense did not witness material fluctuation between the nine month period ended September 30, 2020G and 2021G. This expense fluctuates depending on the requirements of AOFC and are subject to variation on a period-to-period basis.

Depreciation of right-of-use assets decreased by 55.3% from SAR 0.6 million during the nine month period ended September 30, 2020G to SAR 0.3 million during the nine month period ended September 30, 2021G. This primarily resulted from closure of one of the two warehouses during the nine month period ended September 30, 2021G.

Management fee increased by 28.6% from SAR 0.7 million during the nine month period ended September 30, 2020G to SAR 0.9 million during the nine month period ended September 30, 2021G. This primarily resulted from due to lift of COVID-19 restrictions and the return to normal course of business.

Business trips increased by 70.4% from SAR 0.1 million during the nine month period ended September 30, 2020G to SAR 0.2 million during the nine month period ended September 30, 2021G as the travel restrictions were eased and the brand managers and team travelled to stores in different cities and for store openings

Maintenance decreased by 22.8% during the nine-month period ended September 30, 2021G, from SAR 0.1 million during the nine-month period ended September 30, 2020G to SAR 0.1 million during the nine-month period ended September 30, 2021G. Maintenance expenses fluctuate depending on the requirements of AOFC and are subject to period-to-period changes.

Amortization expenses did not witness material fluctuation during the nine-month period ended September 30, 2020G and 2021G.

Insurance decreased by 56.7% during the nine-month period ended September 30, 2021G, from SAR 0.2 million during the nine-month period ended September 30, 2020G to SAR 0.1 million during the nine-month period ended September 30, 2021G. This primarily resulted from decline in medical insurance premium as a result of decline in number of operations staff from 316 employees during the nine month period ended September 30, 2020G to 296 employees during the nine month period ended September 30, 2021G.

In absolute terms, water and electricity expenses did not witness material fluctuation during the nine-month period ended September 30, 2020G and 2021G.

Others decreased by 16.9% during the nine month period ended September 30, 2021G from SAR 0.6 million during the nine month period ended September 30, 2020G to SAR 0.5 million during the nine month period ended September 30, 2021G. This primarily resulted from decline in number of branches which resulted in lower cleaning, stationery and other related expenses during the nine month period ended September 30, 2021G.

6.11.5.6 Other Sources of Income

The following table presents AOFC's other sources of income for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.317): Other Sources of Income

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Loss on sale of property and equipment	(1.8)	(1.0)	(45.9%)
Write-back of payables	-	2.1	N/A
Gain/(loss) on foreign exchange	(0.0)	0.3	(1,064.3%)
Gain on lease modification/termination	-	0.5	N/A
Other	0.7	0.6	(8.1%)
Total	**(1.1)**	**2.6**	**(325.7%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Loss of sale of property and equipment decreased by 45.9% during the nine month period ended September 30, 2021G from SAR 1.8 million during the nine month period ended September 30, 2020G to SAR 1.0 million during the nine month period ended September 30, 2021G. The movement depends on the sale of property and equipment sold during the period, which may vary on a period-to-period basis.

Write-back of payables increased by SAR 2.1 million during the nine month period ended September 30, 2021G from SAR nil during the nine month period ended September 30, 2020G to SAR 2.1 million during the nine month period ended September 30, 2021G. The majority of the payable amount was Orchestra which went out of business.

Gain on foreign exchange increased by 1,064.3% during the nine-month period ended September 30, 2021G, from a loss of SAR 0.0 million during the nine-month period ended September 30, 2020G to a gain of SAR 0.3 million during the nine-month period ended September 30, 2021G. Such fluctuation depends on the movement of foreign exchange rates, which is beyond AOFC's control, and hence is subject to variation on a periodic basis.

Gain on lease modification/termination was recognized during the nine month period ended September 30, 2021G pertaining to the branches closed during the period and to incorporate the modification in the lease terms of a few operating branches.

Others decreased by 8.1% during the nine month period ended September 30, 2021G from SAR 0.7 million during the nine month period ended September 30, 2020G to SAR 0.6 million during the nine month period ended September 30, 2021G. This is non-core income which may fluctuate on a periodic basis.

6.11.5.7 Finance Costs

The following table presents AOFC's finance costs for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.318): Finance Costs

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Interest expenses on lease liabilities	2.4	1.9	(21.5%)
Interest cost on benefit liabilities	-	0.1	N/A
Total	**2.4**	**1.9**	**(19.3%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Interest expenses on lease liabilities decreased by 21.5% during the nine-month period ended September 30, 2021G, from SAR 2.4 million during the nine-month period ended September 30, 2020G to SAR 1.9 million during the nine-month period ended September 30, 2021G. This primarily resulted from decline in the number of stores from 46 at September 30, 2020G to 37 at September 30, 2021G and the related lease liability.

Interest cost on benefit liabilities increased by SAR 0.1 million during the nine month period ended September 30, 2021G from SAR nil during the nine month period ended September 30, 2020G to SAR 0.1 million during the nine month period ended September 30, 2021G.

6.11.5.8 Zakat

The following table presents AOFC's Zakat provision for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.319): Zakat

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Balance at beginning of the period	0.3	-	(100.0%)
Charge during the period	-	0.5	N/A
Provision reversal	(0.3)	-	(100.0%)
Paid during the period	-	-	N/A
Balance at end of the period	**-**	**0.5**	**N/A**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

In accordance with the rules and regulations of the Zakat, Tax and Customs Authority (ZATCA), Zakat is computed on the higher of the Zakat base and the adjusted profit for the period.

During 2019G, AOIC obtained approval from ZATCA and files Zakat returns on a consolidated basis. Charge during the nine month period ended September 2021G increased by 0.5 million as losses reduced significantly compared to December 31, 2020G.

6.11.6 Income Statement - Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s income statement for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.320): Income Statement

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Revenue	10.0	12.0	20.6%
Cost of revenue	(9.2)	(10.5)	14.5%
Gross profit	**0.8**	**1.5**	**94.7%**
Selling and distribution expenses	(0.0)	(0.0)	(45.7%)
General and administrative expenses	(2.4)	(2.7)	15.1%
Other revenue	0.0	-	(100.0%)
Loss from operations	**(1.6)**	**(1.3)**	**(21.0%)**
Finance costs	(0.2)	(0.2)	4.0%
Loss before Zakat	(1.8)	(1.4)	(18.5%)
Net loss for the year	**(1.8)**	**(1.4)**	**(18.5%)**
Net income margin	(17.8%)	(12.0%)	(32.4%)

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Revenue increased by 20.6% during the nine-month period ended September 30, 2021G, from SAR 10.0 million during the nine-month period ended September 30, 2020G to SAR 12.0 million during the nine-month period ended September 30, 2021G. The increase was primarily due to increased sales from Oliver Brown (SAR 0.8 million) and Moka & More (SAR 0.8 million).

Cost of sales increased by 14.5% during the nine-month period ended September 30, 2021G, from SAR 9.2 million during the nine-month period ended September 30, 2020G to SAR 10.5 million during the nine-month period ended September 30, 2021G. The increase was primarily due to the increase in cost of material, in line with the increase in revenue.

Selling and distribution expenses did not witness any material fluctuation during the reporting period.

General and administrative expenses increased by 15.1% during the nine-month period ended September 30, 2021G, from SAR 2.4 million during the nine-month period ended September 30, 2020G to SAR 27.7 million during the nine-month period ended September 30, 2021G. The increase was due to the increase in employees' salaries and other benefits by SAR 0.4 million during the nine month period ended September 30, 2021G.

Other income amounted to SAR 38,948 during the nine-month period ended September 30, 2020G. Abdullah Al Othaim Food Co. did not witness any other revenue/expenses during the nine-month period ended September 30, 2021G.

Finance costs did not witness any material fluctuation during the reporting period.

Net loss of the period declined by 18.5%, from a loss of SAR 1.8 million during the nine-month period ended September 30, 2020G to a loss of SAR 1.4 million during the nine-month period ended September 30, 2021G. This decrease was due to an increase in the cost of revenues and general and administrative expenses by 14.5% and 15.1%, respectively, during the reporting period, in line with the increase in sales.

6.11.6.1 Key Performance Indicators

The following table presents Abdullah Al Othaim Food Co.'s key performance indicators for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.321): Key Performance Indicators

	Financial Period Ended September 30	
	2020G	2021G
Financial KPIs		
Gross margin	7.6%	12.3%
Net profit margin	(17.8%)	(12.0%)
Return on assets		(6.3%)
Return on equity		32.9%
Current ratio		0.27
Total liabilities to equity		6.26
Days payable outstanding		35.2
Days inventory outstanding		79
Cash conversion ratio (x)		43
Operational KPIs		
(Number of) outlets	28	29
Food orders (million)	0.3	0.4
Average revenue per food order (SAR)	29.3	28.5
Revenue per sq m(SAR)	191,530	229,484

Source: Management information

Note:

1. Gross profit margin = gross profit for the period / revenue for the period
2. Net profit margin = net profit for the period / revenue for the period
3. Return on assets = annualized net profit / assets as at period end
4. Return on equity = annualized net profit / equity as at period end
5. Current ratio = total current assets as at period end / total current liabilities as at period end
6. Total liabilities to equity ratio = total current liabilities as at period end / total equity as at period end
7. Days payables outstanding = (trade accounts payable as at period end / annualized cost of revenue) x 365
8. Days inventory outstanding = (inventory as at period end / annualized cost of revenue) x 365

6.11.6.2 Revenue

Revenue by Type

The following table presents a breakdown of Abdullah Al Othaim Food Co.'s revenue by segment for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.322): Revenue by Sector

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Café	8.5	10.4	21.8%
Restaurant	1.3	1.5	15.7%
Juice shop	0.1	0.1	(13.5%)
Total	**10.0**	**12.0**	**20.6%**

Source: Management information

Revenue from coffee shops increased by 21.8% during the nine month period ended September 30, 2021G from SAR 8.5 million during the nine month period ended September 30, 2020G to SAR 10.4 million during the nine month period ended September 30, 2021G. This is primarily due to the opening of a new Oliver Brown branch during the nine-month period ended September 30, 2021G. In addition, the increase is attributed to the relaxed lockdown restrictions during the nine month period ended September 30, 2021G, compared to nine month period ended September 30, 2020G which has attracted more customers.

Revenue from restaurants increased by 15.7% during the nine month period ended September 30, 2021G, from SAR 1.3 million during the nine month period ended September 30, 2020G to SAR 1.5 million during the nine month period ended September 30. 2021G. This primarily resulted from increase in the number of orders during the nine month period ended September 30, 2021G due to the return of business activities post COVID-19 pandemic closures during the nine month period ended September 30, 2020G.

Revenue from juices did not witness material fluctuation duirng the nine month period ended September 30, 2020G and 2021G.

Revenue by Brand

The following table presents a breakdown of Abdullah Al Othaim Food Co.'s revenue by brand for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.323): Revenue by Brand

SAR Million	Type	Financial Period Ended September 30		Increase/(Decrease)
		2020G Reviewed	2021G Reviewed	September 2021G
Dallah Café	Owned	2.6	2.8	5.0%
Moka & More	Franchise	2.3	3.0	35.2%
Oliver Brown	Franchise	2.8	3.6	28.1%
Kabablaky	Owned	1.2	1.4	16.9%
Roti Mum *	Owned	0.8	0.9	17.1%
Chester's Chicken	Franchise	0.1	0.1	(3.8%)
Just Orange	Owned	0.1	0.1	(13.5%)
Total		**10.0**	**12.0**	**20.6%**

Source: Management information

Note (*): The relationship with Roti Mum was terminated since they were not able to register the trademark.

Dallah Café

The following table presents the key performance indicators of Dallah Café for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.324): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	5	5
(Number of) orders	69,540	68,096
Average ticket size (SAR)	38.1	40.8
(Number of) employees	23	23

Source: Management information

Revenue from Dallah Café increased by 5.0% during the nine-month period ended September 30, 2021G, from SAR 2.6 million during the nine-month period ended September 30, 2020G to SAR 2.8 million during the nine-month period ended September 30, 2021G. The increase in revenue was mostly attributed to the lifting of COVID-19 lockdown restrictions, which were implemented between March and June 2020G. Additionally, revenue has improved despite the decrease in number of orders between September 2020G and 2021G. This was due to offsetting impact of increase in average ticket size per order.

Moka & More

The following table presents the key performance indicators of Moka & More for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.325): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	7	7
(Number of) orders	102,313	153,639
Average ticket size (SAR)	22.0	19.8
(Number of) employees	28	28

Source: Company information

Revenue from Moka & More increased by 35.2% during the nine month period ended September 30, 2021G from SAR 2.3 million during the nine month period ended September 30, 2020G to SAR 3.0 million during the nine month period ended September 30, 2021G. The increase in revenue was primarily due to the lifting of COVID-19 lockdown restrictions, which were implemented between March and June 2020G. Additionally, revenue has improved despite the decrease in average ticket size per order between September 2020G and 2021G. This was due to offsetting impact of over 50% increase in number of orders. In addition, increase in number of orders was attributed to renovations to Rabwa mall branch.

Oliver Brown

The following table presents the key performance indicators of Oliver Brown for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.326): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	4	5
(Number of) orders	81,413	99,474
Average ticket size (SAR)	35.0	36.7
(Number of) employees	25	32

Source: Management information

Revenue from Oliver Brown increased by 28.1% during the nine month period ended September 30, 2021G from SAR 2.8 million during the nine month period ended September 30, 2020G to SAR 3.6 million during the nine month period ended September 30, 2021G. This was primarily due to the increase in the number of orders after the lifting of COVID-19 lockdown restrictions. Additionally, revenue also increased due to opening of a new branch in Al Hassa Mall, which contributed to an additional revenue of SAR 0.5 million during the nine month period ended September 30, 2021G.

Kabablaky

The following table presents the key performance indicators of Kabablaky for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.327): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	5	5
(Number of) orders	42,161	53,779
Average ticket size (SAR)	28.9	26.5
(Number of) employees	18	18

Source: Management information

Revenue from Kabablaky increased by 16.9% during the nine month period ended September 30, 2021G from SAR 1.2 million during the nine month period ended September 30, 2020G to SAR 1.4 million during the nine month period ended September 30, 2021G. This was primarily due to the increase in the number of orders after the lifting of COVID-19 lockdown restrictions. Further, increase in revenue was also attributable to increase in the quality of operations due to hiring a new operations' manager during the nine month period ended September 30, 2021G.

Roti Mum

The following table presents the key performance indicators of Roti Mum for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.328): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	4	4
(Number of) orders	33,387	35,145
Average ticket size (SAR)	23.9	26.6
(Number of) employees	12	12

Source: Management information

Revenue from Roti Mum increased by 17.1% during the nine month period ended September 30, 2021G from SAR 0.8 million during the nine month period ended September 30, 2020G to SAR 0.9 million during the nine month period ended September 30, 2021G. The increase in revenue was attributable to an increase in the number of orders as well as an increase in average ticket size per order after the easing of COVID-19 lockdown restrictions.

Chester's Chicken

The following table presents the key performance indicators of Chester's for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.329): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	1	1
(Number of) orders	3,474	3,040
Average ticket size (SAR)	21.4	23.5
(Number of) employees	1	1

Source: Management information

Revenue from Chester's Chicken did not witness any material fluctuation during the nine month period ended September 30, 2020G and 2021G.

Just Orange

The following table presents the key performance indicators of Just Orange for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.330): Key Performance Indicators

SAR Million	Financial Period Ended September 30	
	2020G Reviewed	2021G Reviewed
(Number of) branches	2	2
(Number of) orders	7,369	8,216
Average ticket size (SAR)	15.5	11.8
(Number of) employees	2	2

Source: Management information

Revenue from Just Orange decreased by 13.5% during the nine-month period ended September 30, 2021G, from SAR 112,188 during the nine-month period ended September 30, 2020G to SAR 97,047 during the nine-month period ended September 30, 2021G. The decline in revenue was primarily due to the decrease in the average ticket size from SAR 15.5 during the nine month period ended September 30, 2020G to SAR 11.8 during the nine month period ended September 30, 2021G. The decline in average ticket size per order was due to the branches being located within entertainment centers which were subject to a two month closure period imposed by the Government due to COVID-19 restrictions between the months of February to the end of March 2021G.

6.11.6.3 Cost of Revenue

The following table presents the Abdullah Al Othaim Food Co.'s cost of revenue for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.331): Cost of Revenue

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Cost of materials	2.8	3.4	19.8%
Employee salaries and other benefits	2.7	3.5	26.7%
Amortization of right-of-use assets	2.8	3.1	7.7%
Depreciation	1.0	1.1	7.3%
Rent discount	(1.2)	(1.5)	31.8%
Maintenance	0.1	0.1	6.4%
Franchise fees	0.1	0.2	25.1%
Amortization	0.2	0.2	-
Utilities	0.2	0.3	47.0%
Subscription	0.0	0.0	1.2%
Rent	0.1	0.1	(4.5%)
Other	0.2	0.2	0.4%
Total	**9.2**	**10.5**	**14.5%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Cost of materials increased by 19.8% at September 30, 2021G from SAR 2.8 million during the nine month period ended September 30, 2020G to SAR 3.4 million during the nine month period ended September 30, 2021G in line with the increase in revenue.

Employee salaries and other benefits increased by 26.7% during the nine-month period ended September 30, 2021G, from SAR 2.7 million during the nine-month period ended September 30, 2020G to SAR 3.5 million during the nine-month period ended September 30, 2021G. This was primarily due to the partial salary expenses borne by the Government for Saudi employees under the SANED program during the nine-month period ended September 30, 2020G.

Depreciation of right-of-use assets increased by 7.7% during the nine month period ended September 30, 2021G from SAR 2.8 million during the nine month period ended September 30, 2020G to SAR 3.1 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in Oliver Brown – Al Hassa rent and relocation of Moka & More branch in Rabwa Mall which resulted in an increase in rent as well.

Depreciation expense did not witness any material fluctuation during the nine month period ended September 30, 2020G and 2021G.

Rent discount increased by 31.8% during the nine month period ended September 30, 2021G from SAR 1.2 million during the nine month period ended September 30, 2020G to SAR 1.5 million during the nine month period ended September 30, 2021G. This was primarily due to a rent discount requested by Abdullah Al Othaim Food Co. for Al-Ahsa Mall during 2020G, which was approved during the period ended September 30, 2021G.

Maintenance increased by 6.4% during the nine month period ended September 30, 2021G from SAR 105,000 during the nine month period ended September 30, 2020G to SAR 111,800 during the nine month period ended September 30, 2021G. This primarily resulted from a decrease in maintenance activities during the nine-month period ended September 30, 2020G due to the closure of food and beverage outlets.

Franchise fees increased by 25.1% during the nine-month period ended September 30, 2021G, from SAR 140.5 thousand during the nine-month period ended September 30, 2020G to SAR 175,800 thousand during the nine-month period ended September 30, 2021G. This primarily resulted from an increase in revenue directly associated with franchise fees agreed upon as part of the franchise agreements.

Amortization expenses did not witness any material fluctuation during the nine-month period ended September 30, 2020G and 2021G.

Utilities increased by 47.0% during the nine-month period ended September 30, 2021G, from SAR 174,400 during the nine-month period ended September 30, 2020G to SAR 256,200 during the nine-month period ended September 30, 2021G. This primarily resulted from lower business activity during the nine month period ended September 30, 2020G due to COVID-19 closure of food and beverage outlets.

Subscription expenses did not witness any material fluctuations during the nine-month period ended September 30, 2020G and 2021G.

Rent expenses did not witness any material fluctuations during the nine-month period ended September 30, 2020G and 2021G.

Others expenses did not witness any major fluctuations during the nine month period ended September 30, 2020G and 2021G.

6.11.6.4 Selling, Distribution and Marketing Expenses

The following table presents the Abdullah Al Othaim Food Co.'s selling, distribution, and marketing expenses for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.332): Selling, Distribution and Marketing Expenses

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Advertising expenses	(0.0)	(0.0)	(45.7%)
Total	**(0.0)**	**(0.0)**	**(45.7%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Advertisement expenses did not witness any material fluctuations during the nine month period ended September 30, 2020G and 2021G.

6.11.6.5 General and Administrative Expenses

The following table presents the Abdullah Al Othaim Food Co.'s general and administrative expenses for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.333): General and Administrative Expenses

SAR Million	Financial year Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Employee salaries and other benefits	1.3	1.7	26.5%
Depreciation	0.4	0.4	(11.1%)
Amortization of right-of-use assets	0.1	0.1	(23.1%)
Rent discount	(0.0)	(0.0)	(7.1%)
Subscription fees	0.1	0.1	29.0%
Professional fees	-	0.1	N/A
Rent	0.1	0.1	(3.9%)
Other	0.3	0.3	(0.7%)
Total	**2.4**	**2.7**	**15.1%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended Sepember 30, 2021G

Employee salaries and other benefits increased by 26.5%, from SAR 1.3 million during the nine-month period ended September 30, 2020G to SAR 1.7 million during the nine-month period ended September 30, 2021G. This was primarily due to the partial salary expenses borne by the Government for Saudi employees under the SANED program during the nine-month period ended September 30, 2020G. Employees' salaries and other benefits returned to normal levels after discontinuation of government support.

Depreciation expense did not witness any material fluctuation during the nine month periods ended September 30, 2020G and 2021G.

Depreciation of right-of-use asset expenses did not witness material fluctuations during the nine-month periods ended September 30, 2020G and 2021G.

Subscription fees did not witness material fluctuations between the nine month periods ended September 30, 2020G and 2021G.

Professional fees did not witness material fluctuations between the nine month periods ended September 30, 2020G and 2021G.

Rent expenses did not witness material fluctuations during the nine-month period ended September 30, 2020G and 2021G.

Other includes insurance, travel and other miscellaneous expenses. Others did not witness material fluctuation between the nine month periods ended September 30, 2020G and 2021G.

6.11.6.6 Other Sources of Income

The following table presents other sources of income of Abdullah Al Othaim Food Co. for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.334): Other Sources of Income

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Other sources of income	0.0	-	(100.0%)
Total	**0.0**	**-**	**(100.0%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Other income amounted to SAR 38,948 during the nine-month period ended September 30, 2020G. Abdullah Al Othaim Food Co. did not witness any other revenue/expenses during the nine-month period ended September 30, 2021G.

6.12 Statement of Financial Position

6.12.1 Balance Sheet – Consolidated

The following table presents the Group's balance sheet as at December 31, 2020G and September 30, 2021G.

Table No. (6.335): The Group's Consolidated Balance Sheet

SAR Million	Financial Period Ended December 31 2020G	Financial Period Ended September 30 2021G	September 2021G
	Audited	Reviewed	
Non-current Assets			
Property and equipment	427.7	395.5	(7.5%)
Real estate investments	2,320.2	2,922.7	26.0%
Intangible assets	3.0	2.6	(14.6%)
Right-of-use assets	379.4	327.8	(13.6%)
Investments in Sister Companies	1.4	2.7	88.2%
Advances to contractors	74.1	44.9	(39.4%)
Total	**3,205.9**	**3,696.1**	**15.3%**
Current assets			
Inventory	51.4	52.9	2.9%
Lease receivables and checks under collection	186.7	156.7	(16.1%)
Prepayments and other receivables	31.2	35.0	12.1%
Due from Related Parties	39.0	39.7	1.7%
Cash and bank balances	103.3	80.9	(21.6%)
Total	**411.6**	**365.2**	**(11.3%)**
Total assets	**3,617.5**	**4,061.3**	**12.3%**

SAR Million	Financial Period Ended December 31 2020G	Financial Period Ended September 30 2021G	September 2021G
	Audited	Reviewed	
Shareholders' equity			
Share capital	1,000.0	1,000.0	-
Statutory reserve	133.9	133.9	-
Retained earnings	485.7	659.7	35.8%
Other Shareholder equity items	(1.1)	(1.1)	1.5%
Non-controlling equity	-	-	N/A
Total	**1,618.5**	**1,792.5**	**10.8%**
Non-current Liabilities			
Loans	1,153.8	1,449.7	25.6%
Lease liabilities	349.4	288.2	(17.5%)
Deferred tax liabilities	2.0	2.0	0.1%
Net employee defined benefit liabilities	22.5	21.4	(5.2%)
Total	**1,527.7**	**1,761.3**	**15.3%**
Current liabilities			
Current portion of Murabaha loans	212.9	240.9	13.2%
Trade payables	58.7	44.7	(23.9%)
Contract liabilities	8.0	6.0	(24.4%)
Accrued expenses and other payables	93.8	128.4	36.9%
Current portion of lease liabilities	73.9	68.0	(8.0%)
Due to Related Parties	15.4	13.9	(9.5%)
Zakat provision	8.7	5.6	(35.0%)
Total	**471.3**	**507.5**	**7.7%**
Total liabilities	**1,999.0**	**2,268.7**	**13.5%**
Total liabilities and equity	**3,617.5**	**4,061.3**	**12.3%**
Liabilities (% of total assets)	55.3%	55.9%	
Equity (% of total assets)	44.7%	44.1%	

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Non-current assets increased by 15.3% on September 30, 2021G, from SAR 3,205.9 million as of December 31, 2020G to SAR 3,696.1 million as of September 30, 2021G. This was mainly on account of the acquisition of land in Riyadh for the amount of SAR 598.0 million during the nine-month period ended September 30, 2021G. The land is a prime plot on King Fahad Road and was acquired by successfully bidding at the auction for sale. There was no option to lease this land and the mall in its current form is old and not fit for purpose. The Company plans to develop a mixed-use project comprising of retail, entertainment, offices and hospitality sections. The Highest and Best use study for the same is being carried out by an external consultant and the expected timeline for the project is estimated to be around 5 to 6 years.

Current assets declined by 11.3%, from SAR 411.6 million as of December 31, 2020G to SAR 365.2 million as of September 30, 2021G. The decline was mainly on account of a reduction in lease receivables and cash and cash equivalents by SAR 30.1 million and SAR 22.4 million as of September 30, 2021G, respectively. This reduction was largely offset by the increase in prepayments by SAR 4.7 million and inventory by SAR 1.5 million as of September 30, 2021G.

Shareholder's equity increased by 10.8% from SAR 1,618.5 million as at December 31, 2020G to SAR 1,792.5 million as at September 30, 2021G. The increase was mainly on account of increase in retained earnings by 35.8% from SAR 485.7 million as at December 31, 2020G to SAR 659.7 million as at September 30, 2021G.

The Group's non-current liabilities increased by 15.3% on September 30, 2021G, from SAR 1,527.7 million on December 31, 2020G to SAR 1,761.3 million on September 30, 2021G. This primarily resulted from increase in Murabaha loans (SAR 323.9 million, net) which were obtained to finance working capital and constructions.

The Group's current liabilities increased by 7.7% on September 30, 2021G, from SAR 471.3 million on December 31, 2020G to SAR 507.5 million on September 30, 2021G. This primarily resulted from the increase of the current portion of Murabaha loans by SAR 28.0 million and the accrual and other current liabilities by SAR 34.6 million.

6.12.1.1 Non-current Assets

The following table shows the non-current assets of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.336): Non-current Assets

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Non-current Assets			
Property and equipment	427.7	395.5	(7.5%)
Real estate investments	2320.2	2922.7	26.0%
Intangible assets	3.0	2.6	(14.6%)
Right-of-use assets	379.4	327.8	(13.6%)
Investments in sister companies	1.4	2.7	88.2%
Advances to contractors	74.1	44.9	(39.4%)
Total	**3,205.9**	**3,696.1**	**15.3%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Property and Equipment

The following table shows the net book value of property and equipment of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.337): Property and Equipment

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Leasehold improvements	163.3	157.5	(3.6%)
Machinery and equipment	52.2	48.2	(7.7%)
Games	161.7	147.7	(8.6%)
Vehicles	1.7	1.1	(36.3%)
Computers and information technology	12.3	8.5	(30.8%)
Furniture and fixtures	28.2	24.5	(13.2%)
Capital work in progress	8.2	8.0	(3.4%)
Total	**427.7**	**395.5**	**(7.5%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Leasehold improvements and games together represented 77.6% of the total net book value of property and equipment as of September 30, 2021G. The net book value of property and equipment decreased on September 30, 2021G by 7.5%, from SAR 427.7 million on December 31, 2020G to SAR 395.5 million on September 30, 2021G. This is primarily due to the Company's disposal of 7.5% of the net value of machinery and equipment on September 30, 2021G.

The Group has no current plans for any significant assets to be purchased or rented.

Real estate investments

The following table shows the net book value of the real estate investments of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.338): Real estate investments

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Land	752.4	1,345.6	78.8%
Buildings	1,108.5	1,083.7	(2.2%)
Machinery and equipment	49.0	43.1	(12.1%)
Furniture	0.4	0.2	(49.6%)
Leasehold improvements	9.2	8.8	(5.1%)
Construction work in progress	400.7	441.4	10.2%
Total	**2,320.2**	**2,922.7**	**26.0%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Land

The net book value of land increased by 78.8% on September 30, 2021G, from SAR 752.4 million on December 31, 2020G to SAR 1,345.6 million on September 30, 2021G. This was mainly on account of the acquisition of land in Riyadh for the amount of SAR 598.0 million during the nine-month period ended September 30, 2021G.

Buildings

The value of buildings as of September 30, 2021G is represented in the cost incurred in purchasing and/or constructing the shopping malls for the leasing sector. The buildings did not witness material fluctuation during the nine-month period ended September 30, 2021G.

Machinery and Equipment

The net book value of machinery and equipment declined by 12.1% on September 30, 2021G, from SAR 49.0 million on December 31, 2020G to SAR 43.1 million on September 30, 2021G. This primarily resulted from charging depreciation of SAR 6.3 million during the nine-month period ended September 30, 2021G.

Leasehold Improvements

The net book value of leasehold improvements declined by 5.1% on September 30, 2021G, from SAR 9.2 million on December 31, 2020G to SAR 8.8 million on September 30, 2021G. This primarily resulted from charging depreciation of SAR 1.6 million during the nine-month period ended September 30, 2021G.

Construction Work in Progress

The balance of construction works in progress as of September 30, 2021G is mainly from the completed construction works for Almashreq Mall and City Mall, with an expected total residual cost of SAR 46.3 million until the completion of all works. The completion rate of the mentioned shopping malls was 94.2% and 81.4% on September 30, 2021G.

Intangible Assets

The following table shows the net book value of the intangible assets of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.339): Intangible Assets

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Cost:			
At the beginning of the period/year	8.8	8.8	0.0%
Disposed	0.0	(0.0)	N/A
At the end of the period/year	8.8	8.8	(0.2%)
Accumulated amortization:			
At the beginning of the period/year	5.1	5.8	13.5%
Charge for the period/year	0.7	0.4	(37.5%)
Disposed	0.0	(0.0)	N/A
At the end of the period/year	5.8	6.2	7.3%
Net book value	**3.0**	**2.6**	**(14.6%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Intangible assets are related to computer software and franchise fees. Intangible assets did not witness any material fluctuations and the decrease by 7.3% is due to accumulated amortization during the financial period.

Right-of-use Assets

The following table shows the right-of-use assets balance of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.340): Right-of-use Assets

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Cost:			
At the beginning of the period/year	735.6	650.2	(11.6%)
Additions	4.0	14.7	269.5%
Disposed	(89.3)	(183.7)	105.7%
At the end of the period/year	650.2	481.2	(26.0%)
Accumulated amortization:			
At the beginning of the period/year	218.9	270.9	23.7%
Charge for the period/year	59.7	44.1	(26.1%)
Disposed	(7.8)	(161.6)	1,981.4%
At the end of the period/year	270.9	153.4	(43.4%)
Net book value	**379.4**	**327.8**	**(13.6%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The net balance of right-of-use assets declined on September 30, 2021G by 13.6%, from SAR 379.4 million on December 31, 2020G to SAR 327.8 million in 2021G. This is mainly due to disposals and amortization expenses during the period, amounting to SAR 183.7 and SAR 44.1 million, respectively. The disposals, which amounted to SAR 183.7 million, at a rate of 80.2% and 19.8%, relate to the entertainment sector and the retail sector, respectively. The disposals that occurred in the entertainment sector are mainly due to the fact that the UAE branches have changed the method of calculating their rent, turning from fixed rent to rent linked to a percentage of revenue, and therefore they were excluded from right-to-use assets. As for disposals related to the retail sector, this is due to the fact that 13 branches were closed during the nine-month period ended September 30, 2021G, due to the discontinuation of dealings with Orchestra, Du Pareil Au Même, Boux Avenue and Pylones.

Investments in Sister Companies

The following table shows the balance of investments in sister companies of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.341): Investments in Sister Companies

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Wamda Cinemas Company - a closed joint stock company	0.6	0.8	23.6%
Saudi Pillar	0.8	1.9	136.8%
Total	**1.4**	**2.7**	**88.2%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The balance of investments in sister companies as of September 30, 2021G was represented in the Company's share in Wamda Cinemas Company and Saudi Pillar, with an ownership percentage of 55% and 70%, respectively. The movement in the balance as of September 30, 2021G when compared with December 31, 2020G was due to the increase resulting from the Company's share of the results of the business of such companies.

Advances to Contractors

The following table shows the balance of payments made to contractors and suppliers of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.342): Advances to Contractors

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Return insurance	10.2	9.3	(9.0%)
Advance payments	4.5	9.2	104.4%
Prepaid rent	0.2	4.1	1,922.9%
Employee receivables	0.8	1.1	42.5%
Prepaid expenses	8.5	8.7	2.7%
Other	7.0	2.6	(63.3%)
Total	**31.2**	**35.0**	**12.1%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The balances of the leasing and entertainment sectors represent 90% of the total balance of payments made to contractors and suppliers as of September 30, 2021G, as such payments relate mainly to purchase orders for building and raw materials for the construction of malls in Hafr Al-Batin and Khafji. The balance of advances to contractors and suppliers decreased by 39.4% on September 30, 2021G, from SAR 74.1 million on December 31, 2020G to SAR 44.9 million on September 30, 2021G. This primarily resulted from a real estate investment settlement of SAR 25.2 million.

Recovered insurance did not witness any material movement between December 31, 2020G and September 30, 2021G.

Prepayments increased by 104.4%, from SAR 4.5 million on December 31, 2020G to SAR 9.2 million on September 30, 2021G. The increase is mainly due to the increase in commercial activities as of September 30, 2021G.

Prepaid rent increased by 1,922.9%, from SAR 0.2 million on December 31, 2020G to SAR 4.1 million on September 30, 2021G.

Employee receivables did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Advance payments did not witness any significant movement during the period between December 31, 2020G and September 30, 2021G

Other expenses decreased by 63.3%, from SAR 7.0 million on December 31, 2020G to SAR 2.6 million on September 30, 2021G.

6.12.1.2 Current Assets

The following table shows the current assets of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.343): Current Assets

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Current Assets			
Inventory	51.4	52.9	2.9%
Lease receivables	186.7	156.7	(16.1%)
Prepayments and other receivables	31.2	35	12.1%
Due from Related Parties	39.0	39.7	1.7%
Cash and cash equivalents	103.3	80.9	(21.6%)
Total	**411.6**	**365.2**	**(11.3%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Inventory

The following table shows the inventory balance of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.344): Inventory

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Inventory ready for sale	42.7	45.8	7.0%
Consumables and other materials	6.7	3.3	(50.6%)
Spare parts	6.3	7.0	10.3%
Total	**55.7**	**56.1**	**0.8%**
Less:			
Provision for slow moving inventory	(4.3)	(3.2)	(25.1%)
Net	**51.4**	**52.9**	**2.9%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Inventory as of September 30, 2021G is mainly represented in the inventory of the retail sector, which represents about 60.1% of the total inventory as of September 30, 2021G. Kiabi and OVS inventory represented 49.7% and 38.5%, respectively, of the total value of retail inventory as of September 30, 2021G. The balance of inventory ready for sale increased by 7.0% on September 30, 2021G, from SAR 42.7 million on December 31, 2020G to SAR 45.8 million on September 30, 2021G, due to the increase in revenues and business volume of the retail sector, which in turn required an increase in the inventory ratio to keep pace with such increase.

Consumables and other materials declined by 50.6%, from SAR 6.7 million as of December 31, 2020G to SAR 3.3 million as of September 30, 2021G.

Spare parts increased by 10.3%, from SAR 6.3 million on December 31, 2020G to SAR 7.0 million on September 30, 2021G.

The following table presents the movement of the provision for slow moving items for the Financial Year/period ended December 31, 2020G and September 30, 2021G.

Table No. (6.345): Movement of the Provision for Slow Moving Items

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
At the beginning of the period/year	9.8	4.3	(56.3%)
Set aside during the period/year	1.3	0.0	(100.0%)
Used during the period/year	(6.8)	(1.1)	(84.2%)
At the end of the period/year	**4.3**	**3.2**	**(25.1%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

No additional provisions were set aside during the nine-month period ended September 30, 2021G.

Lease Receivables

The following table shows the lease receivables balance of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.346): Lease Receivables

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Lease receivables	397.9	348.2	(13.2%)
Less:			
Discount provision for tenant	(19.8)	(0.0)	(99.8%)
Provision for expected credit losses	(191.4)	(191.5)	0.1%
Net	**186.7**	**156.7**	**(16.1%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Total lease receivables decreased by 13.2%, from SAR 397.9 million on December 31, 2020G to SAR 348.2 million on September 30, 2021G. This is mainly due to the fact that the collections process returned to normal after the resumption of normal activity during the nine-month period ended September 30, 2021G, as there were some delays in the collections during the pandemic period, which led to the accumulation of some balances during the period ended December 31, 2020G.

Prepayments and Other Receivables

The following table shows the balance of prepayments and other receivables for Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.347): Prepayments and Other Receivables

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Return insurance	10.2	9.3	(8.9%)
Advance payments	4.5	9.2	104.4%
Prepaid rent	0.2	4.1	1,922.9%
Employee receivables	0.8	1.1	42.5%
Prepaid expenses	8.5	8.7	2.7%
Other	7.0	2.6	(63.3%)
Total	**31.2**	**35.0**	**12.1%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Recovered insurance balances mainly relate to the entertainment sector, as the recovered insurance balance decreased by 8.9%, from SAR 10.2 million on December 31, 2020G to SAR 9.3 million on September 30, 2021G, in line with the decrease in the entertainment sector from SAR 9.6 million on December 31, 2020G to SAR 8.8 million as of September 30, 2021G.

Prepayments increased by 104.4%, from SAR 4.5 million on December 31, 2020G to SAR 9.2 million on September 30, 2021G. Advance payments on September 30, 2021G mainly include leasing and retail balances, which are payments for electricity expenses that were paid in advance.

Prepaid rent increased by 1,922.2%, from SAR 0.2 million on December 31, 2020G to SAR 4.1 million on September 30, 2021G.

Employee receivables did not witness any material movement between December 31, 2020G and September 30, 2021G.

Prepaid expenses did not witness any material movement during the nine-month period ended September 30, 2021G. Expenses paid in advance on September 30, 2021G include SAR 8.1 million related to the expenses of the Group's public Offering.

Other expenses decreased by 63.3%, from SAR 7.0 million on December 31, 2020G to SAR 2.6 million on September 30, 2021G.

Cash and Cash Equivalents

The following table shows the cash and cash equivalents balance of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.348): Cash and Cash Equivalents

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Bank balances	17.7	37.8	113.8%
Term deposits	84.0	39.5	(53.0%)
Cash in hand	1.6	3.6	131.3%
Total	**103.3**	**80.9**	**(21.6%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The cash balance declined by 21.6% on September 30, 2021G, from SAR 103.3 million on December 31, 2020G to SAR 80.9 million on September 30, 2021G. This is primarily due to the repayment of a portion of the short-term loans. Such repayment was financed through the balance of short-term deposits, and the balance of term deposits decreased significantly on September 30, 2021G, from SAR 84.0 million on September 30, 2020G to SAR 39.5 million on September 30, 2021G.

6.12.1.3 Non-current Liabilities

The following table shows the non-current liabilities of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.349): Non-current Liabilities

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Non-current Liabilities			
Loans	1,153.8	1,449.7	25.6%
Lease liability	349.4	288.2	(17.5%)
Deferred tax liabilities	2.0	2.0	0.1%
Net employee defined benefit liabilities	22.5	21.4	(5.2%)
Total	**1,527.7**	**1,761.3**	**15.3%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The balance of non-current liabilities on September 30, 2021G mainly represents the balance of the Murabaha loan, which represents 82.3% of the total current liabilities on such date. The loan balance increased by 25.6% on September 30, 2021G, from SAR 1,153.8 million on December 31, 2020G to SAR 1,449.7 million on September 30, 2021G, an increase of SAR 295.9 million, against the background of supporting and financing working capital needs and requirements and contributing to building current projects.

Loans

The following table shows the loans of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G

Table No. (6.350): Loans

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Loans	1,366.7	1,692.5	23.8%
Deferred finance costs	0.0	(1.9)	N/A
Net	1,366.7	1690.6	23.7%
Divided into:			
Current portion of loans	212.9	240.9	13.1%
Non-current portion of loans	1,153.8	1,449.7	25.6%
Total	**1,366.7**	**1,690.6**	**23.7%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Net loans increased by 23.8%, from SAR 1,366.7 million on December 31, 2020G to SAR 1,690.6 million on September 30, 2021G. The loans are mainly related to the leasing sector and the fashion sector.

For more information on guarantees and mortgages, please refer to Table 6.121 "**Financing Used by Abdullah Al Othaim Investment Company During the Financial Period Ended September 30, 2021G**" and Section 12.7 "**Finance Contracts**".

Lease Liability

The following table shows the lease liabilities of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.351): Lease Liabilities

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
At the beginning of the period/year	561.9	423.3	(24.7%)
Additions	4.0	14.7	269.4%
Finance costs	14.0	8.9	(36.4%)
Disposal	(86.3)	(22.2)	(74.3%)
Liability paid	(70.3)	(68.5)	(2.6%)
At the end of the period/year	423.3	356.2	(15.8%)
Current lease liabilities	73.9	68.0	(8.0%)
Non-current lease liabilities	349.4	288.2	(17.5%)
Total	**423.3**	**356.2**	**(15.8%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Non-current lease liabilities declined by 17.5%, from SAR 349.4 million as of December 31, 2020G to SAR 288.2 million as of September 30, 2021G.

Deferred Tax Liabilities

Deferred tax liabilities did not witness any material fluctuation between December 31, 2020G and September 30, 2021G.

Net employee defined benefit liabilities

The following table shows the net employee defined benefit liabilities of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.352): Net employee defined benefit liabilities

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Current service costs	4.5	3.5	(21.6%)
Commission cost on benefit liabilities	0.6	0.3	(51.8%)
Net	**5.1**	**3.8**	**(25.3%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

6.12.1.4 Current Liabilities

The following table shows the current liabilities of Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.353): Current Liabilities

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Current Liabilities			
Current portion of Murabaha loans	212.9	240.9	13.2%
Trade and notes payable	58.7	44.7	(23.9%)
Contract liabilities	8.0	6.0	(24.4%)
Accrued expenses and other payables	93.8	128.4	36.9%
Current portion of lease liabilities	73.9	68	(8.0%)
Due to Related Parties	15.4	13.9	(9.5%)
Zakat provision	8.7	5.6	(35.0%)
Total	**471.3**	**507.5**	**7.7%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The current portion of Murabaha loans, in addition to accrued expenses and other accounts payable together, represent 72.7% of the total balances of current liabilities as of September 30, 2021G.

Current Portion of Murabaha Loans

The current portion of Murabaha loans increased by 13.2% on September 30, 2021G, from SAR 212.9 million on December 31, 2020G to SAR 240.9 million on September 30, 2021G, an increase of SAR 28 million, against the background of supporting and financing working capital needs and requirements and contributing to building existing projects.

Due to Related Parties

Refer to Table 6.445 "**Amounts Due to Related Parties**" for further details.

Zakat Provision

The following table shows the movement of Abdullah Al Othaim Investment Company's Zakat provision according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.354): Zakat provision

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Balance at the beginning of the period/year	11.6	8.7	(25.7%)
Zakat provision for the period/year	4.9	2.5	(49.5%)
Tax provision for the period/year	0.3	-	(100.0%)
Paid during the period/year	(8.2)	(5.5)	(32.5%)
Balance at the end of the period/year	**8.7**	**5.6**	**(35.0%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

The Zakat balance decreased by 35.0%, from SAR 8.7 million on December 31, 2020G to SAR 5.6 million on September 30, 2021G, mainly due to the decrease in the Zakat provision for the period/year by 49.5%, from SAR 4.9 million on December 31, 2020G to SAR 2.5 million on September 30, 2021G.

Accrued Expenses and Other Payables

The following table shows the balance of accrued expenses and other payables for Abdullah Al Othaim Investment Company according to the consolidated financial statements as of September 30, 2021G and December 31, 2020G.

Table No. (6.355): Accrued Expenses and Other Payables

SAR Million	Financial Period Ended December 31	Financial Period Ended September 30	Increase/(Decrease)
	2020G	2021G	September 2021G
	Audited	Reviewed	
Recovered insurance	54.6	45.6	(16.5%)
Accrued expenses	6.8	23.4	245.7%
Unearned rental income	4.4	43.7	888.2%
Amounts due to employees	5.9	4.8	(18.6%)
Advances from customers	5.7	0.4	(93.6%)
Accrued finance cost	3.1	0.5	(84.0%)
Construction works payable	0.2	0.2	-
Value Added Tax (VAT)	2.7	1.0	(61.2%)
Other receivables	10.4	8.9	(15.1%)
Total	**93.8**	**128.4**	**36.9%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Accrued expenses and other payables on September 30, 2021G mainly consist of recovered insurance and unearned rental income, which together represent 69.5% of the total balance of accrued expenses and other payables as of September 30, 2021G.

The balance of recovered insurance decreased by 16.5% on September 30, 2021G, from SAR 54.6 million on December 31, 2020G to SAR 45.6 million on September 30, 2021G. This is due to the payment of SAR 9.0 million, which mainly includes HADCO's recovery of the retained security deposit for Al Othaim Mall - Hafr Al-Batin due to the completion of the project.

Accrued expenses increased by 245.7%, from SAR 6.8 million on December 31, 2020G to SAR 23.4 million on September 30, 2021G, mainly due to the increase in the percentage of accrued expenses related to the leasing sector.

Unearned rental income increased significantly by 888.2%, from SAR 4.4 million on December 31, 2020G to SAR 43.7 million on September 30, 2021G. This is mainly due to the increase in the value of payments due for existing contracts concluded with customers.

Employee accruals declined by 18.6%, from SAR 5.9 million on December 31, 2020G to SAR 4.8 million on September 30, 2021G. The decrease was mainly due to the decrease in the leasing sector.

Advances from customers decreased by 93.6%, from SAR 5.7 million on December 31, 2020G to SAR 0.4 million on September 30, 2021G, due mainly to the decrease in the leasing sector.

Financing cost decreased by 84.0%, from SAR 3.1 million on December 31, 2020G to SAR 0.5 million on September 30, 2021G, mainly due to the decrease in the leasing sector.

Receivable construction works did not witness any fluctuations as of December 31, 2020G and September 30, 2021G.

Expenses related to VAT decreased by 61.2%, from SAR 2.7 million on December 31, 2020G to SAR 1.0 million on September 30, 2021G. The decrease was mainly due to the decrease in the leasing sector.

Accruals decreased by 15.1%, from SAR 10.4 million on December 31, 2020G to SAR 8.9 million on September 30, 2021G, mainly due the decrease in the leasing sector.

6.12.2 Consolidated Balance Sheets

Table No. (6.356): Consolidated Balance Sheet as of September 30, 2021G

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Fashion Co.	Abdullah Al Othaim Food Co.	Other	Total	Adjustments	Note	Consolidated Balance Sheet
Segment	Leasing	Entertainment	Fashion	Food & Beverage	Other				
Non-current Assets									
Property and equipment	41.5	318.2	26.0	9.8	-	395.5	-		395.5
Investment properties	2,823.2	-	-	-	99.5	2,922.7	-		2,922.7
Intangible assets	0.3	-	0.1	2.2	-	2.6	-		2.6
Investment in subsidiaries and associates	526.9	-	-	-	-	526.9	(199.1)	1	327.8
Right-of-use assets	235.7	108.7	74.5	11.8	-	430.7	(428.0)	3	2.7
Advances to contractors	12.1	-	-	-	-	12.1	32.8		44.9
Total non-current assets	**3,639.8**	**426.8**	**100.6**	**23.7**	**99.5**	**4,290.4**	**(594.3)**		**3,696.1**
Current assets									
Inventory	1.5	16.5	31.8	3.0	-	52.8	0.1		52.9
Lease receivables	154.1	-	-	-	2.6	156.7	-	2	156.7
Prepayments and other current assets	13.9	44.2	6.7	3.1	0.0	67.8	(32.8)		35.0
Due from Related Parties	120.3	76.7	0.0	-	0.7	197.7	(158.0)	2	39.7
Cash and cash equivalents	62.6	14.4	2.6	0.9	0.4	80.9	-		80.9
Total current assets	**352.4**	**151.7**	**41.1**	**7.0**	**3.7**	**555.9**	**(190.7)**		**365.2**
Total assets	3,992.1	578.5	141.6	30.8	103.2	4,846.3	(785.0)		4,061.3
Shareholder's equity									
Share capital	1,000.0	150.0	0.1	0.5	31.1	1,181.7	(181.7)	4	1,000.0
Statutory reserve	133.9	22.1	0.1	0.3	0.0	156.3	(22.4)	4	133.9
Retained earnings	659.7	250.9	(17.4)	(6.6)	2.9	889.5	(229.8)	4	659.7
Other components of equity	(1.1)	(1.1)	-	-	-	(2.2)	1.1	4	(1.1)
Total equity	**1,792.5**	**421.8**	**(17.2)**	**(5.9)**	**34.0**	**2,225.3**	**(432.8)**		**1,792.5**
Non-current liabilities									
Loans	1,449.7	-	-	-	-	1,449.7	-		1,449.7
Lease liabilities	221.3	81.0	50.4	9.5	-	362.2	(74.0)	3	288.2
Deferred tax	-	2.0	-	-	-	2.0	-		2.0
Employee defined benefit liability	10.4	7.4	2.8	0.8	-	21.4	-		21.4

SAR Million	Abdullah Al Othaim Investment Company	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Fashion Co.	Abdullah Al Othaim Food Co.	Other	Total	Adjustments	Note	Consolidated Balance Sheet
Segment	Leasing	Entertainment	Fashion	Food & Beverage	Other				
Total non-current liabilities	**1,681.4**	**90.4**	**53.2**	**10.3**	**-**	**1,835.2**	**(74.0)**		**1,761.3**
Current liabilities									
Current portion of loans	240.9	-	-	-	-	240.9	-		240.9
Trade payables	11.0	11.3	21.0	1.4	-	44.7	-	2	44.7
Accruals and other current liabilities	131.8	13.5	5.1	0.9	-	151.4	(145.3)	2	6.0
Current portion of lease liabilities	40.9	32.2	22.1	1.7	-	96.9	31.4	3	128.4
Contract liabilities	-	6.0	-	-	-	6.0	62.0		68.0
Due to Related Parties	90.7	0.6	57.0	22.3	69.2	239.8	(225.9)	2	13.9
Zakat provision	3.0	2.6	0.5	-	0.0	6.1	(0.5)		5.6
Total current liabilities	**518.2**	**66.3**	**105.7**	**26.3**	**69.2**	**785.7**	**(278.2)**		**507.5**
Total liabilities and shareholders' equity	**3,992.1**	**578.5**	**141.6**	**30.8**	**103.2**	**4,846.3**	**(785.0)**		**4,061.3**

Source: Management information

Key consolidation adjustments

1. The adjustment excludes investment in subsidiaries as the results of subsidiaries are consolidated
2. The adjustment eliminates intercompany receivables and payables
3. The adjustment excludes the right of use assets and lease liabilities pertaining to lease arrangements with subsidiaries, as well as transfer of current portion of lease liabilities to current liabilities
4. The shareholder's equity of the owner is included during consolidation, thereby eliminating subsidiary balances

6.12.3 Balance Sheet – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's balance sheet as of December 31, 2020G and September 30, 2021G.

Table No. (6.357): Balance Sheet

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Assets			
Non-current assets	3,076.0	3,639.8	18.3%
Current assets	384.8	352.4	(8.4%)
Total assets	**3,460.8**	**3,992.1**	**15.4%**
Liabilities and shareholders' equity			
Non-current liabilities	1,424.6	1,681.4	18.0%
Current liabilities	417.7	518.2	24.1%
Total liabilities	**1,842.3**	**2,199.6**	**19.4%**
Shareholders' equity	1,618.5	1,792.5	10.8%
Total liabilities and equity	**3,460.8**	**3,992.1**	**15.4%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Non-current assets increased by 18.3% on September 30, 2021G, from SAR 3,076.0 million as of December 31, 2020G to SAR 3,639.8 million as of September 30, 2021G. This primarily resulted from the investment in land in Riyadh which was capitalized for SAR 598.0 million during the nine-month period ended September 30, 2021G.

Current assets declined by 8.4% at September 30, 2021G from SAR 384.8 million at December 31, 2020G to SAR 352.4 million at September 30, 2021G. This primarily resulted from a decline in lease receivables and the checks under collection balance.

Equity increased by 10.8% between December 31, 2020G and September 30, 2021G as a result of net profits of SAR 173.1 million.

Non-current liabilities increased by 18.0% on September 30, 2021G, from SAR 1,424.6 million on December 31, 2020G to SAR 1,681.4 million on September 30, 2021G. This was due to additional loans disbursed to the Company for the purchase of land in Riyadh.

Current liabilities increased by 24.1% at September 30, 2021G from SAR 417.7 million at December 31, 2020G to SAR 518.2 million at September 30, 2021G. This was primarily due to the increase in due to Related Parties transactions during September 30, 2021G.

6.12.3.1 Non-current Assets

The following table presents AOIC's non-current assets on December 31, 2020G and September 30, 2021G.

Table No. (6.358): Non-current Assets

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Property and equipment	48.1	41.5	(13.6%)
Investment properties	2,221.4	2,823.2	27.1%
Investment in subsidiaries and associates	485.9	526.9	8.4%
Intangible Assets	0.5	0.3	(33.1%)
Right-of-use assets	262.3	235.7	(10.1%)
Advances to contractors	57.8	12.1	(79.1%)
Total	**3,076.0**	**3,639.8**	**18.3%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Property and Equipment

The following table presents the net book value of AOIC's property and equipment on December 31, 2020G and September 30, 2021G.

Table No. (6.359): Property and Equipment

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Machinery and equipment	32.4	28.7	(11.5%)
Vehicles	0.8	0.6	(31.8%)
Computers	4.2	3.7	(12.9%)
Furniture and fixtures	10.7	8.7	(19.0%)
Total net book value	**48.1**	**41.5**	**(13.6%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of the assets is mentioned below:

Asset Category	Useful Life
Leasehold improvements	Shorter of the useful life of the improvement and the term of the lease
Machinery and equipment	10 years
Vehicles	5 years
Computers	5 years
Furniture and fixtures	7 years

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Net book value of the machinery and equipment declined by 11.5% at September 30, 2021G from SAR 32.4 million at December 31, 2020G to SAR 28.7 million at September 30, 2021G. This was primarily due to depreciation charges.

Net book value of vehicles declined by 31.8% at September 30, 2021G from SAR 0.8 million at December 31, 2020G to SAR 0.6 million at September 30, 2021G. This was primarily due to depreciation charges and the disposal of one vehicle.

Net book value of computers declined by 12.9% at September 30, 2021G from SAR 4.2 million at December 31, 2020G to SAR 3.7 million at September 30, 2021G. This was primarily due to depreciation charges.

Net book value of furniture & fixtures declined by 19.0% at September 30, 2021G from SAR 10.7 million at December 31, 2020G to SAR 8.7 million at September 30, 2021G. This was primarily due to depreciation charges.

Investment Properties

The following table presents AOIC's investment properties as of December 31, 2020G and September 30, 2021G.

Table No. (6.360): Investment Properties

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Land	654.6	1,247.7	90.6%
Buildings	1,108.5	1,083.7	(2.2%)
Machinery and equipment	49.0	43.1	(12.2%)
Furniture and fixtures	0.4	0.2	(49.4%)
Leasehold improvements	9.2	8.8	(5.1%)
Capital work in progress	399.7	439.7	10.0%
Total net book value	**2,221.4**	**2,823.2**	**27.1%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Investment properties include properties (including properties under construction or re-development) that are held, or to be held, to earn rent or for capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment provision. Investment properties (except for land and investment property under construction) are depreciated using the straight-line method over the useful life of the properties. AOIC evaluates the fair value of investment properties as of each balance sheet date through an independent accredited surveyor. The useful life of investment properties is mentioned below:

Asset Category	Useful Life
Buildings	50 or lease term, whichever is shorter
Machinery and equipment	10 years
Vehicles	5 - 7 years
Computers	5 - 7 years
Furniture and fixtures	5–10 years
Leasehold improvements	10 or lease term, whichever is shorter

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

The fair value of AOIC's investment properties (excluding CWIP) amounted to SAR 4.9 billion and SAR 5.6 billion on December 31, 2020G and September 30, 2021G, respectively.

Land

There was a disposal of the Abha land, which was sold to the General Authority for State Properties for SAR 23.1 million and resulted in a gain of SAR 20.7 million.

The land in Riyadh was capitalized during the nine-month period ended September 30, 2021G at SAR 598.0 million, which includes the following:

SAR Million	FY Ended September 30	
	2020G	2021G
Purchase of land	-	533.6
SABB arrangement fee	-	1.5
Advance payment classified in prepayments	-	25.0
Real estate tax at 5%	-	27.9
Commission on acquisition of land	-	10.0
Total	**-**	**598.0**

The net book value of land as of December 31, 2020G and September 30, 2021G comprised the following:

Table No. (6.361): Net Book Value of Land

SAR Million	Acquisition Date	FY Ended September 30	
		2020G	2021G
		Net Book Value	Net Book Value
Abha	August 31, 2009G	8.3	5.8
Al Othaim Mall - Arar	August 31, 2009G	14.0	14.0
Hail Mall	August 1, 2017G	61.0	61.0
Al Kharj land	September 1, 2016G	110.2	110.2
Khafji Mall	August 16, 2015G	36.2	36.2
Dammam land - IV	July 31, 2013G	169.6	169.6
Akirshah Mall	July 1, 2010G	3.3	3.3

SAR Million	Acquisition Date	FY Ended September 30	
		2020G	2021G
		Net Book Value	Net Book Value
Khurais Mall	December 31, 2008G	79.5	79.5
Al-Ahsa Mall	December 31, 2008G	45.0	45.0
Rabwah Mall	December 31, 2008G	122.2	122.2
Other	December 31, 2020G	5.2	2.7
Land in Riyadh	April 7, 2021G	-	598.0
Total		**654.6**	**1,247.7**

Source: Management information

Some of the above-mentioned lands were mortgaged/transferred to the following institutions as security:

- Khurais and Hail Mall lands and Dammam land IV – these lands with a collective value of SAR 310.1 million were mortgaged to Bank Albilad against the banking facilities. These lands - excluding the Dammam land - four have been mortgaged to SABB as these loans are fully refinanced by SABB as on September 30, 2021G. The Dammam land four mortgage is in the process of being released by Bank Al Bilad.
- Al-Ahsa Mall Land – ownership was transferred to Sakan Company for Real Estate Finance (custodian) as an underlying asset for a sukuk bond. Ownership is being transferred back to the Company after settlement of the sukuk. The land was subsequently mortgaged to SABB, who refinanced the sukuk.
- The land in Riyadh is mortgaged to SABB against the banking facilities granted to finance its acquisition.

For more information on guarantees and mortgages, please refer to Table 6.152 "**Financing Utilized by AOIC as of December 31, 2018G, 2019G and 2020G**" and Section 12.7 "**Finance Contracts**".

In addition to the above, three of AOIC's shopping malls are built on leased land. The following table presents the details of the lease agreement in place for such land.

Table No. (6.362): Shopping Malls Built on Leased Lands

Land Location	Buraidah	Unaizah	Hafr Al-Batin
Mall	Al Othaim Mall - Buraidah	Al Othaim Mall - Unaizah	Almashreq Mall [1]
Lessor	Qassim Municipality	Qassim Municipality	Eastern Province Municipality
Lease start date	March 31, 2000G	December 3, 2005G	April 15, 2016G
Lease end date	June 30, 2024G	March 5, 2030G	July 15, 2040G
Lease term	25 years	25 years	25 years
Annual lease (SAR million)	0.3	0.2	1.0

Source: Management information

Note 1: This Mall was under construction at December 31, 2020G and September 30, 2021G

Buildings

Buildings primarily pertain to the cost incurred for the acquisition and/or construction of malls. The following table presents AOIC's net book value of buildings as of December 31, 2020G and September 30, 2020G.

Table No. (6.363): Net Book Value of Buildings

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Al Othaim Mall - Al-Rabwah	326.9	319.5	(2.3%)
Al Othaim Mall - Hail	220.4	216.8	(1.6%)
Al Othaim Mall - Khurais	157.1	154.0	(2.0%)
Al Othaim Mall - Arar	140.0	140.3	0.2%
Al Othaim Mall - Al-Ahsa	115.7	114.3	(1.2%)
Al Othaim Mall - Unaizah	77.1	75.5	(2.0%)
Al Othaim Mall - Buraidah	63.4	56.5	(10.9%)
Al Othaim Mall - Dammam	1.0	1.0	0.3%
Akirshah Mall	6.9	6.9	0.0%
Total net book value	**1,108.5**	**1,084.9**	**(2.1%)**

Source: Management information

The net book value of all the buildings declined between December 31, 2020G and September 30, 2021G, primarily due to charging of depreciation of SAR 29.1 million during the nine month period ended September 30, 2021G.

Of the above malls, Al Othaim Mall - Unaizah and Al Othaim Mall - Buraidah were built on leasehold lands obtained from Qassim Municipality. (Refer to "**Lands**" in the Investment Properties section for details.)

In addition to the above, AOIC is operating Dammam Mall on lease with an annual rent of SAR 34.9 million. The mall is owned by Abdullah Al Othaim Markets Company and the arrangement is governed through a lease contract with a term of 18 years ending on May 14, 2028G.

Machinery and Equipment

Machinery and equipment mainly represents machinery and equipment installed in malls, including escalators, central air conditioning systems, elevators, cleaning machines, lighting equipment, trash compactor, generators, CCTV cameras, etc. The net book value of machinery and equipment declined between December 31, 2020G and September 30, 2021G, primarily due to the calculation of depreciation of SAR 6.3 million during the nine-month period ended September 30, 2021G.

Furniture and Fixtures

Furniture and fixtures mainly include signage for various brands, mall decor, a fountain, cash safe, chairs and other related furniture. Net book value of furniture & fixtures declined between December 31, 2020G and September 30, 2021G, primarily due to charging of depreciation.

Leasehold Improvements

Leasehold improvements related to capital expenditures incurred by AOIC were related to the head office and malls. Net book value declined between December 31, 2020G and September 30, 2021G, primarily due to charging of depreciation.

Construction work in progress

Capital work-in-progress mainly relates to the shopping malls under construction at each balance sheet date. It is stated at cost less any identified impairment loss less any identified losses and includes the expenditures incurred directly on the construction/development of the qualifying asset and advances given to contractors. These costs are transferred to investment property as and when the asset is available for the intended use. The following table presents AOIC's capital work in progress as of December 31, 2020G and September 30, 2021G.

Table No. (6.364): Capital Work in Progress

SAR Million	Location	FY Ended December 31	Period Ended September 30	Estimated Total Cost	Completion Percentage
Project		2020G	2021G		
		Cost Incurred to Date			
Al Othaim Mall	Hafr Al-Batin	252.1	267.5	284.1	94.1%
Al Othaim Mall	Khafji	118.0	130.1	159.8	81.4%
Al Othaim Mall	Dammam	7.2	7.3	346.3	2.1%
Other	Various	22.4	34.8	N/A	N/A
Total		**399.7**	**439.7**	**1,008.8**	

Source: Management information

Al Othaim Mall - Hafr Al-Batin is being constructed with a built-up area of 112,337 square meters and gross leasable area of 80,572 square meters. The mall is scheduled to accommodate more than 203 stores of different sizes in addition to a series of various restaurants, and will also contain an entertainment area of 10,000 square meters and a hypermarket with an area of 11,800 square meters. The mall was 95% as at September 30, 2021G and is expected to be completed in 2022G. The mall is being constructed on land leased from Eastern Province Municipality for a period of 25 years (valid from October 27, 2016G to January 28, 2038G) with an annual rent of SAR 1.0 million.

Al Othaim Mall - Al-Khafji is being constructed on a land acquired by AOIC in 2015G for SAR 36.2 million. It will have a built-up area of 64,792 square meters and a gross leasable area of 49,500 square meters. The mall is scheduled to accommodate more than 200 stores and 16 dining halls. The mall will also include a 4,500 square meter entertainment center and a 4,400 square meter hypermarket.

AOIC is planning to construct a mall in Dammam on land which was acquired in 2013G for SAR 169.6 million. It is planned to be completed in 2026G.

Other costs mainly include renovation works as well as construction work being carried out for the development of cinemas in AOIC-operated malls. AOIC plans to open cinemas in the following malls: Dammam, Rabwah, Al-Ahsa, Grand Mall, Khurais, Unaizah, Buraidah, Arar and Hafr Al-Batin.

The following table presents the movement in CWIP at December 31, 2020G and September 30, 2021G.

Table No. (6.365): Capital Work in Progress Movement

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Opening balance	381.7	399.7	4.7%
Additions	38.3	42.4	10.7%
Charged to profit and loss account	-	(2.3)	N/A
Disposed	(20.4)		(100.0%)
Total net book value	**399.7**	**439.7**	**10.0%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Investment in Subsidiaries and Associates

The following table presents AOIC's investment in subsidiaries and associates on December 31, 2020G and September 30, 2021G.

Table No. (6.366): Investment in Subsidiaries and Associates

SAR Million	FY Ended December 31	Period Ended September 30	FY Ended December 31	Period Ended September 30
	2020G Audited	2021G Reviewed	2020G Audited	2021G Reviewed
Abdullah Al Othaim Entertainment Co.	100.0%	100.0%	382.9	422.3
Riyadh Al Waed For Property Management	100.0%	100.0%	14.1	14.1
Elham El Mostaqbal for Property Management	100.0%	100.0%	15.7	15.7
Takamol Al-Aziziya for Property Management	100.0%	100.0%	70.7	70.9
Al Othaim Malls Co.	100.0%	100.0%	0.6	0.6
Bihar International for Investment Company	100.0%	100.0%	0.0	0.0
Asasat Transportation for Operation and Maintenance Company	100.0%	100.0%	0.4	0.5
Abdullah Al Othaim Fashion Co. (Nahj Al Khayal For Trading)	100.0%	100.0%	-	-
Abdullah Al Othaim Food Co.	100.0%	100.0%	-	-
Al Raeda Mall Company Limited	100.0%	100.0%	-	-
Nimar for Investment and Real Estate Development Company	100.0%	100.0%	-	-
Saudi Pillar Company For Construction	70.0%	70.0%	0.8	1.9
Wamda Cinemas Company - closed joint stock	55.0%	55.0%	0.6	0.8
Ethraa Al Hayat for Property Management	100.0%	100.0%	-	-
Total			**485.9**	**526.9**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Investment in subsidiaries and associates increased by 8.4% from SAR 485.9 million at December 31, 2020G to SAR 526.9 million at September 30, 2021G. This primarily resulted from the recognition of the share of profits from the respective subsidiaries.

The following table presents the movement of investment in subsidiaries and associates at December 31, 2020G and September 30, 2021G.

Table No. (6.367): Investment in Subsidiaries and Associates

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Opening balance	490.4	485.9	(0.9%)
Additional investment	(0.6)	-	(100.0%)
Company's share	(3.0)	38.9	NM
Foreign currency exchange	(0.6)	(0.0)	(97.2%)
Remeasurement of employee benefits	(0.4)	1.6	(476.7%)
Reclassification	-	0.5	N/A
Closing balance	485.9	526.9	8.4%

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

During 2020G, the following additions were made:

An investment in Saudi Pillar Company for Construction and Wamda Cinemas Company was made for SAR 0.2 million and SAR 0.6 million respectively. The shareholding in this investment is 70% and 55%, respectively, and both are classified as an associate in the Company's financial statements. Since Abdullah Al Othaim Investment Company does not have control over either of the investee companies they are classified as associates rather than subsidiaries.

AOIC's share in net investments fluctuated between December 31, 2020G and September 30, 2021G due to the results of operations of the subsidiaries and associates.

Intangible Assets

Intangible assets mainly include ERP software 'Microsoft Dynamics', Microsoft licenses and other software. Intangible assets are initially measured at cost and are carried at cost less any accumulated amortization and impairment losses.

Following is a summary of the policies applied to AOIC's intangible assets:

Useful Life	3 years
Amortization method	Straight line basis

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

The following table presents AOIC's intangible assets on December 31, 2020G and September 30, 2021G.

Table No. (6.368): Intangible Assets

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Intangible assets	0.5	0.3	(33.1%)
Total net book value	**0.5**	**0.3**	**(33.1%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Net book value declined by 33.1% at September 30, 2021G due to amortization charge of SAR 0.1 million during the nine month period ended September 30, 2021G.

Right-of-use Assets

The following table presents AOIC's right-of-use assets on December 31, 2020G and September 30, 2021G.

Table No. (6.369): Right-of-use Assets

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Cost			
Opening balance year /period	333.3	336.8	1.0%
Additions	3.5	1.6	(53.7%)
Closing balance year /period	336.8	338.4	0.5%
Accumulated amortisation:			
Opening balance year /period	36.8	74.5	102.3%
Charge for the year	37.7	28.1	(25.3%)
Closing balance year /period	74.5	102.6	(37.8%)
Total net book value	**262.3**	**235.7**	**(10.1%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

AOIC adopted IFRS 16 – Leases in 2019G and recognized operating leases in accordance with the guidelines of this standard. AOIC recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless AOIC is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The following tables presents the leased assets for which the rights of use have been calculated under IFRS-16 at September 30, 2021G.

Table No. (6.370): Right-of-use Assets

Description	Lessor	Annual Contract Value (SAR Million)	Start Date	End Date	Term (Years)	Payment Frequency
Rabwah Mall land	Princess Al Anoud and Saud Fahad Foundation	11.1	February 1, 2001G	January 31, 2026G	25	Semi-annual
Buraidah Mall land	Qassim Municipality	0.3	March 31, 2000G	June 30, 2024G	25	Annual
Unaizah Mall land	Qassim Municipality	0.2	December 3, 2005G	March 5, 2030G	25	Annual
Administrative building	Abdullah Al Othaim Markets Company	0.7	January 1, 2015G	Renews automatically	5	Semi-annual
Dammam Mall	Abdullah Al Othaim Markets Company	34.9	January 1, 2011G	June 9, 2028G	17	Semi-annual
Residential contract - Riyadh	Abdulaziz Ibrahim Mohammed Al-Farhood	0.7	August 1, 2011G	July 31, 2026G	5	Semi-annual
Residential contract - Al-Ahsa	Abdul Hamid Bin Mohammed	0.1	August 1, 2018G	July 31, 2023G	5	Semi-annual
Hafr Al-Batin Mall land	Eastern Province Municipality	1.0	April 15, 2016G	July 15, 2040G	25	Annual

Source: Management information

Advances to Contractors

The following table presents AOIC's advances to contractors on December 31, 2020G and September 30, 2021G.

Table No. (6.371): Advances to Contractors

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Advances to contractors	34.7	14.1	(59.3%)
Advances to vendors/owners	25.2	-	(100.0%)
Less: Provision for doubtful debts	(2.0)	(2.0)	-
Total	**57.8**	**12.1**	**(79.1%)**
Current portion	-	-	N/A
Non-current portion	57.8	12.1	(79.1%)
Total	**57.8**	**12.1**	**(79.1%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Advances to contractors mainly relate to purchase orders for construction and machinery and equipment for Hafr Al-Batin, Khafji and Khurais Malls. The balance declined by 79.1% on September 30, 2021G, from SAR 34.7 million on December 31, 2020G to SAR 14.1 million on September 30, 2021G. This primarily resulted from the settlement of advances to a contractor.

Advance to vendors/owners include the advance payment made at December 31, 2020G, under the account of purchasing an investment property in the Kingdom of Saudi Arabia. The amount is for the land in Riyadh. This amount was transferred to investment property during September 30, 2021G part of additions.

AOIC recognized a provision for certain long outstanding advance balances to three entities in 2018G. The provision balance remained constant as at September 30, 2021G.

6.12.3.2 Current Assets

The following table presents AOIC's current assets on December 31, 2020G and September 30, 2021G.

Table No. (6.372): Current Assets

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Inventory	1.6	1.5	(9.5%)
Lease receivables	184.1	154.1	(16.3%)
Prepayments and other receivables	10.3	13.9	34.6%
Due from Related Parties	118.2	120.3	1.8%
Cash and cash equivalents	70.6	62.6	(11.3%)
Total	**384.8**	**352.4**	**(8.4%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Inventory

The following table presents AOIC's inventory on December 31, 2020G and September 30, 2021G.

Table No. (6.373): Inventory

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Consumables and other materials	1.6	1.5	(9.5%)
Less: Provision for slow moving inventory	-	-	N/A
Total	**1.6**	**1.5**	**(9.5%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Inventory is measured at the lower of cost and net realizable value, and cost is determined using the weighted average method.

Consumables and other materials did not witness material fluctuation between December 31, 2020G to September 30, 2021G, on an absolute basis.

The following table presents the movement of provision for slow moving inventories during year ended December 31, 2020G and period ended September 30, 2021G.

Table No. (6.374): Movement of the Provision for Slow Moving Items

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
At the beginning of the year	2.0	-	(100.0%)
Charge for the year	-	-	N/A
Write offs	(2.0)	-	(100.0%)
At the end of the year	**-**	**-**	**N/A**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

No provision was charged between December 31, 2020G and September 30, 2021G.

Lease receivable

The following table presents AOIC's lease receivables as of December 31, 2020G and September 30, 2021G.

Table No. (6.375): Lease receivable

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Lease receivables	395.3	345.6	(12.6%)
Less: Provision for discount	(19.8)	(0.0)	(99.8%)
Less: Provision for expected credit losses	(191.4)	(191.5)	0.1%
Trade receivable - net	**184.1**	**154.1**	**(16.3%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Lease receivables decreased by 12.6% on September 30, 2021G, from SAR 395.3 million on December 31, 2020G to SAR 345.6 million on September 30, 2021G. This was primarily due to a decrease in receivables days from 290 days in 2020G to 287 days during the nine-month period ended September 30, 2021G. The decrease in receivable days was due to efficient collections as a result of negotiations with the tenants. Also the rental discount given due to COVID-19 also resulted in improvement in collection.

The following table presents the aging profile of lease receivables as of December 31, 2020G and September 30, 2021G.

Table No. (6.376): Aging of lease receivables

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
0-3 months	41.6	26.2	(37.0%)
4-6 months	81.3	32.8	(59.7%)
7-9 months	80.8	54.5	(32.6%)
10-12 months	63.2	52.6	(16.8%)
13-15 months	53.1	36.0	(32.1%)
16 months and more	75.3	143.6	90.7%
Total	**395.3**	**345.6**	**(12.6%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

AOIC applies IFRS 9 – simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected loss allowance for all accounts and other receivables.

ECL rates are based on the payment profiles of receivables aged over three (3) years before December 31, 2018G, 2019G and 2020G, as well as historical credit losses experienced within this period. Furthermore, historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

AOIC has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table presents the expected credit loss provision recorded for each age bracket on December 31, 2020G and September 30, 2021G.

Table No. (6.377): Provision for Expected Credit Losses

	FY Ended December 31	Period Ended September 30	FY Ended December 31	Period Ended September 30	FY Ended December 31	Period Ended September 30
	2020G Audited	2021G Reviewed	2020G Audited	2021G Reviewed	2020G Audited	2021G Reviewed
	Receivables (SAR million)		ECL Percentage (%)		ECL Provision (SAR Million)	
0-3 months	41.6	26.2	17.10%	10.0%	7.1	2.6
4-6 months	81.3	32.8	30.60%	15.0%	24.9	4.9
7-9 months	80.8	54.5	37.90%	24.6%	30.7	13.4
10-12 months	63.2	52.6	47.70%	40.0%	30.1	21.0
13-15 months	53.1	36.0	43.90%	60.0%	23.3	21.6
16 months and more	75.3	143.6	100.00%	88.4%	75.3	126.9
	395.3	**345.6**			**191.4**	**190.5**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

The following table presents the movement in the expected credit loss provision for the Financial Year ended December 31, 2020G and September 30, 2021G.

Table No. (6.378): Movement in the Provision for Expected Credit Losses

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
At the beginning of the year	88.7	191.4	115.6%
During the year	101.3	13.2	(87.0%)
Write offs	1.3	(13.1)	(1,094.6%)
Net Trade Receivables	**191.4**	**191.5**	**0.1%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Prepayments and Other Receivables

The following table presents AOIC's prepayments and other receivables on December 31, 2020G and September 30, 2021G.

Table No. (6.379): Prepayments and Other Receivables

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Prepayments	8.8	12.5	41.0%
Employee receivables	0.6	0.9	61.9%
Return insurance	0.4	0.4	-
Insurance expenses	0.0	0.1	260.5%
Other	0.5	0.1	(84.9%)
Total	**10.3**	**13.9**	**34.6%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Prepayments as of September 30, 2021G increased by 41.0%, from SAR 8.8 million on December 31, 2020G to SAR 12.5 million on September 30, 2021G. This was due to prepayments made to various consultants for legal as well as internal audit services.

The employee receivables balance decreased by 61.9% on September 30, 2021G, from SAR 0.6 million on December 31, 2020G to SAR 0.9 million on September 30, 2021G. This was primarily due to an increase in headcount which resulted in an increase in advances.

Return insurance remained at SAR 0.4 million did not witness any fluctuation between December 31, 2020G and September 30, 2021G.

Insurance expenses did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Other prepayments decreased by 84.9% on September 30, 2021G, from SAR 0.5 million on December 31, 2020G to SAR 0.1 million on September 30, 2021G. This was primarily due to IPO costs that were incurred in 2021G and will ultimately be adjusted through the IPO proceeds that the shareholders will receive.

Due from Related Parties

The following table presents AOIC's amounts due from Related Parties as of December 31, 2020G and September 30, 2021G.

Table No. (6.380): Due from Related Parties

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Abdullah Al Othaim Fashion Co.	62.6	57.0	(8.9%)
Emteyaz Al Riyadh Company	15.8	22.3	41.3%
Abdullah Al Othaim Markets Company	3.5	0.8	(76.5%)
Qyol for Real Estate Investment	0.7	0.7	-
Al Riyadh Alwaed Real Estate Company	0.5	0.6	13.0%
Nimar for Investment and Real Estate Development Company	0.05	0.0	-
Elham Future Asset Management Company	0.04	0.1	69.8%
Ethraa Al Hayat for Property Management	0.01	-	(100.0%)
Takamol Al-Aziziya for Property Management	0.2	0.7	238.3%
Wamda Cinemas Company - a closed joint stock company	34.8	35.4	1.7%
Takamol Al-Aziziya for Property Management	0.19	-	-
Jawhara Al-Khaleej - Current Acc	-	0.01	N/A
Saudi Pillar Company for Construction	-	2.69	N/A
Total	**118.2**	**120.3**	**(18.8%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Abdullah Al Othaim Fashion Co. (AOFC) – This represents the outstanding balances of financing provided by AOIC as well as the funds paid on behalf of AOFC for the acquisition of Orchestra in France. The balance declined by 8.9% on September 30, 2021G, from SAR 62.6 million on December 31, 2020G to SAR 57.0 million on September 30, 2021G. This was primarily due to the receipt of SAR 20.0 million previously paid for the acquisition of Orchestra, which was received back in January 2021G and March 2021G after the bid was unsuccessful. As the bid was submitted in the name of AOFC, this was recorded as a receivable from AOFC as of December 31, 2020G.

Emteyaz Al Riyadh – This represents the financing provided to the subsidiary for their capital expenditure and working capital requirements. The fluctuation of balance between December 31, 2020G and September 30, 2021G was due to provision and settlement of balances to and by the Related Party, respectively.

Abdullah Al Othaim Markets Company – Amounts due here represent the amount receivable for the hypermarkets operated by the Related Party in Company-operated malls. The receivable balance also includes the salaries to be received from the Related Party for AOIC's staff working for the Related Party.

Qyol for Real Estate Investment – This represents the amount paid on their behalf for the Related Party to build hotels in Al-Ahsa and Arar. No fluctuation was witnessed in the balance between December 31, 2020G and September 30, 2021G.

AOIC paid certain expenses on behalf of the following Related Parties:

- Nimar for Investment and Real Estate Development Company
- Elham Future Asset Management Company
- Ozom Najd Property Management Company

- Ethraa Al Hayat for Property Management
- Al Riyadh Alwaed Real Estate Company
- Edama Al Rayaa Property Management Company

Wamda Cinemas Company - a closed joint stock company – Wamda is a joint venture with AOIC, with AOIC holding of 55% and Bright Minds for Education holding the remaining 45%, to operate Empire Cinemas in Al Othaim Malls and other malls in the Kingdom of Saudi Arabia. Wamda will lease locations for cinemas in Al Othaim Malls and operate cinemas. The leases will be at arms-length. There is an official approved agreement between Abdullah Al Othaim Investment Company and Bright Minds Education Company. In 2020G, lease agreements were signed to operate cinemas in Hail, Arar, Khurais, Rabwah and Al-Ahsa Mall. Cinemas were opened in Hail during the fourth quarter of 2021G, and cinemas will be opened in Arar during the first quarter of 2022G. The amount of SAR 34.8 million in 2020G represents 55% (AOIC's share) of the capital expenditure for the cinemas in Hail and Arar. The further increase from SAR 34.8 million in December 31, 2020G to SAR 35.4 million in September 30, 2021G was due to additional expenditure to obtain licenses for the cinema.

Cash and Cash Equivalent Balances

The following table presents AOIC's cash and cash equivalents on December 31, 2020G and September 30, 2021G.

Table No. (6.381): Cash and Cash Equivalents

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Bank balances	6.9	20.7	199.4%
Time deposits	63.1	39.5	(37.4%)
Cash in hand	0.5	2.4	354.2%
Total	**70.6**	**62.6**	**(11.3%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Cash balance increased by 199.4% as at September 30, 2021G from SAR 6.9 million at December 31, 2020G to SAR 20.7 million at September 30, 2021G. This primarily resulted from the increase in operating cash flows on account of the increase in net profit before Zakat.

Time deposits represent a short term investment in a SAR commodity fund. Time deposits have an original maturity of three (3) months or less and earn commission at their respective short-term deposit rates. The balance may fluctuate year on year depending on the availability of cash. A time deposit arrangement with Al Riyad Capital was entered into October 2020G based on surplus cash available. The deposit was in accordance with the master agreement at an agreed interest rate. The balance declined by 37.4% at September 30, 2021G from SAR 63.1 million at December 31, 2020G to SAR 39.5 million at September 30, 2021G on account of maturity of deposits, further deposits are made based on availability of cash.

Cash in hand mainly represents petty cash to handle day-to-day miscellaneous expenses. Each petty cash holder has a predetermined limit to spend on agreed areas of spending. Petty cash is reimbursed once a week to two weeks depending on the expense volumes.

6.12.3.3 Non-current Liabilities

The following table presents AOIC's non-current liabilities on December 31, 2020G and September 30, 2021G.

Table No. (6.382): Non-current Liabilities

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Loans	1,153.8	1,449.7	25.6%
Lease liabilities	260.2	221.3	(14.9%)
Employee defined benefit liability	10.7	10.4	(2.3%)
Total	**1,424.6**	**1,681.4**	**18.0%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Financing

The following table presents the schedule of financing utilized by AOIC as of December 31, 2020G and September 30, 2021G.

Table No. (6.383): Financing Schedule – Loans Utilized

SAR Million	Interest Rate	Period	Limit	Unused	Security	Maturity Date	FY Ended December 31	Nine month Period Ended September 30
							2020G	2021G
Bank Albilad loan	SIBOR + 1.15%	1 year grace + 6 Years	470.8	-	Promissory note - SAR 516.5 million Guarantee - SAR 470.0 million Hail Mall land Assignments of rent from Al Othaim Mall - Hail	August 20, 2024G	162.5	-
Bank Albilad loan	SIBOR + 1.0%	6 years	850.0	300.0	Title deed of Khurais and Dammam IV lands.	July 26, 2026G	480.0	-
SABB Loan	SIBOR + 0.85%	6 years	600.0	-	Promissory note and corporate guarantee of SAR 980.0 million each Title deed of Al-Ahsa Mall land	November 24, 2026G	511.3	444.8
	SIBOR + 0.85%	7 years	700.0	-	Promissory note of SAR 700.0 million and assignment of existing rental proceeds and title deeds of Hail and Khurais Malls and Dammam IV lands.	May 22, 2028G	-	575.0
	SIBOR + 0.85%	7 years	469.0	-	Title deed of land in Riyadh	February 15, 2028G	-	429.1
Total non-current liabilities				**300.0**			**1,153.8**	**1,449.7**
Bank Albilad - current portion	SIBOR + 1.15%	1 year grace + 6 Years	N/A	- - - -	Promissory note - SAR 516.5 million Guarantee - SAR 470.0 million Hail Mall land Assignments of rent from Al Othaim Mall - Hail	August 20, 2024G	54.2	-
Bank Albilad loan	SIBOR + 1.0%	6 years	N/A	-	Title deed of Khurais and Dammam IV lands	July 26, 2026G	70.0	-

SAR Million	Interest Rate	Period	Limit	Unused	Security	Maturity Date	FY Ended December 31	Nine month Period Ended September 30
							2020G	2021G
SABB Loan	SIBOR + 0.85%	6 years	N/A	-	Promissory note and corporate guarantee of SAR 980.0 million each Title deed of Al-Ahsa Mall land	October 24, 2026G	88.7	88.7
	SIBOR + 0.85%	7 years	N/A	-	Promissory note of SAR 700.0 million and assignment of existing rental proceeds and title deeds of Hail and Khurais Malls and Dammam IV lands.	May 22, 2028G	-	100.0
	SIBOR + 0.85%	7 years	N/A	-	Title deed of land in Riyadh	February 15, 2028G	-	39.1
Riyad Bank	1.6%	1 month	57.0		N/A	July 15, 2021G	-	15.1
Short term loans and Murabaha				-			212.9	242.8
Grand total				**300.0**			**1,366.7**	**1,781.7**

Source: Management information and financing agreements

* For more information on guarantees and mortgages, please refer to Section 12.7 "**Finance Contracts**".

The Company does not have any overdraft indebtedness, obligations under acceptance, acceptance credit or lease purchase obligations during the financial period mentioned up to the date of this Prospectus.

Loans

The following table presents AOIC's loans on December 31, 2020G and September 30, 2021G.

Table No. (6.384): Loans

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G	2021G
Non-current portion	1,153.8	1,449.7	25.6%
Current portion	212.9	240.9	13.2%
Total	**1,366.7**	**1,690.6**	**17.8%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Lease Liabilities

The following table presents AOIC's lease liabilities on December 31, 2020G and September 30, 2021G.

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	2021G
At the beginning of the year	336.3	300.6	(10.6%)
Additions	3.5	1.6	(53.7%)
Finance cost	9.5	6.3	(33.7%)
Lease payments	(48.7)	(46.3)	(4.8%)
At the end of the year	300.6	262.2	(12.8%)
Current portion	40.5	40.9	1.0%
Non-current portion	**260.2**	**221.3**	**(14.9%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

During 2019G, AOIC adopted IFRS 16 – Leases using the modified retrospective method of adoption with a date of initial application of January 1, 2019G. AOIC recognized lease liabilities which are measured at the present value of lease payments to be made over the lease term. (Refer to the "**Right-of-use Assets**" section for details on the lease arrangement for which lease liabilities have been recognized.)

Employee Defined Benefit Liability

Employee defined benefits is a statutory requirement for all Saudi companies and is payable to employees upon resignation or termination of employment from an entity. The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. (See the section "**Significant Accounting Policies**" for details on the calculation mechanism for the liability.)

The following table presents AOIC's employee defined benefit liabilities on December 31, 2020G and September 30, 2021G.

Table No. (6.385): Employee Defined Benefit Liability

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	2021G
At the beginning of the year	11.7	10.7	(8.9%)
Total benefit expenses	2.1	1.6	(25.6%)
Actuarial loss (gain) on employee benefit liabilities	(0.6)	0.7	(215.4%)
Benefits paid	(2.6)	(2.5)	(4.6%)
Closing balance	**10.7**	**10.4**	**(2.3%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	2021G
Current service costs	1.8	1.3	(25.6%)
Interest cost on benefit liabilities	0.3	0.2	(25.8%)
Total	**2.1**	**1.6**	**(25.6%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Net employee defined benefits declined by 2.3% at September 30, 2021G from SAR 10.7 million at December 31, 2020G to SAR 10.4 million at September 30, 2021G. The decrease is due to a reduction in the number of employees as of September 30, 2021G. The following table presents the key actuarial assumptions used and the impact of the sensitivity analysis on December 31, 2020G and September 30, 2021G.

Table No. (6.386): Actuarial Assumptions and Sensitivity Analysis

	Discount Rate	Salary Growth	Retirement Age	Salary Increase Rate		Discount Rate	
				1% Increase	1% Decrease	1% increase	1% Decrease
	%	%	No. of Years	SAR Million		SAR Million	
September 30, 2021G	2.5%	3.0%	60	11.3	9.7	9.7	11.3
December 31, 2020G	2.5%	3.0%	60	11.5	9.9	9.9	11.5

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

6.12.3.4 Current Liabilities

The following table presents AOIC's current liabilities on December 31, 2020G and September 30, 2021G.

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Current portion of loans	212.9	240.9	13.2%
Trade payables	9.1	11.0	20.9%
Accruals and other current liabilities	75.8	108.8	43.5%
Accumulated losses of subsidiaries	19.2	23.0	19.5%
Current portion of lease liabilities	40.5	40.9	1.0%
Due to Related Parties	53.0	90.7	71.1%
Zakat provision	7.2	3.0	(58.7%)
Total	**417.7**	**518.2**	**24.1%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Current portion of loans

The following table presents AOIC's loans on December 31, 2020G and September 30, 2021G.

Table No. (6.387): Current portion of loans

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Current portion	212.9	242.8	13.2%
Deferred Expense	-	(1.9)	N/A
Non-current portion	1,153.8	1,449.7	25.6%
Total	**1,366.7**	**1,690.6**	**23.7%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

These represent the portion of long-term Murabaha loans due to be paid by AOIC within 12 months as of each balance sheet date.

Trade and Notes Payable

The following table presents the details of the trade and notes payable on December 31, 2020G and September 30, 2021G.

Table No. (6.388): Trade and Notes Payable

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	2021G
Supplier	9.1	11.0	20.9%
Total	**9.1**	**11.0**	**20.9%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Supplier balance increased by 20.9% as at September 30, 2021G, from SAR 9.1 million at December 31, 2020G to SAR 11.0 million at September 30, 2021G. This primarily resulted from vendor invoices for two projects under construction in Hafr Al-Batin and Khafji Mall.

The following table presents the ageing of trade and notes payable at December 31, 2020G and September 30, 2021G.

Table No. (6.389): Aging of Trade and Notes Payable

SAR Million	< 6 months	6-12 months
September 30, 2021G	-	11.0
December 31, 2020G	-	9.1

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Accrued Expenses and Other Liabilities

The following table presents AOIC's accrued expenses and other liabilities on December 31, 2020G and September 30, 2021G.

Table No. (6.390): Accrued Expenses and Other Liabilities

SAR Million	FY Ended December 31	Period Ended September 30	Increase/ (Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Retention payable	54.4	45.4	(16.6%)
Unearned revenue	3.7	43.1	1,055.9%
VAT payable	2.7	1.0	(61.2%)
Accrued expenses	4.0	13.6	242.6%
Accrued interest charges	3.1	0.5	(84.0%)
Accrued construction work	0.2	0.2	-
Advances from customers	5.7	0.4	(93.6%)
Other	1.9	4.5	129.6%
Total	**75.8**	**108.8**	**43.5%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Retention payable mainly includes the amount withheld by AOIC from suppliers and contractors which is paid upon the successful supply of goods and project completion, respectively. Retention also includes the guarantee held by Abdullah Al Othaim Investment Company at the time of executing the contract with the lessee, as the lessee pays 10.0% of the basic rent amount as a performance guarantee upon signing the contract. This amount is confiscated as compensation for any damage or failure of the tenant to comply with any provisions of the leasing contract. The guarantee amount is refunded to the tenant immediately upon expiry of the contract under the following conditions:

- Handing over the leased property to AOIC in good condition and fit for use as first received.
- After payment for or repair of all missing or damaged items that were included in the leased property.
- Payment of the full lease amount due to AOIC as well as telephone, water, gas and sewage bills etc.

Retentions declined by 16.6% as at September 30, 2021G from SAR 54.4 million at December 31, 2020G to SAR 45.4 million at September 30, 2021G. This is primarily related to the decrease in the settlement of retention payable for closed/completed customer contracts. Retention is settled upon completion of contracts.

Unearned revenue mainly represents the billed rent paid in advance that Abdullah Al Othaim Investment Company receives from lessees operating in malls, and the balance is adjusted once the rental income is accrued during the period. Unearned revenue increased from SAR 3.7 million at December 31, 2020G to SAR 43.1 million at September 30, 2021G. Unearned revenues are based on the billing cycle of each contract, so this number is updated on each reporting date. At the end of each month, revenues for the days of such month are taken from unearned revenues. Hence, this keeps on changing irrespective of collection from tenants in the shopping mall.

VAT payable was classified from others at September 30, 2021G and the comparative at December 31, 2020G was also restated.

Accrued expenses increased by 242.6% on September 30, 2021G, from SAR 4.0 million on December 31, 2020G to SAR 13.6 million on September 30, 2021G.

Accrued interest charges include the portion of interest on bank loans at the balance sheet date. Accrued interest charges declined by 84.0% at September 30, 2021G, from SAR 3.1 million at December 31, 2020G to SAR 0.5 million at September 30, 2021G. This was primarily due to the repayment of all outstanding sukuk in August 2020G, amounting to SAR 848.9 million, and the acquisition of much cheaper loans.

Construction work receivables represent the cost of works executed at the end of each report, and included in the report, that were not invoiced by the contractor. No fluctuation in the balance was observed for the period between December 31, 2020G and September 30, 2021G.

Advances from customers mainly represents customer advances, unrecognized bank deposits and rejected accounts receivable checks. Advance from customers decreased by 93.6% at September 30, 2021G from SAR 5.7 million at December 31, 2020G to SAR 0.4 million at September 30, 2021G. This primarily resulted from a decline in unrecognized bank deposits, which were adjusted by AOIC in the subsequent period.

Other dues include a provision for legal proceedings, bonuses, social security payables, employee related accruals and other miscellaneous items. During 2019G, the external auditor classified miscellaneous provisions under other and restated the comparative. The balance increased by 129.6%, from SAR 1.9 million on December 31, 2020G to SAR 4.5 million on September 30, 2021G. This primarily resulted from bonus provisions as there was a lower provision for employee bonuses, as a result this expense declined.

Provisions Against Losses in Equity

Provisions against losses in equity investee refers to AOIC's share of loss from certain of its subsidiary companies that exceeded the carrying amount of its investment. This excess of loss has been classified from September 30, 2021G onwards as provision against losses in subsidiaries under current liabilities as a separate classification. The following table presents the breakdown of the balance at December 31, 2020G and September 30, 2021G. Provision against losses in equity accounted investee was reclassified as a separate line item in the financial statements for the nine month period ended September 30, 2021G.

Table No. (6.391): Provision Against Losses in Equity Investee

SAR Million	FY Ended December 31	Period Ended September 30
	2020G Audited	2021G Reviewed
Abdullah Al Othaim Fashion Co.	15.1	17.2
Emteyaz Al Riyadh Co.	4.1	5.7
Jawhara Al Khalej	-	0.0
Total	**19.2**	**23.0**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Lease Liabilities

AOIC adopted IFRS 16 – Leases for the first time in 2019G and recognized lease liabilities as of December 31, 2019G. AOIC recognizes lease liabilities at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, AOIC uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and is reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. (Refer to the "**Right-of-use Assets**" section for details on the lease arrangement for which lease liabilities have been recognized.)

The following table presents the carrying value of the lease liabilities recognized in AOIC's statement of financial position on December 31, 2020G and September 30, 2021G.

Table No. (6.392): Lease Liabilities

SAR Million	FY Ended December 31	Period Ended September 30
	2020G Audited	2021G Reviewed
At the beginning of the year	336.3	300.6
Additions	3.5	1.6
Finance cost	9.5	6.3
Lease payments	(48.7)	(46.3)
At the end of the year	**300.6**	**262.2**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Due to Related Parties

The following table presents AOIC's due to Related Parties on December 31, 2020G and September 30, 2021G.

Table No. (6.393): Due to Related Parties

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Abdullah Al Othaim Entertainment Co.	36.9	76.7	107.8%
Abdullah Al Othaim Malls Co.	0.6	0.6	(6.5%)
Orion Holding Company Limited	0.4	0.4	(0.4%)
Bihar International for Investment Company	0.0	0.0	(49.7%)
FAW International Co., Ltd.	15.0	12.9	(14.0%)
Asasat Transportation for Operation and Maintenance Company	0.0	0.1	237.4%
Balance at end of the year	**53.0**	**90.7**	**71.1%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Abdullah Al Othaim Entertainment Co. – This is surplus cash in a family entertainment center transferred to AOIC as part of treasury operations. The balance increased from SAR 36.9 million at December 31, 2020G to SAR 76.7 million at September 30, 2021G. This was primarily due to meeting the working capital needs of the Company and this is adjusted from the current account in the form of rent receivables.

FAW International Co., Ltd. –The company is owned by Fahad Al Othaim, who is also a director of AOIC. The amount of SAR 12.9 million on September 30, 2021G represented the transfer of debt owed to FAW International Co. by Hamdan Al Badr Company. The recovery of debt from Hamdan Al Badr Company will be paid to FAW International Co. Hamdan Al Badr Company has a receivable balance with AOIC. The arrangement is executed under an agreement.

Zakat provision

For more information, please refer to Section 6.11.3.7 "**Zakat**".

6.12.4 Balance Sheet – Abdullah Al Othaim Entertainment Co. (Consolidated)

The following table presents AOEC's summarized statement of financial position as of December 31, 2020G and September 30, 2021G.

Table No. (6.394): Summary Statement of Financial Position

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Assets			
Non-current assets	488.5	426.8	(12.6%)
Current assets	94.1	151.7	61.3%
Total assets	**582.5**	**578.5**	**(0.7%)**
Liabilities and shareholders' equity			
Non-current liabilities	131.8	90.4	(31.4%)
Current liabilities	67.9	66.3	(2.3%)
Total liabilities	**199.7**	**156.7**	**(21.5%)**
Shareholders' equity	**382.9**	**421.8**	**10.2%**
Total liabilities and equity	**582.5**	**578.5**	**(0.7%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Non-current assets declined by 12.6% on September 30, 2021G, from SAR 488.5 million on December 31, 2021G to SAR 426.8 million on September 30, 2021G. This was primarily due to a decline in right-of-use assets by SAR 38.9 million on September 30, 2021G.

Current assets increased by 61.3% as of September 30, 2021G, from SAR 94.1 million on December 31, 2020G to SAR 151.7 million on September 30, 2021G. This was primarily due to increase in dues from a Related Party by SAR 39.8 million at September 30, 2021G.

Shareholder's equity increased by 10.2% on September 30, 2021G, from SAR 382.9 million on December 31, 2020G to SAR 421.8 million on September 30, 2021G. This was primarily due to the increase in retained earnings by SAR 39.0 million on September 30, 2021G as a result of posting net profit of SAR 37.4 million during the nine-month period ended September 30, 2021G.

Non-current liabilities decreased by 31.4% at September 30, 2021G from SAR 131.8 million at December 31, 2020G to SAR 90.4 million at September 30, 2021G. This was primarily due to a decline in non-current portion of lease liabilities by SAR 40.3 million at September 30, 2021G.

Current liabilities did not witness any material fluctuation between December 31, 2021G and September 30, 2021G.

6.12.4.1 Non-current Assets

The following table presents AOEC's non-current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.395): Non-current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Property and equipment	340.9	318.2	(6.7%)
Right-of-use assets	147.5	108.7	(26.3%)
Total	**488.5**	**426.8**	**(12.6%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Property and Equipment

The following table presents AOEC's net book value of property and equipment as of December 31, 2020G and September 30, 2021G.

Table No. (6.396): Net Book Value of Property and Equipment

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Machinery and equipment	11.1	9.6	(13.0%)
Furniture	2.4	1.9	(21.3%)
Games	161.7	145.6	(10.0%)
IT equipment	6.8	5.3	(22.3%)
Leasehold improvements	150.8	148.1	(1.8%)
Vehicles	0.5	0.3	(49.1%)
Capital work in progress	7.7	7.4	(3.6%)
Total net book value	**340.9**	**318.2**	**(6.7%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Net book value of equipment declined by 13.0% at September 30, 2021G from SAR 11.1 million at December 31, 2020G to SAR 9.6 million at September 30, 2021G. This was primarily due to a depreciation cost of SAR 1.8 million on September 30, 2021G.

Net book value of furniture declined by 21.3% at September 30, 2021G from SAR 2.4 million at December 31, 2020G to SAR 1.9 million at September 30, 2021G. This was primarily due to a depreciation cost of SAR 0.5 million on September 30, 2021G.

Net book value of games declined by 10.0% at September 30, 2021G from SAR 161.7 million at December 31, 2020G to SAR 145.6 million at September 30, 2021G. This was primarily due to a depreciation cost of SAR 22.5 million on September 30, 2021G.

Net book value of IT equipment declined by 22.3% at September 30, 2021G from SAR 6.8 million at December 31, 2020G to SAR 5.3 million at September 30, 2021G. This was primarily due to a depreciation cost of SAR 2.1 million on September 30, 2021G.

Net book value of leaseholds improvements declined by 1.8% at September 30, 2021G from SAR 150.8 million at December 31, 2020G to SAR 148.1 million at September 30, 2021G. This was primarily due to a depreciation cost of SAR 12.9 million on September 30, 2021G.

The net book value of cars did not witness material fluctuation during the reporting period.

The net book value of capital work in progress did not witness any material fluctuation during the financial reporting period.

Right-of-use Assets

The following table presents AOEC's right-of-use assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.397): Right-of-use Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Cost			
Right-of-use assets	367.6	338.3	(8.0%)
Disposals/additions	(32.0)	(147.4)	360.6%
End of year	335.6	190.9	(43.1%)
Accumulated depreciation			
Balance at the beginning of the period/year	151.2	190.8	
Charge for the period/year	39.5	22.9	(42.1%)
Disposals for the period/year	(2.7)	(131.5)	4,697.6%
Total	**188.0**	**82.2**	**(56.3%)**
Balance at the end of the period/year	**147.5**	**108.7**	**(26.3%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Net book value of right of use assets declined by 26.3% at September 30, 2021G from SAR 147.5 million at December 31, 2020G to SAR 108.7 million at September 30, 2021G. This was due to amendment in lease contracts with lower rentals which resulted in negative impact to right of use assets. The period charges included depreciation charges of SAR 22.9 million and disposals amounting to SAR 131.5 million during the nine-month period ended September 30, 2021G.

6.12.4.2 Current Assets

The following table presents AOEC's current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.398): Current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Inventory	19.2	16.5	(13.8%)
Prepayments and other receivables	29.5	44.2	49.6%
Due to Related Parties	36.9	76.7	107.8%
Cash and cash equivalents	8.5	14.4	69.5%
Total	**94.1**	**151.7**	**61.3%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Inventory

The following table presents AOEC's inventories as of December 31, 2020G and September 30, 2021G.

Table No. (6.399): Inventories

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Spare parts	6.3	5.5	(12.7%)
Goods ready for sale	14.4	12.6	(12.7%)
Less: Provision for slow moving stores and spare parts	(1.6)	(1.6)	-
Total	**19.2**	**16.5**	**(13.8%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Inventory declined by 13.8% on September 30, 2021G, from SAR 19.2 million on December 31, 2020G to SAR 16.5 million on September 30, 2021G. This was primarily due to the consumption of inventory due to increase in business activities during the period.

The following table presents AOEC's movement in the provision for slow moving stores and spare parts as of December 31, 2020G and September 30, 2021G.

Table No. (6.400): AOEC's Movement in the Provision for Slow Moving Stores and Spare Parts

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Balance at beginning of the year	2.7	1.6	40.7%
Charge for the year	-	-	-
Write offs	(1.1)	-	(100.0%)
Balance at end of the year	**1.6**	**1.6**	**-**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

No movement was witnessed in the provision balance between December 31, 2020G and September 30, 2021G.

Prepayments and Other Current Assets

The following table presents AOEC's prepayments and other current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.401): Prepayments and Other Current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Advances to suppliers	15.1	28.6	89.4%
Refundable deposits	9.6	8.8	(9.1%)
Prepaid rent	3.1	4.1	31.1%
Employee receivables	0.1	0.1	5.6%
Prepaid insurance	0.3	0.4	25.9%
Other	1.2	2.2	78.2%
Total	**29.5**	**44.2**	**49.6%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Advances to suppliers increased by 89.4% from SAR 15.1 million at December 31, 2020G to SAR 28.6 million at September 30, 2021G. This was primarily due to payments for games, inventory items and spare parts as a result of increase in business activity after COVID-19 closures. In addition to an additional prepayment related to the development of the Khurais site in Saudi Arabia and a project under development in Egypt.

Refundable deposits declined by 9.1% from SAR 9.6 million at December 31, 2020G to SAR 8.8 million at September 30, 2021G. This increase was primarily due to the release of security deposit checks for Al Maryah Galleria in the UAE in September 30, 2021G.

Prepaid rent increased by 31.1% from SAR 3.1 million at December 31, 2020G to SAR 4.1 million at September 30, 2021G. This was primarily due to prepayments in line with rental arrangements.

Employees' receivables did not witness any material fluctuation during the nine month period ended September 30, 2020G and 2021G.

Prepaid insurance increased by 25.9%, from SAR 0.3 million on December 31, 2020G to SAR 0.4 million on September 30, 2021G. This was primarily due to obtaining a new policy from Medical in the UAE during September 30, 2021G.

Other increased by 78.2%, from SAR 1.2 million on December 31, 2020G to SAR 2.2 million on September 30, 2021G. This was primarily due to the increase in miscellaneous prepayments such as government fees (visas) during September 30, 2021G.

Due from Related Parties

The following table presents AOEC's due from Related Parties as of December 31, 2020G and September 30, 2021G.

Table No. (6.402): Due from Related Parties

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Abdullah Al Othaim Investment Company	36.9	76.7	107.8%
Total	**36.9**	**76.7**	**107.8%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Amounts due from Related Parties increased by 107.8% from SAR 36.9 million at December 31, 2020G to SAR 76.7 million at September 30, 2021G. This was primarily due to excess cash available with AOEC which has been transferred to AOIC.

Cash and Cash Equivalents

The following table presents AOEC's cash and cash equivalents as of December 31, 2020G and September 30, 2021G.

Table No. (6.403): Cash and Cash Equivalents

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Cash in hand	0.5	0.9	60.5%
Cash at bank held in current accounts	7.9	13.5	70.1%
Total	**8.5**	**14.4**	**69.5%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Cash and cash equivalents balances increased by 69.5% from SAR 8.5 million at December 31, 2020G to SAR 14.4 million at September 30, 2021G. This was primarily due to subsidiaries bank balance transferred to Saudi Arabia during September 30, 2021G.

6.12.4.3 Non-current Liabilities

The following table presents AOEC's non-current liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.404): Non-current Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Employee defined benefit liability	8.5	7.4	(12.8%)
Lease Liabilities - non-current	121.3	81.0	(33.2%)
Deferred tax	2.0	2.0	0.1%
Total	**131.8**	**90.4**	**(31.4%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Employees' defined benefit liability declined by 12.8% from SAR 8.5 million at December 31, 2020G to SAR 7.4 million at September 30, 2021G. This was primarily due to termination of some employees and replacement with trained employees through government support during September 30, 2021G.

Non-current portion of the lease liability amounted to SAR 121.3 million and SAR 81.0 million as at December 31, 2020G and September 30, 2021G, respectively. The decline was primarily driven by changes in rent contracts for 5 locations in UAE from fixed rent amount to rent as revenues percentage.

Deferred tax did not witness any material fluctuation between December 31, 2020G and September 30, 2021G.

6.12.4.4 Current Liabilities

The following table presents AOEC's current liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.405): Current Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Lease liabilities - current	33.4	32.2	(3.7%)
Trade payables	12.7	11.3	(11.0%)
Contract liabilities	8.0	6.0	(24.4%)
Accruals and other creditors	12.6	13.5	7.8%
Due to Related Parties	-	0.6	-
Zakat provision	1.2	2.6	112.4%
Total	**67.9**	**66.3**	**(2.3%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Lease Liabilities

Current portion of the lease liability did not witness any material fluctuation between December 31, 2020G and September 30, 2021G.

Trade Payables

Trade payables declined by the 11.0% at September 30, 2021G from SAR 12.7 million to SAR 11.3 million between December 31, 2020G and September 30, 2021G, respectively. This is primarily due to payment of invoices and purchase orders executed and received during September 30, 2021G.

Contract Liabilities

The following table presents AOEC's contract liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.406): Contractual Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Unearned revenue - games	8.0	6.0	(24.4%)
Closing balance	**8.0**	**6.0**	**(24.4%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Contract liabilities declined by 24.4% from SAR 8.0 million at December 31, 2020G to SAR 6.0 million at September 30, 2021G. This was primarily due to the usage of prepaid entertainment cards after the resumption of business after the lifting of COVID-19 restrictions.

Accrued Expenses and Other Liabilities

The following table presents AOEC's accrued expenses and other liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.407): Accrued Expenses and Other Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Accrued expenses	6.1	6.8	11.3%
Amounts due to employees	3.8	3.2	(16.2%)
Other	2.7	3.6	33.4%
Total	**12.6**	**13.5**	**7.8%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Accrued expenses increased by 11.3%, from SAR 6.1 million on December 31, 2020G to SAR 6.8 million on September 30, 2021G. This was primarily due to accrued VAT in the amount of SAR 1.5 million between December 31, 2020G and September 30, 2021G.

Employee entitlements declined by 16.2%, from SAR 3.8 million on December 31, 2020G to SAR 3.2 million on September 30, 2021G. This was primarily due to the termination of some employees and the decline in employee loans during September 30, 2021G.

Other increased by 33.4%, from SAR 2.7 million on December 31, 2020G to SAR 3.6 million on September 30, 2021G. This was primarily due to accrued rent related to a UAE location during the period.

Zakat Provision and Income Tax

The following table presents AOEC's movement in the Zakat provision and income tax as of December 31, 2020G and September 30, 2021G.

Table No. (6.408): Movement of Zakat Provision and Income Tax

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Balance at the beginning of the period/year	2.2	1.2	(44.3%)
Charge during the period/year	1.0	2.8	195.6%
Paid during the period/year	(1.9)	(1.5)	(25.0%)
Balance at the end of the period/year	**1.2**	**2.6**	**112.4%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

The Zakat provision increased by 112.4%, from SAR 1.2 million on December 31, 2020G to SAR 2.6 million on September 30, 2021G. This was due to increase in overall business operations during the nine month period ended September 30, 2021G.

6.12.4.5 Consolidated Statement of Changes in Equity

The following table presents AOEC's statement of changes in equity as of December 31, 2020G and September 30, 2021G.

Table No. (6.409): Statement of Changes in Equity

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Share capital	150.0	150.0	-
Statutory reserve	22.1	22.1	-
Foreign currency exchange reserve	(1.1)	(1.1)	1.5%
Retained earnings	211.9	250.9	18.4%
Total	**382.9**	**421.8**	**10.2%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Share Capital

The share capital of AOEC is SAR 150 million divided into 15 million shares with a nominal value of SAR 10 each allocated among the shareholders.

Statutory Reserve

In accordance with the Companies Law and AOEC's Bylaws, AOEC must transfer 30% of its net income for the year to the statutory reserve. AOEC may resolve to discontinue such transfers when the reserve totals 30% of the share capital. This reserve is not available for dividend distribution. The reserve is being set aside based on the annual statutory financial statements.

Foreign Currency Exchange Reserve

AOEC translates foreign currency transactions into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from the settlement and translation of foreign currency transactions are included in the statement of comprehensive income. This may vary year-on-year depending on the number of foreign currency transactions where the exchange rate is not pegged against the Saudi riyal.

Retained Earnings

Retained earnings increased by 18.4% from SAR 211.9 million at December 31, 2020G to SAR 250.9 million at September 30, 2021G. This primarily resulted from the increase in net income from SAR 0.4 million on September 30, 2020G to SAR 37.4 million on September 30, 2021G.

6.12.5 Balance Sheet – Abdullah Al Othaim Fashion Co.

The following table presents AOFC's summarized financial position as of December 31, 2020G and September 30, 2021G.

Table No. (6.410): Summary of Financial Position

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Assets			
Non-current assets	111.1	100.6	(9.5%)
Current assets	57.4	41.1	(28.4%)
Total assets	**168.5**	**141.6**	**(15.9%)**
Liabilities and shareholders' equity			
Non-current liabilities	63.4	53.2	(16.1%)
Current liabilities	120.7	105.7	(12.4%)
Total liabilities	**184.0**	**158.9**	**(13.7%)**
Shareholders' equity	(15.6)	(17.2)	10.8%
Total liabilities and equity	**168.5**	**141.6**	**(15.9%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Non-current assets decreased by 9.5% at September 30, 2021G from SAR 111.1 million at December 31, 2020G to SAR 100.6 million at September 30, 2021G. This primarily resulted from decline in right-of-use assets by 10.5% or by SAR 8.7 million at September 30, 2021G.

Current assets mainly comprise of inventories accounting for 49.2% and 77.4% of the total current assets at December 31, 2020G and September 30, 2021G, respectively. Current assets declined by 28.4% at September 30, 2021G from SAR 57.4 million at December 31, 2020G to SAR 41.1 million at September 30, 2021G. This primarily resulted from the settlement of amounts due from Related Parties of SAR 20.9 million as of September 30, 2021G.

Shareholder's equity loss increased by 10.8% at September 30, 2021G from SAR 15.6 million at December 31, 2020G to SAR 17.2 million at September 30, 2021G. This primarily resulted from increase in accumulated losses as a result of posting net loss of SAR 1.8 million during the nine month period ended September 30, 2021G.

Non-current liabilities decreased by 16.1% at September 30, 2021G from SAR 63.4 million at December 31, 2020G to SAR 53.2 million at September 30, 2021G. This primarily resulted from decrease in lease liabilities by SAR 10.1 million on September 30, 2021G due to the closure of nine stores during the nine-month period ended September 30, 2021G.

Current liabilities decreased by 12.4% at September 30, 2021G from SAR 120.7 million at December 31, 2020G to SAR 105.7 million at September 30, 2021G. This primarily resulted from the settlement of payable balances (SAR 5.6 million) due to AOIC as of September 30, 2021G.

6.12.5.1 Non-current Assets

The following table presents AOFC's non-current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.411): Non-current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Non-current Assets			
Intangible assets	0.2	0.1	(43.6%)
Right-of-use assets	83.2	74.5	(10.5%)
Property and equipment	27.7	26.0	(6.2%)
Investments in subsidiaries	0.0	-	(100.0%)
Total	**111.1**	**100.6**	**(9.5%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Intangible Assets

The following table presents AOFC's intangible assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.412): Intangible Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Franchise fees	0.2	0.1	(43.2%)
Computer software	0.0	0.0	(47.3%)
Total net book value	**0.2**	**0.1**	**(43.6%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Franchise fees and computer software declined by 43.6% at September 30, 2021G from SAR 0.2 million at December 31, 2020G to SAR 0.1 million at September 30, 2021G. This was primarily resulted from normal course of amortization as at September 30, 2021G.

Right-of-use Assets

The following table presents AOFC's right-of-use assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.413): Right-of-use Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Right-of-use assets	186.0	171.9	(7.6%)
Accumulated depreciation	(102.8)	(97.4)	(5.2%)
Total net book value	**83.2**	**74.5**	**(10.5%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Net book value of right-of-use assets decreased by 10.5% from SAR 83.2 million at December 31, 2020G to SAR 74.5 million at September 30, 2021G. This primarily resulted from charging deprecation of SAR 16.2 million during the nine month period ended September 30, 2021G and the closure of stores during the nine month period ended September 30, 2021G.

Property and Equipment

The following table presents the net book value of AOFC's property and equipment as of December 31, 2020G and September 30, 2021G.

Table No. (6.414): Property and Equipment

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Vehicles	0.1	0.0	(58.4%)
Leasehold improvements	9.5	9.3	(2.4%)
Machinery and equipment	6.0	6.0	(0.7%)
Computers	1.0	0.9	(17.9%)
Furniture and fixtures	10.8	9.9	(8.5%)
Construction work in progress	0.3	-	(100.0%)
Total net book value	**27.7**	**26.0**	**(6.2%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Vehicles decreased by 58.4% at September 30, 2021G from SAR 0.1 million at December 31, 2020G to SAR 42,002 at September 30, 2021G. This primarily resulted from charging of depreciation of SAR 58,884 during the nine month period ended September 30, 2021G.

Leasehold improvements did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Equipment did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Computers decreased by 17.9% at September 30, 2021G from SAR 1.0 million at December 31, 2020G to SAR 0.9 million at September 30, 2021G. This primarily resulted from charging of depreciation of SAR 0.4 million during the nine month period ended September 30, 2021G.

Furniture and fixtures decreased by 8.5% at September 30, 2021G from SAR 10.8 million at December 31, 2020G to SAR 9.9 million at September 30, 2021G. This primarily resulted from disposals of SAR 1.7 million during the nine month period ended September 30, 2021G.

Construction work in progress decreased by 100.0% at September 30, 2021G from SAR 0.3 million at December 31, 2020G to SAR nil at September 30, 2021G. This primarily resulted from transfer made to property and equipment during the nine month period ended September 30, 2021G.

6.12.5.2 Current Assets

The following table presents AOFC's current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.415): Current Assets

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Current Assets			
Inventory	28.2	31.8	12.7%
Prepayments and other assets	6.3	6.7	6.3%
Amounts due from Related Parties	20.9	0.0	(99.9%)
Bank balances and cash	2.0	2.6	31.8%
Total	**57.4**	**41.1**	**(28.4%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Inventory

The following table presents AOFC's inventory as of December 31, 2020G and September 30, 2021G.

Table No. (6.416): Inventory

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Inventory held for resale	27.2	33.2	22.1%
Goods in transit	3.5	-	(100.0%)
Other	0.2	0.2	(11.8%)
Less: Provision for slow moving inventory	(2.7)	(1.6)	(40.1%)
Total	**28.2**	**31.8**	**12.7%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Inventory held for resale increased by 22.1% at September 30, 2021G from SAR 27.2 million at December 31, 2020G to SAR 33.2 million at September 30, 2021G. This primarily resulted from overall recovery of operations during the nine month period ended September 30, 2021G. AOFC ramped-up its operations in profit-making stores (mainly Kiabi and OVS), which resulted in increased requirements for such brands.

Goods in transit decreased by 100.0% at September 30, 2021G from SAR 3.5 million at December 31, 2020G to SAR nil at September 30, 2021G. The balance may vary as of each balance sheet date depending on the requirements and the timing of orders.

Other goods decreased by 11.8% on September 30, 2021G, from SAR 0.2 million on December 31, 2020G to SAR 0.2 million on September 30, 2021G. The balance may vary as of each balance sheet date depending on consumption and store requirements.

The following table present the movement of provision for slow moving items as at December 31, 2020G and September 30, 2021G.

Table No. (6.417): Movement of the Provision for Slow Moving Items

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Balance at beginning of the period	5.0	2.7	(46.5%)
No longer required	(2.3)	(1.1)	(53.9%)
Balance at end of the period	**2.7**	**1.6**	**(40.1%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

The balance of provision decreased by 40.1% at September 30, 2021G from SAR 2.7 million at December 31, 2020G to SAR 1.6 million at September 30, 2021G. This primarily resulted from utilization of provision due to disposals at September 30, 2021G.

Following is the policy followed by AOFC for recognizing provisions for inventory.

Aging	< 1 year	1-2 years	2-3 years	> 3 years
Provision rate	0.0%	30.0%	70.0%	100.0%

Source: Management information

Prepayments and Other Assets

The following table presents AOFC's prepayments and other assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.418): Prepayments and Other Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Prepayments	1.8	3.7	102.0%
Security deposits	0.4	0.4	(10.0%)
Advances to suppliers	0.4	2.2	416.2%
Advances to employees	0.1	0.1	(17.1%)
Other receivables	3.6	0.4	(88.8%)
Total	**6.3**	**6.7**	**6.3%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Prepayments increased by 102.0% on September 30, 2021G, from SAR 1.8 million on December 31, 2020G to SAR 3.7 million on September 30, 2021G. This primarily resulted from lower cost of prepaid employee expenses (Iqama, work cards and visa expenses etc.) at December 31, 2020G as compared to September 30, 2020G.

Security deposits decreased by 10.0% on September 30, 2021G, from SAR 0.4 million on December 31, 2020G to SAR 0.4 million on September 30, 2021G. This primarily resulted from decline in the number of stores from 46 at September 30, 2020G to 37 at September 30, 2021G.

Advances to suppliers increased by 416.2% on September 30, 2021G, from SAR 0.4 million on December 31, 2020G to SAR 2.2 million on September 30, 2021G. The balance may vary as of each balance sheet date depending on the requirements and the timing of orders. The increase was due to the opening of two new stores on September 30, 2021G. Therefore, the advance amount increased, and the invoices had not yet been received.

Advances to employees decreased by 17.1% on September 30, 2021G, from SAR 0.1 million on December 31, 2020G to SAR 0.1 million on September 30, 2021G.

Other receivables decreased by 88.8% on September 30, 2021G, from SAR 3.6 million on December 31, 2020G to SAR 0.4 million on September 30, 2021G. This primarily resulted from higher receivable from banks for sales through SPAN cards (MADA) at December 31, 2020G as compared to September 30, 2021G.

Amounts Due from a Related Party

The following table presents AOFC's amounts due from Related Parties as of December 31, 2020G and September 30, 2021G.

Table No. (6.419): Due from Related Parties

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Lilian for Trade Establishment	-	0.0	N/A
International Children's Fashion Company – France	20.9	-	(100.0%)
Total	**20.9**	**0.0**	**(99.9%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Amounts due from Liliane for Trade Establishment did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Amounts due from International Children's Fashion Company – France decreased by 100.0% on September 30, 2021G as a result of the receipt of a balance held in a bank in France on December 31, 2020G which was subsequently received in full after an unsuccessful bid.

Bank Balances and Cash

The following table presents AOFC's bank balances and cash as of December 31, 2020G and September 30, 2021G.

Table No. (6.420): Bank Balances and Cash

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Bank balances	1.5	2.4	58.1%
Cash in hand	0.4	0.2	(58.2%)
Total	**2.0**	**2.6**	**31.8%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Movement in bank balances and cash on hand depends on the cash generated from operations as well as business financing requirements. Therefore, the balance may fluctuate on yearly/periodic basis.

6.12.5.3 Shareholders' Equity

The following table presents AOFC's shareholders' equity as of December 31, 2020G and September 30, 2021G.

Table No. (6.421): Shareholders' Equity

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Shareholders' Equity			
Issued capital	0.1	0.1	-
Statutory reserve	0.1	0.1	-
Retained earnings (accumulated losses)	(15.7)	(17.4)	10.7%
Total	**(15.6)**	**(17.2)**	**10.8%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

AOFC has a share capital of SAR 100,000 consisting of 100 shares with a value of SAR 1,000 each. AOFC is wholly owned by Abdullah Al Othaim Investment Company.

The statutory reserve is a regulatory requirement for companies in Saudi Arabia. In accordance with the latest regulations, AOFC established a statutory reserve, allocating 10% of the net income until the reserve equals 30% of the capital. This reserve is not available for distribution.

AOFC's accumulated losses exceeded 50% of the share capital as of December 31, 2020G and September 30, 2021G. In accordance with the requirements of the Companies Law, the shareholder resolved to continue with its operations and to provide financial support to

AOFC. After the year ended December 31, 2020G, the Shareholders decided to continue the operations of AOFC and provide support to cover the accumulated losses by 100% from the current account of AOIC. Management is confident that AOFC will be able to settle all its obligations on a timely basis through AOIC's support.

6.12.5.4 Non-current Liabilities

The following table presents AOFC's non-current liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.422): Non-current Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Non-current Liabilities			
Employee defined benefit liability	2.8	2.8	(0.8%)
Lease liabilities	60.5	50.4	(16.8%)
Total	**63.4**	**53.2**	**(16.1%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Employee Defined Benefit Liability

The following table presents AOFC's employee defined benefit liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.423): Employee Defined Benefit Liability

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Balance at beginning of the period	3.1	2.8	(10.4%)
Total benefit expenses	0.8	0.5	(38.7%)
Re-measurement loss (gain) on employee benefit liabilities	(0.8)	(0.1)	(88.3%)
Benefits paid	(0.3)	(0.4)	29.1%
Balance at end of the period	**2.8**	**2.8**	**(0.8%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Employee defined benefit liabilities did not witness material fluctuation between December 31, 2020G and September 30, 2021G. This primarily resulted from remeasurement gain of SAR 0.8 million recognized during 2020G as compared to SAR 0.1 million as at September 30, 2021G.

Lease Liabilities

The following table presents AOFC's lease liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.424): Lease Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Balance at beginning of the year/period	119.1	82.5	(30.7%)
Additions	0.6	22.2	3,933.1%
Disposals/modifications	(13.4)	(15.6)	(16.0%)
Finance cost	2.9	1.9	(35.5%)
Payments	(26.5)	(18.4)	(30.5%)
Balance at end of the year / period	**82.5**	**72.5**	**(12.1%)**
Current portion	22.0	22.1	0.7%
Non-current portion	60.5	50.4	(16.8%)

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Lease liabilities declined by 12.1% at September 30, 2021G from SAR 82.5 million at December 31, 2020G to SAR 72.5 million at September 30, 2021G. This was primarily due to closure of 9 fashion stores during the nine month period ended September 30, 2021G.

6.12.5.5 Current Liabilities

The following table presents AOFC's current liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.425): Current Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Current Liabilities			
Lease liabilities – current	22.0	22.1	0.7%
Trade payables	31.1	21.0	(32.5%)
Due to Related Parties	62.6	57.0	(8.9%)
Accruals and other current liabilities	5.1	5.1	1.1%
Zakat provision	-	0.5	N/A
Total	**120.7**	**105.7**	**(12.4%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Lease liabilities – current

Refer to Table 6.113 "**Lease Liabilities**" in the "**Non-current Liabilities**" section.

Trade Payables

Trade payables decreased by 32.5% on September 30, 2021G, from SAR 31.1 million on December 31, 2020G to SAR 21.0 million on September 30, 2021G. This was primarily due to a decline in payables as the Company has made payments to vendors.

Due to Related Parties

The following table presents AOFC's amounts due to Related Parties as of December 31, 2020G and September 30, 2021G.

Table No. (6.426): Due to Related Parties

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Abdullah Al Othaim Investment Company	62.6	57.0	(8.9%)
Total	**62.6**	**57.0**	**(8.9%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

The balance declined by 8.9% on September 30, 2021G, from SAR 62.6 million on December 31, 2020G to SAR 57.0 million on September 30, 2021G. This primarily resulted from the partial settlement of the balance to AOIC during the nine-month period ended September 30, 2021G.

Accruals and Other Current Liabilities

The following table presents AOFC's accrued expenses and other current liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.427): Accruals and Other Current Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Accrued expenses	1.1	3.0	164.4%
Tickets and vacation provision	1.5	1.6	6.5%
Sales returns provision	0.7	0.5	(23.8%)
VAT payable	1.7	0.0	(98.8%)
Total	**5.1**	**5.1**	**1.1%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the period ended September 30, 2021G

Accrued expenses increased by 164.4% on September 30, 2021G, from SAR 1.1 million on December 31, 2020G to SAR 3.0 million on September 30, 2021G. This primarily resulted from recognizing an adjustment for electricity pertaining to Arabian Centre amounting to SAR 0.9 million at September 30, 2021G. This adjustment was on account of an amendment to the terms of the contract with the landlord. Previously, AOFC had to pay electricity charges at the rate agreed with the landlord. This was recorded as payable to vendor (under trade payables). During the nine month period ended September 30, 2021G, the landlord amended the terms, which required the electricity to be paid as per the bill. On receipt of the credit note for the previous period, the amount was reclassified from the vendor account to other accrued expenses as the actual bill was not received on the balance sheet date.

Tickets and vacation provision did not witness material fluctuation during the period.

Sales returns provision decreased by 23.8% at September 30, 2021G from SAR 0.7 million at December 31, 2020G to SAR 0.5 million at September 30, 2021G. This primarily resulted from revision of the sales return policy. Previously, the provision for the brands (other than Kiabi) was based on the sales for the last seven (7) days. However, since the stores do not accept the returns after 3 days of sale (as per the policy) the provision was revised during the nine month period ended September 30, 2021G, hence, recorded the provision based on last three days of sales.

VAT payable declined by 98.8% from SAR 1.7 million as at December 31, 2020G to SAR 0.0 million as at September 30, 2021G.

Zakat Provision

Refer to the "Zakat" section in the income statement analysis for details.

6.12.6 Balance Sheet – Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s statement of financial position as of December 31, 2020G and June 30, 2021G.

Table No. (6.428): Summary Statement of Financial Position

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Assets			
Non-current assets	23.4	23.7	1.7%
Current assets	4.7	7.0	50.3%
Total assets	**28.0**	**30.8**	**9.8%**
Liabilities and partner's equity			
Shareholders' equity	(4.4)	(5.9)	32.4%
Liabilities			
Non-current liabilities	8.1	10.3	27.0%
Current liabilities	24.3	26.3	8.2%
Total liabilities	32.4	36.6	12.9%
Total liabilities and equity	**28.0**	**30.8**	**9.8%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Non-current assets mainly consist of property and equipment, intangible assets, and right-of-use assets between December 31, 2020G and September 30, 2021G. Non-current assets did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Current assets mainly comprise of inventories and prepayments and other assets which collectively represented on average 84.1% of the total current assets between December 31, 2020G and September 30, 2021G. Current assets increased by 50.3% as of September 30, 2021G, from SAR 4.7 million on December 31, 2020G to SAR 7.0 million on September 30, 2021G. This primarily resulted from an increase in prepayments and other current assets by 118.9% at September 30, 2021G.

Shareholder's equity consists of issued capital, statutory reserve and retained earnings (accumulated losses). Shareholder's equity increased by 32.4% on September 30, 2021G, from SAR 4.4 million on December 31, 2020G to SAR 5.7 million on September 30, 2021G. This primarily resulted from comprehensive loss of SAR 1.3 million during the nine month period ended September 30, 2021G.

Non-current liabilities consist of employee defined benefit liabilities and lease liabilities. Non-current liabilities increased by 27% on September 30, 2021G, from SAR 8.1 million on December 31, 2020G to SAR 10.3 million on September 30, 2021G. This primarily resulted from increase in lease liabilities by 26.9% at September 30, 2021G.

Current liabilities did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

6.12.6.1 Non-current Assets

The following table presents Abdullah Al Othaim Food Co.'s non-current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.429): Non-current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Property and equipment	10.9	9.8	(10.4%)
Intangible assets	2.4	2.2	(8.4%)
Right-of-use assets	10.1	11.8	17.2%
Total	**23.4**	**23.7**	**1.7%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Property and Equipment

The following table presents Abdullah Al Othaim Food Co.'s property and equipment as of December 31, 2020G and September 30, 2021G.

Table No. (6.430): Net Book Value of Property and Equipment

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Leasehold improvements	4.6	4.2	(8.8%)
Tools	2.9	2.6	(10.2%)
IT equipment	0.3	0.2	(39.0%)
Furnitures and fixtures	2.8	2.5	(11.1%)
Vehicles	0.1	0.1	(44.2%)
Capital work in progress	0.2	0.2	(0.0%)
Accessories	-	0.0	N/A
Total net book value	**10.9**	**9.8**	**(10.4%)**

Source: Abdullah Al Othaim Company's reviewed financial statements for the period ended September 30, 2021G

Decline in net book value of assets at September 30, 2021G was due to depreciation charge amounting to SAR 1.5 million during the nine month period ended September 30, 2021G.

The following table presents the additions to property and equipment as at December 31, 2020G and September 30, 2021G.

Table No. (6.431): Additions of Property and Equipment

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Leasehold improvements	-	0.2	N/A
Tools	0.2	0.0	(78.9%)
IT equipment	0.0	0.0	(57.4%)
Furnitures and fixtures	0.0	0.0	(87.3%)
Vehicles	–	-	N/A
Work in progress	0.9	0.3	(71.2%)
Accessories	-	0.1	N/A
Total net book value	**1.1**	**0.6**	**(45.5%)**

Source: Abdullah Al Othaim Company's reviewed financial statements for the period ended September 30, 2021G

Intangible Assets

The following table presents Abdullah Al Othaim Food Co.'s intangible assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.432): Net Book Value of Intangible Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Franchises	2.4	2.2	(8.4%)
Total net book value	**2.4**	**2.2**	**(8.4%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

The net book value of intangible assets declined by 8.4% on September 30, 2021G, from SAR 2.4 million on December 31, 2020G to SAR 2.2 million on September 30, 2021G. This primarily resulted from amortization of SAR 0.2 million during the nine-month period ended September 30, 2021G.

Right-of-use Assets

The following table presents the movement in right-of-use of assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.433): Movement in Right-of-use Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Cost			
Balance at the beginning of the period/year	13.7	17.9	30.7%
Additions	4.2	4.9	
Balance at the end of the period /year	17.9	22.7	
Accumulated amortisation:			
Balance at the beginning of the period/year	3.9	7.8	
Charge for the year	3.9	3.1	(20.7%)
Balance at the end of the period/year	7.8	10.9	
Total net book value	**10.1**	**11.8**	**17.2%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Right-of-use assets increased by 17.2% on September 30, 2021G, from SAR 10.1 million on December 31, 2020G to SAR 11.8 million on September 30, 2021G. This primarily resulted from an addition of SAR 4.9 million to right of use assets during the nine month period ended September 30, 2021G.

6.12.6.2 Current Assets

The following table presents Abdullah Al Othaim Food Co.'s current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.434): Current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Inventory	2.4	3.0	26.3%
Prepayments and other current assets	1.4	3.1	118.9%
Bank balances and cash	0.9	0.9	6.4%
Total	**4.7**	**7.0**	**50.3%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Inventory

The following table presents Abdullah Al Othaim Food Co.'s inventory as of December 31, 2020G and September 30, 2021G.

Table No. (6.435): Inventory

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Raw materials	2.4	3.1	30.6%
Less: Provision for slow moving inventory	-	(0.1)	N/A
Total	**2.4**	**3.0**	**26.3%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Inventory increased by 26.3% on September 30, 2021G, from SAR 2.4 million on December 31, 2020G to SAR 3.0 million on September 30, 2021G. This primarily resulted from higher business needs after easing of COVID-19 restrictions resulting in increased inventory as at September 30, 2021G.

Prepayments and Other Current Assets

The following table presents Abdullah Al Othaim Food Co.'s prepayments and other current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.436): Prepayments and Other Current Assets

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Advance payments to suppliers	0.8	2.0	160.9%
Refundable deposits	0.2	0.2	-
Prepayments	0.4	0.8	99.8%
Employee receivables	0.0	0.0	(8.8%)
Total	**1.4**	**3.1**	**118.9%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Advances to suppliers increased by 160.9% on September 30, 2021G, from SAR 0.8 million on December 31, 2020G to SAR 2.0 million on September 30, 2021G. This primarily resulted from advance payments to contractors for Dallah Café - Al-Ahsa and Moka Café - Hail.

Refundable deposits did not witness any fluctuation between December 31, 2020G and September 30, 2021G.

Prepayments increased by 99.8% on September 30, 2021G, from SAR 0.4 million on December 31, 2020G to SAR 0.8 million on September 30, 2021G. This primarily resulted from warehouse prepayments amounting to SAR 0.2 million in addition to the increase in labor licenses and visa prepaid expenses.

Employee receivables did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Bank Balances and Cash

The following table presents Abdullah Al Othaim Food Co.'s bank balances and cash as of December 31, 2020G and September 30, 2021G.

Table No. (6.437): Cash and Bank Balances

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Bank balances	0.8	0.8	(3.0%)
Cash in hand	0.1	0.1	159.9%
Total	**0.9**	**0.9**	**6.4%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Bank balances and cash increased by 6.4% on September 30, 2021G, from SAR 0.9 million on December 31, 2020G to SAR 0.9 million on September 30, 2021G. The balance may fluctuate on a yearly basis depending on the cash generated from the business as well as other working capital requirements.

6.12.6.3 Shareholders' Equity

The following table presents Abdullah Al Othaim Food Co.'s equity as of December 31, 2020G and September 30, 2021G.

Table No. (6.438): Shareholders' Equity

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Share capital	0.5	0.5	-
Statutory reserve	0.3	0.3	-
Accumulated losses	(5.2)	(6.6)	27.7%
Total	**(4.4)**	**(5.9)**	**32.4%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Share Capital

Abdullah Al Othaim Food Co.'s capital is SAR 0.5 million, consisting of 500 fully paid and issued shares of SAR 1,000 each. Abdullah Al Othaim Food Co. is wholly owned by Abdullah Al Othaim Investment Company.

Statutory Reserve

In accordance with the Companies Law and the Company's articles of association, the Company must transfer 30% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the share capital. This having been achieved, the Company has resolved to discontinue such transfer. The reserve is not available for distribution.

Accumulated losses

Abdullah Al Othaim Food Co.'s accumulated losses increased from SAR 5.2 million as of December 31, 2020G to SAR 6.6 million as of September 30, 2021G. This primarily resulted from comprehensive loss of SAR 1.4 million during the nine month period ended September 30, 2021G.

6.12.6.4 Non-current Liabilities

The following table presents Abdullah Al Othaim Food Co.'s non-current assets as of December 31, 2020G and September 30, 2021G.

Table No. (6.439): Non-current Liabilities

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Lease liability	7.5	9.5	26.9%
Employee defined benefit liability	0.6	0.8	28.0%
Total	**8.1**	**10.3**	**27.0%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Lease Liability

Lease liability increased by 26.9% on September 30, 2021G, from SAR 7.5 million on December 31, 2020G to SAR 9.5 million on September 30, 2021G. This primarily resulted from renewal of old branches' lease contracts during the nine month period ended September 30, 2021G.

Employee Defined Benefit Liability

The employee defined benefit liability increased by 28% on September 30, 2021G, from SAR 0.6 million on December 31, 2020G to SAR 0.8 million on September 30, 2021G. This primarily resulted from an increase in the current service cost of existing employees.

6.12.6.5 Current Liabilities

The following table presents Abdullah Al Othaim Food Co.'s non-current liabilities as of DecembSer 31, 2020G and September 30, 2021G.

Table No. (6.440): Current Liabilities

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Lease liabilities	1.6	1.7	6.2%
Accounts and notes payable	5.8	1.4	(76.7%)
Accruals and other current liabilities	1.0	0.9	(10.5%)
Amount due to a Related Party	15.8	22.3	41.3%
Zakat payable	0.1	-	(100.0%)
Total	**24.3**	**26.3**	**8.2%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Trade and Notes Payable

The following table presents Abdullah Al Othaim Food Co.'s accounts and notes payable as of December 31, 2020G and September 30, 2021G.

Table No. (6.441): Trade and Notes Payable

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Trade payables	5.8	1.4	(76.7%)
Total	**5.8**	**1.4**	**(76.7%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Trade payables decreased by 76.7% on September 30, 2021G, from SAR 5.8 million on December 31, 2020G to SAR 1.4 million on September 30, 2021G. The balance may fluctuate on a yearly basis depending on Abdullah Al Othaim Food Co.'s requirements and timing of purchases. The decrease is primarily due to the reclassification of rent payable related to Abdullah Al Othaim Investment Company to amounts due from Related Parties.

Accrued Expenses and Other Liabilities

The following table presents Abdullah Al Othaim Food Co.'s accrued expenses and other liabilities as of December 31, 2020G and September 30, 2021G.

Table No. (6.442): Accrued Expenses and Other Liabilities

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Accruals	0.9	0.8	(12.5%)
Retentions	0.2	0.2	(0.0%)
Total	**1.0**	**0.9**	**(10.5%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Accruals decreased by 12.5% on September 30, 2021G, from SAR 0.9 million on December 31, 2020G to SAR 0.8 million on September 30, 2021G. This was primarily due to decline in accrued bonuses.

Retentions did not witness material fluctuation between December 31, 2020G and September 30, 2021G.

Due to Related Parties

The following table presents Abdullah Al Othaim Food Co.'s amounts due to Related Parties as of December 31, 2020G and September 30, 2021G.

Table No. (6.443): Due to Related Parties

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Abdullah Al Othaim Investment Company	15.8	22.3	41.3%
Total	**15.8**	**22.3**	**41.3%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Amounts due to Related Parties increased by 41.3% on September 30, 2021G, from SAR 15.8 million on December 31, 2020G to SAR 22.3 million on September 30, 2021G. This primarily resulted from a transfer of payables related to AOIC in relation to rent from accounts payable to amounts to due to Related Parties.

Zakat Provision

Table No. (6.444): Zakat Provision

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Balance at beginning of the year/period	0.0	0.1	127.8%
Charge during the year / period	-	(0.1)	N/A
Paid during the year/period	(0.1)	-	(100.0%)
Zakat expense from 2019G - charged from investment	0.1	-	(100.0%)
Zakat expense from 2018G - reassessment from the Zakat and Income Authority	0.0	-	(100.0%)
Balance at end of the year / period	0.1	-	(100.0%)

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Refer to the **management's discussion and analysis** section covering the Financial Years ended December 31, 2018G, 2019G and 2020G for details.

Related Party Balances

Refer to Table 6.437 "**Transactions with Related Parties**" for details.

6.13 Cash Flow Statement

6.13.1 Cash Flow Statement - Consolidated

The following table presents Group's consolidated cash flow statement for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.445): The Group's Consolidated Cash Flow Statement

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Net cash generated from operating activities	76.2	353.2	363.8%
Net cash used in investing activities	(18.0)	(641.8)	3,475.0%
Net cash used in financing activities	(68.7)	266.2	(487.3%)
Net cash flow for the period	**(10.5)**	**(22.4)**	**112.4%**
Cash and cash equivalents at the beginning of the year	84.6	103.3	22.1%
Cash and cash equivalents at the end of the year	**74.1**	**80.9**	**9.3%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

6.13.1.1 Cash Flow from Operating Activities

The following table presents Group's cash flow from operating activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.446): The Group's Consolidated Cash Flow from Operating Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Profit for the year before income tax and Zakat	70.2	175.5	149.9%
Adjustments:			
Depreciation and amortization	95.5	91.5	(4.1%)
Amortization of right-of-use assets	54.1	44.1	(18.4%)
Provision for lease receivables	5.0	0.1	(97.8%)
Provision for employee defined benefit liabilities	3.4	3.8	12.8%
Write-off for slow moving inventory	(1.0)	(1.1)	12.0%
Gain (loss) from sale of investment property	-	(20.6)	N/A
Share of the results of associates	-	(1.3)	N/A
Loss from the sale of property and equipment and intangible assets	1.8	1.1	(40.5%)
Finance cost	50.7	29.9	(41.1%)
	279.8	**323.1**	**15.5%**
Working capital changes:			
Inventory	11.7	(0.4)	(103.7%)
Lease receivables	(41.2)	29.9	(172.7%)

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
	Reviewed	Reviewed	
Prepayments and other current assets	(16.4)	(5.7)	(65.3%)
Advances to contractors	(1.2)	29.2	(2,514.3%)
Trade payables	(13.5)	(14.1)	4.5%
Contract liabilities	(20.7)	(1.9)	(90.6%)
Accruals and other current liabilities	(68.9)	37.2	(154.0%)
Changes in Related Party balances	20.2	(2.1)	(110.6%)
Cash from operation	**149.9**	**395.2**	
Zakat and taxes paid	(8.2)	(5.5)	(32.5%)
Employee defined benefit liabilities paid	(2.6)	(4.0)	50.5%
Finance costs paid	(62.9)	(32.5)	(48.3%)
Cash flow from operating activities	**76.2**	**353.2**	**363.80%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Cash flow from operating activities increased by 363.8% during the nine-month period ended September 30, 2021G, primarily due to an increase in operating profit, a reduction in lease receivables and advances to contractors and an increase in accruals and other current liabilities.

6.13.1.2 Cash Flow from Investing Activities

The following table presents Group's cash flow from investing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.447): The Group's Consolidated Cash Flows from Investing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G	2021G	September 2021G
Purchase of investment property	(26.9)	(644.6)	2,295.8%
Purchase of property and equipment	(14.2)	(24.3)	71.3%
Proceeds from disposal work in progress	-	0.6	N/A
Proceeds from the disposal of investment properties	12.5	25.6	104.0%
Proceeds from sale of property and equipment	(0.1)	0.9	(1,741.9%)
Proceeds from disposal of financial assets at FV through OCI	10.6	-	(100.0%)
Total	**(18.0)**	**(641.8)**	**3,475.0%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Net cash flow used in investing activities increased by SAR 623.9 million during the nine month period ended September 30, 2021G primarily resulting from the purchase of land in Riyadh for SAR 598.0 million.

6.13.1.3 Cash Flow from Financing Activities

The following table presents Group's cash flow from financing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.448): Consolidated Cash Flow from the Group's Financing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Receipt of loans	97.9	325.8	232.8%
Dividends paid	(100.0)	-	(100.0%)
Payment of lease liability	(66.6)	(59.6)	(10.5%)
Total	**(68.7)**	**266.2**	**(487.3%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Net cash used in investing activities increased by 487.3% between the period ended September 30, 2021G as compared to the corresponding period in 2020G. This primarily resulted from no dividend payments during the nine month period ended September 30, 2021G as compared to SAR 100.0 million paid during the nine month period ended September 30, 2020G. In addition to that company's net borrowings increased by SAR 325.8 million during the nine month period ended September 30, 2021G as compared to corresponding period in 2020G which was mainly utilized to purchase land in Riyadh.

6.13.2 Cash Flow Statement, Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's cash flow statement for the period ended September 30, 2020G and 2021G.

Table No. (6.449): Cash Flow Statement

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Net cash generated from operating activities	53.1	324.7	511.3%
Net cash used in investing activities	(4.7)	(618.4)	12,941.7%
Net cash used in financing activities	(31.6)	285.8	(1,004.5%)
Net cash flow for the period	**16.8**	**(7.9)**	**(147.3%)**
Cash and cash equivalents at the beginning of the year	61.3	70.6	15.1%
Cash and cash equivalents at the end of the year	**78.1**	**62.6**	**(19.8%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

6.13.2.1 Cash Flow from Operating Activities

The following table presents AOIC's cash flow from operating activities for the period ended September 30, 2020G and 2021G.

Table No. (6.450): Cash Flow from Operating Activities

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Profit for the year before income tax and Zakat	69.7	172.7	147.7%
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation and amortization	45.0	44.6	(0.9%)
Depreciation - leases	28.3	28.1	(0.4%)
Profit from disposal of investment property	-	(20.5)	N/A
Share of results of subsidiaries and associates	16.0	(36.3)	(322.6%)

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Provision for Lease receivables and cheques under collection	5.0	0.1	(97.8%)
Provision for employee defined benefit liabilities	2.0	1.6	(20.1%)
Write off intangibles	-	0.0	N/A
Finance cost	46.5	27.1	(41.8%)
Working capital adjustments:			
Inventory	(0.8)	0.2	(118.4%)
Lease receivables and checks under collection	(41.2)	29.9	(172.7%)
Advances to contractors	(1.2)	20.6	(1800.0%)
Prepayments and other receivables	(13.4)	19.7	(247.2%)
Trade and notes payable	(10.3)	1.9	(118.6%)
Accruals and other current liabilities	(64.8)	35.6	(155.0%)
Changes in Related Party balances	42.6	35.6	(16.4%)
Zakat paid	(7.9)	(3.9)	(51.2%)
Employee defined benefit liabilities paid	(2.1)	(2.5)	16.3%
Interest paid	(60.6)	(29.7)	(51.0%)
Cash flow from operating activities	**53.1**	**324.7**	**511.3%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Cash inflow from operating activities increased from SAR 53.1 million during the nine month period ended September 30, 2020G to SAR 324.7 million during the nine month period ended September 30, 2021G. This was primarily due to an increase in profit for the year, which increased by 147.7% during the nine-month period ended September 30, 2021G, from SAR 69.7 million during the nine-month period ended September 30, 2020G to SAR 172.7 million during the nine-month period ended September 30, 2021G. Also, improvement in the collection of lease receivables during nine month period ended September 30, 2021G resulted in a positive cash flows from operating activities.

6.13.2.2 Cash Flow from Investing Activities

The following table presents AOIC's cash flow from investing activities for the period ended September 30, 2020G and 2021G.

Table No. (6.451): Cash Flow from Investing Activities

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Purchase of property and equipment	(0.2)	(0.8)	258.2%
Proceeds from disposal of property and equipment	12.5	25.6	104.0%
Purchase of investment properties, net	(26.9)	(643.9)	2,293.3%
Investment in subsidiaries and associates	(0.8)	0.7	(194.8%)
Disposal of financial assets	10.6	-	(100.0%)
Total	**(4.7)**	**(618.4)**	**12,941.7%**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Cash used in investing activities increased from SAR 4.7 million during the nine month period ended September 30, 2020G to SAR 618.4 million during the nine month period ended September 30, 2021G. This was due to the payments made for new land in Riyadh, which is an addition of SAR 598.0 million to the land classification of investment property. Other additions were listed under construction work in progress.

The land in Abha was disposed off for SAR 23.1 million to General authority for state properties against a gain of SAR 20.7 million.

6.13.2.3 Cash Flow from Financing Activities

The following table presents AOIC's cash flow from financing activities for the periods ended September 30, 2020G and 2021G

Table No. (6.452): Cash Flow from Financing Activities

SAR Million	Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	2021G
Acquisition of term loans, net	97.9	325.8	232.8%
Dividends paid	(100.0)	-	(100.0%)
Payment of lease liability	(29.5)	(40.1)	35.8%
Total	**(31.6)**	**285.8**	**(1,004.5%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

During 2020G and 2021G, major cash flow was related to the receipt of borrowings from loans.

6.13.3 Cash Flow Statement, Abdullah Al Othaim Entertainment Co. (Consolidated)

The following table presents AOEC's cash flow statement for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.453): Summarized Cash Flow Statement of AOEC

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Net cash generated from operating activities	42.7	48.7	14.0%
Net cash used in investing activities	(13.5)	(17.3)	27.8%
Net cash flows from/(used in) financing activities	(33.8)	(25.6)	(24.3%)
Net cash flow for the period	**(4.6)**	**5.9**	**(229.3%)**
Cash and cash equivalents at the beginning of the year	14.4	8.5	(41.0%)
Cash and Cash Equivalents at the End of the Year	**9.8**	**14.4**	**46.3%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

6.13.3.1 Cash Flow from Operating Activities

The following table presents AOEC's cash flow from operating activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.454): AOEC's Cash Flow from Operating Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Net income before Zakat and income tax	0.9	40.3	4,453.1%
Adjustments to reconcile net income before Zakat and income tax to net cash flow:			
Depreciation	41.1	40.0	(2.6%)
Amortization of right-of-use assets	33.5	22.9	(31.7%)
Losses on disposal of property and equipment	0.1	0.0	(71.9%)
Provision for employee defined benefit liabilities	1.0	1.5	55.5%
	76.5	**104.7**	**36.8%**
Working capital adjustments:			
Inventory	0.4	2.6	497.0%

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Prepayments and other current assets	(3.9)	(14.6)	271.6%
Trade payables	6.0	(1.4)	(123.4%)
Accrued expenses and other current liabilities	(2.9)	1.0	(133.4%)
Contract liabilities	(20.7)	(1.9)	(90.6%)
Change in Related Parties balances	(12.2)	(39.1)	219.8%
Cash from operating	**43.2**	**51.2**	**18.5%**
Employee defined benefit liabilities paid	(0.5)	(1.0)	111.1%
Zakat and taxes paid	-	(1.5)	N/A
Net cash flows from operating activities	**42.7**	**48.7**	**14.0%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Cash flow from operating activities increased by 14.0%, from SAR 42.7 million during the nine-month period ended September 30, 2020G to SAR 48.7 million during the six-month period ended September 30, 2021G. This was primarily due to an increase in working capital requirements by 18.5% or SAR 8.0 million during the nine-month period ended September 30, 2021G, in line with increased business activity.

6.13.3.2 Cash Flow from Investing Activities

The following table presents AOEC's cash flow from investing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.455): AOEC's Cash Flow from Investing Activities

SAR Million	Financial Period Ended September 30,		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Purchase of the property and equipment	(13.4)	(18.2)	35.1%
Collections on sale property and Equipment	(0.1)	0.9	(1,741.9%)
Net cash flows used in investing activities	**(13.5)**	**(17.3)**	**27.8%**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Cash outflow from investing activities increased by 27.8%, from SAR 13.5 million during the nine-month period ended September 30, 2020G to SAR 17.3 million during the six-month period ended September 30, 2021G. The increase was primarily driven by the increase in purchase of property and equipment which mainly include leasehold improvements and games which amounted to SAR 10.2 million and SAR 6.9 million, respectively.

6.13.3.3 Cash Flow from Financing Activities

The following table presents AOEC's cash flow from financing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.456): AOEC's Cash Flow from Financing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Payment of lease liability	(33.8)	(25.6)	(24.3%)
Cash flows used in financing activity	**(33.8)**	**(25.6)**	**(24.3%)**

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

Cash flow from financing activities declined by 24.3%, from SAR 33.8 million during the nine-month period ended September 30, 2020G to SAR 25.6 million during the six-month period ended September 30, 2021G. This was primarily due to due to changes in rent contracts for five locations in the UAE from fixed rent to rent as a percentage of revenue.

6.13.4 Cash Flow Statement, Abdullah Al Othaim Fashion Co.

The following table presents AOFC's cash flow statement for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.457): Cash Flow Statement

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Net cash generated from operating activities	13.3	21.6	62.1%
Net cash used in investing activities	(0.2)	(4.4)	2,647.0%
Net cash used in financing activities	(20.0)	(16.6)	(17.0%)
Net cash flow for the period	**(6.8)**	**0.6**	**(109.1%)**
Bank balances and cash at beginning of the period	7.8	2.0	(75.1%)
Bank balances and cash at end of the period	**1.0**	**2.6**	**153.9%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

6.13.4.1 Cash Flow from Operating Activities

The following table presents AOFC's cash flow from operating activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.458): Cash Flow from Operating Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Loss before Zakat	(15.7)	(1.3)	(91.7%)
Adjustments:			
Depreciation of property and equipment	6.5	5.1	(21.4%)
Amortization of right-of-use assets	19.8	16.2	(18.0%)
Amortization	0.1	0.1	(4.4%)
Write-off property and equipment	1.1	1.0	(12.3%)
Provision for slow moving and obsolete inventory	(1.0)	(1.1)	12.0%
Finance costs	2.4	1.9	(19.3%)
Provision for employee defined benefit liabilities	0.4	0.5	30.6%
Gain on lease termination	-	(0.5)	N/A
Foreign exchange loss/(gain)	0.0	(0.3)	(1,064.3%)
Working capital changes:			
Change in Related Parties balances	(0.3)	15.3	(6,126.9%)
Inventory	13.0	(2.5)	(119.2%)
Prepayments and other receivables	1.3	(0.4)	(130.2%)
Trade payables	(11.8)	(10.1)	(13.8%)
Accruals and other current liabilities	0.1	0.1	(46.2%)
Interest paid	(2.4)	(1.9)	(21.5%)
Employees' end-of-service benefits paid	(0.3)	(0.4)	66.4%
Cash Flow from Operating Activities	**13.3**	**21.6**	**62.1%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Cash flow from operations increased by 62.1% during the nine month period ended September 30, 2021G as compared to the corresponding period in 2020G. This primarily resulted from reduction in net loss before zakat from SAR 15.7 million during the nine month period ended September 30, 2020G to SAR 1.3 million during the nine month period ended September 30, 2021G. This was largely due to closure of loss-making branches and overall recovery of operations post COVID-19 lockdown period.

6.13.4.2 Cash Flow from Investing Activities

The following table presents AOFC's cash flow from investing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.459): Cash Flow from Investing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Purchase of property and equipment	(0.2)	(4.4)	2,647.0%
Total	**(0.2)**	**(4.4)**	**2,647.0%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Net cash used in investing activities increased by 2,647.0% between the period ended September 30, 2021G as compared to the corresponding period in 2020G. This primarily resulted from purchase of leasehold improvements (SAR 2.0 million), equipment (SAR 0.8 million) and computers (SAR 0.2 million) during the nine month period ended September 30, 2021G.

6.13.4.3 Cash Flow from Financing Activities

The following table presents AOFC's cash flow from financing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.460): Cash Flow from Financing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Payment of lease liabilities	(20.0)	(16.6)	(17.0%)
Total	**(20.0)**	**(16.6)**	**(17.0%)**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Net cash used in financing activities decreased by 17.0% between the period ended September 30, 2021G as compared to the corresponding period in 2020G. This primarily resulted from change the number of stores from 46 stores during the nine month period ended in September 30, 2020G to 37 stores during the nine month period ended in September 30, 2021G.

6.13.5 Cash Flow Statement, Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s statement of cash flows for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.461): Summary Cash Flow Statement

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Net cash generated from operating activities	3.1	3.1	(1.0%)
Net cash used in investing activities	(0.3)	(0.3)	(2.8%)
Net cash flows from financing activity	(3.2)	(2.8)	(14.4%)
Net cash flow for the period	**(0.4)**	**0.1**	**(114.7%)**
Bank balances and cash at the beginning of the year / period	1.0	0.9	(15.0%)
Cash and Cash Equivalents at the End of the Year	**0.7**	**0.9**	**43.3%**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

6.13.5.1 Cash Flow from Operating Activities

The following table presents Abdullah Al Othaim Food Co.'s statement of cash flows from operating activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.462): Cash Flow from Operating Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Loss before Zakat	(1.8)	(1.4)	(18.5%)
Adjustments to reconcile net profit for the year to net cash flows:			
Depreciation of property and equipment	1.4	1.5	1.6%
Amortization of intangible assets	0.2	0.2	-
Provision for slow moving inventory	-	0.1	N/A
Amortization of right-of-use assets	2.9	3.1	6.9%
Provision for employees' defined benefit liability	0.1	0.2	172.9%
	2.9	**3.6**	**27.5%**
Changes in operating assets and liabilities:			
Inventory	(0.5)	(0.7)	44.2%
Prepayments and other current assets	(0.4)	(1.7)	281.4%
Related Party balances	(0.1)	6.5	(10,503.8%)
Accounts payable	2.7	(4.4)	(266.7%)
Accruals and other current liabilities	(1.4)	(0.1)	(91.9%)
Cash flow from operating activities	**3.2**	**3.2**	**1.5%**
Zakat paid	-	(0.1)	N/A
Employees' termination benefits paid	(0.0)	(0.0)	28.5%
Cash flow from operating activities	**3.1**	**3.1**	**(1.0%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Cash flow from operations did not witness material fluctuation during the nine-month period ended September 30, 2020G and 2021G.

6.13.5.2 Cash Flow from Investing Activities

The following table presents Abdullah Al Othaim Food Co.'s cash flow from investing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.463): Cash Flow from Investing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Additions of property and equipment	(0.3)	(0.3)	(2.8%)
Total	**(0.3)**	**(0.3)**	**(2.8%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Net cash used in investing activities did not witness material fluctuation between the nine month period ended September 30, 2020G and 2021G.

6.13.5.3 Cash Flow from Financing Activities

The following table presents Abdullah Al Othaim Food Co.'s cash flow from financing activities for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.464): Cash Flow from Financing Activities

SAR Million	Financial Period Ended September 30		Increase/(Decrease)
	2020G Reviewed	2021G Reviewed	September 2021G
Payment of lease liability	(3.2)	(2.7)	(14.4%)
Total	**(3.2)**	**(2.7)**	**(14.4%)**

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

Net cash used in financing activities decreased by 11.2% between the period ended September 30, 2021G as compared to the corresponding period in 2020G. This was mainly due to a decline in payments of lease liability during the nine month period ended September 30, 2021G.

6.14 Commitments and Contingencies

6.14.1 Commitments and Contingencies – Consolidated

The following table presents the Group's commitments and contingencies as of December 31, 2020G and September 30, 2021G.

Table No. (6.465): Commitments and Contingencies

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Liabilities			
Commitments for projects under construction	635.3	63.4	(90.0%)
Letter of credit and guarantee	40.1	31.7	(21.0%)
Total	**675.4**	**95.1**	**(85.9%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Capital commitments on December 31, 2020G primarily included a commitment of SAR 565.0 million in relation to the purchase of land in Riyadh. Capital commitments on September 30, 2021G mainly related to Al Othaim Mall - Al-Khafji and Al Othaim Mall - Hafr Al-Batin projects.

Abdullah Al Othaim Investment Company has issued a variety of performance guarantees, payment guarantees, unfunded initial guarantees as well as letters of credit. In addition to the above, several lawsuits have been filed against and by the Group.

6.14.2 Commitments and Contingencies, Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's commitments and contingencies as of December 31, 2020G and September 30, 2021G.

Table No. (6.466): Commitments and Contingencies

SAR Million	FY Ended December 31	Period Ended September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	2021G
Liabilities			
Commitments for projects under construction	635.3	63.4	(90.0%)
Letter of guarantee	40.1	31.7	(21.0%)
Total	**675.4**	**95.1**	**(85.9%)**

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Abdullah Al Othaim Entertainment Co. had capital liabilities due in relation to projects under construction. The liabilities mainly related to Al Othaim Mall -, Hafr Al-Batin and Al Othaim Mall - Al-Khafji. The decline in commitments by 85.9% was mainly due to a new land project in Riyadh expected to commence in 2022G. The commitment was capitalized as investment property during period ended September 30, 2021G.

AOIC has issued various non-funded bid bonds, performance bonds and payment guarantees.

6.14.3 Commitments and Contingencies - Abdullah Al Othaim Entertainment Co.

AOEC did not have any commitments as of September 30, 2021G (SAR 7.7 million on December 31, 2020G).

AOEC did not have any issued non-funded bid bonds, performance bonds or payment guarantees as of September 30, 2021G.

AOEC did not have any issued non-funded bid bonds, performance bonds or payment guarantees as of September 30, 2021G.

6.14.4 Commitments and Contingencies, Abdullah Al Othaim Fashion Co.

The following table presents AOFC's commitments and contingencies for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.467): Commitments and Contingencies

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Commitments for projects under construction	0.3	0.4	61.2%
Letter of guarantee	30.8	33.3	8.1%
Total	**31.1**	**33.7**	**8.5%**

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Commitments for projects under construction as of September 30, 2021G mainly pertained to Kiabi (SAR 0.3 million) and OVS (SAR 0.1 million).

Letter of guarantee on September 30, 2021G mainly related to Kiabi and OVS, amounting to SAR 15.7 million and SAR 14.9 million, respectively. LG pertaining to KIABI is due for expiry on 31 March 2022G, whereas OVS is due for expiry on 15 August 2022G.

6.14.5 Commitments and Contingencies, Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. did not have any liabilities on September 30, 2021G.

6.15 Related Party Transactions and Balances

6.15.1 Related Party Transactions and Balances – Consolidated

The following table presents the Group's Related Party transactions for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.468): Related Party Transactions – Consolidated

SAR Million	Relationship	Nature of Transaction	Financial Period Ended September 30		Increase/(Decrease)
			2020G Reviewed	2021G Reviewed	September 2021G
Al Othaim Holding Company	Shareholder	Expenses paid on behalf	8.1	0.2	(98.1%)
		Dividends paid	60.3	-	(100.0%)
		Net Funding	16.2	-	(100.0%)
Al Othaim Markets Co.	Shareholder	Net rental revenue	9.9	13.0	31.7%
		Rental expense	17.5	26.8	53.1%
		Payments on behalf of the subsidiary	0.6	0.3	(58.4%)
		Intercompany charges expense	0.5	0.2	(55.6%)
Total			**113.1**	**40.4**	**(64.3%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

AOHC - Expenses paid on behalf – These represent the salaries of certain employees on AOIC payroll who rendered their services for AOHC.

AOMC – Refer to section 6.9 "**Related Party Transactions**" under the analysis of Financial Years ended December 31, 2018G, 2019G and 2020G for details on the nature of the transactions.

Related Party Balances

The following table presents the Group's due from Related Parties as at December 31, 2020G and September 30, 2021G.

Table No. (6.469): Due from Related Parties

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
Wamda Cinemas Company	34.8	35.4	1.7%
Al Othaim Markets Co.	3.5	0.8	(76.5%)
Lilian for Trade Establishment	-	0.0	N/A
Qyol for Real Estate Investment	0.7	0.7	-
Saudi Pillar	-	2.7	N/A
Nimar for Investment and Real Estate Development Company	-	0.0	N/A
Total	**39.0**	**39.7**	**1.7%**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

Wamda – The amount was transferred to Wamda to fund 55% of the capital expenditure requirement for the cinemas in Arar and Hail.

Due to Related Parties

The following table presents the Group's due to Related Parties as at December 31, 2020G and September 30, 2021G.

Table No. (6.470): Due to Related Parties

SAR Million	As of December 31 2020G Audited	As of September 30 2021G Reviewed	Increase/(Decrease) September 2021G
Orion Holding Company Limited	0.4	0.4	(0.4%)
FAW International Co.	15.0	12.9	(14.0%)
Al Othaim Holding Company - Bahrain		0.6	N/A
Total	**15.4**	**13.9**	**(9.5%)**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

FAW International Co. – Refer to section 6.9 "**Related Party Balances and Transactions - Consolidated**" for the Financial Years ended December 31, 2018G, 2019G and 2020G for details on the nature of the transactions.

6.15.2 Related Party Transactions and Balances – Abdullah Al Othaim Investment Company (Standalone)

The following table presents AOIC's Related Party Transactions for the period ended September 30, 2020G and 2021G.

Table No. (6.471): Related Party Transactions

SAR Million	Relationship	Nature of Transaction	Period Ended September 30	
			2020G Audited	2021G Reviewed
Al Othaim Holding Company	Shareholder	Dividends paid	60.3	-
		Expenses paid on behalf	8.1	0.2
		Intercompany charges	16.2	-
Abdullah Al Othaim Markets Company	Subsidiary	Rental income	9.9	13.4
		Rent expenses	17.5	26.8
		Payments by affiliated company, net	0.6	0.3
		Intercompany charges	0.5	0.2
Abdullah Al Othaim Fashion Co.	Subsidiary	Financing	18.7	-
		Net rental revenue	9.9	7.6
		Payments for affiliated company, net	3.8	21.7
Abdullah Al Othaim Entertainment Co.	Subsidiary	Payments by affiliated company, net of funding	12.7	56.3
		Net rental revenue	15.3	20.3
Emteyaz Al Riyadh Co.	Subsidiary	Net rental revenue	2.1	2.6
		Expenses paid on behalf	0.4	1.3

Source: Abdullah Al Othaim Investment Company's reviewed financial statements for the period ended September 30, 2021G

Al Othaim Holding Company

AOIC paid expenses on behalf of the subsidiary between September 30, 2020G and September 30, 2021G.

Al Othaim Markets Co.

Rent revenue – Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

Rent expenses – This relates to rent paid by AOIC for Dammam Mall, which was acquired on lease from AOMC.

AOIC paid expenses on behalf of the subsidiary between September 30, 2020G and September 30, 2021G.

Other sources of income related to sponsor revenue through AOMC, which sublets space to vendors for organizing their promotional campaigns in AOIC-operated malls. There was no sponsor revenue during the nine month period ended September 30, 2021G.

Common expenses were shared between AOIC and the subsidiary between September 30, 2020G and September 30, 2021G.

Abdullah Al Othaim Fashion Co.

Rent revenue – Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

AOIC paid expenses on behalf of the subsidiary between September 30, 2020G and September 30, 2021G.

Abdullah Al Othaim Entertainment Co.

Rent revenue – Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

AOIC paid expenses on behalf of the subsidiary between September 30, 2020G and September 30, 2021G.

Abdullah Al Othaim Entertainment Co.

Rent revenue – Refer to Table 6.256 "**Division of Revenue by Related and Non-related Parties**" for details.

AOIC paid expenses on behalf of the subsidiary between September 30, 2020G and September 30, 2021G.

Due from Related Parties

Refer to Table 6.444 "**Due from Related Parties**" for further details.

Due to Related Parties

Refer to Table 6.445 "**Due to Related Parties**" in current liabilities for details.

6.15.3 Related Party Transactions and Balances – Abdullah Al Othaim Entertainment Co.

The following table presents AOEC's Related Party transactions for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.472): AOEC's Related Party Transactions

SAR Million	Relationship	Nature of transaction	Financial interim Period Ended September 30		Increase/ (Decrease)
Name of Related Parties			2020G Reviewed	2021G Reviewed	September 2021G
Abdullah Al Othaim Investment Group	Owner	Leasing	15.9	21.5	35.0%
	Owner	Financing	27.4	53.4	95.1%
Premium Retail for Ready Garments Co. – UAE	Subsidiary	Financing	1.5	-	-
Fun World Entertainment – UK (BVI)	Subsidiary	Financing	0.0	-	(100.0%)

Source: Abdullah Al Othaim Entertainment Co.'s reviewed consolidated financial statements for the financial period ended September 30, 2021G

The transaction with AOIC pertains to the rent paid for the FECs operated by AOEC in AOIC's malls. Further, AOIC also paid certain expenses on behalf of AOEC during the period. Related Party Balances

Refer to the sections "**Due from Related Parties**" and "**Due to Related Parties**" of AOEC for details.

6.15.4 Related Party Transactions and Balances – Abdullah Al Othaim Fashion Co.

The following table presents AOFC's Related Party transactions for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.473): Related Party Transactions

SAR Million	Relationship	Nature of Transaction	As of December 31	As of September 30
			2020G Audited	2021G Reviewed
Abdullah Al Othaim Investment Company	Owner	Absorption of losses	(13.1)	-
		Financing	0.3	19.1
		Lease expenses	12.2	8.1
Lilian for Trade Establishment	Subsidiary	Revenue	(9.7)	-
		Financing	0.0	0.0

Source: Abdullah Al Othaim Fashion Co.'s reviewed financial statements for the financial period ended September 30, 2021G

Abdullah Al Othaim Investment Company – AOFC partially adjusted the financing balance owed to AOIC during the nine-month period ended September 30, 2021G.

Refer to the management discussion and analysis section on AOFC covering the Financial Years ended December 31, 2018G, 2019G and 2020G, Section 6.9 for details pertaining to other Related Party transactions.

Related Party Balances

Refer to Table 6.402 "**Due from Related Parties**" and Table 6.408 "**Due to Related Parties**" for details.

6.15.5 Related Party Transactions and Balances – Abdullah Al Othaim Food Co.

The following table presents Abdullah Al Othaim Food Co.'s Related Party transactions for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.474): Related Party Transactions

SAR Million	Relationship	Nature	As of September 30	
			2020G Reviewed	2021G Reviewed
Abdullah Al Othaim Investment Company	Owner	Leases	2.1	5.6
		Transfers & Operating	0.9	1.0
Abdullah Al Othaim Entertainment Co.	Subsidiary	Transfers & Operating	0.7	-

Source: Abdullah Al Othaim Food Co.'s reviewed financial statements for the period ended September 30, 2021G

AOIC is the owner of Abdullah Al Othaim Food Co. and entered into following transactions during September 30, 2020G and 2021G:

Leases – Abdullah Al Othaim Food Co. leased outlets in AOIC-operated malls.

AOEC – It is a subsidiary owned by the owner of Abdullah Al Othaim Food Co.. Abdullah Al Othaim Food Co. has an arrangement with AOEC to deposit its daily cash sales with the Related Party, which are transferred to Abdullah Al Othaim Food Co.'s account on a monthly basis. The number of transactions depend on the sales volume as well as the timing of transfer of cash by the Related Party.

Related Party Balances

Refer to the sections "**Due from Related Parties**" and "**Due to Related Parties**" for details.

6.16 Statement of Changes in Equity

The following table presents the Group's statement of changes in equity for the financial periods ended September 30, 2020G and 2021G.

Table No. (6.475): Statement of Changes in Equity as of September 30, 2021G

SAR Million	Share Capital	Statutory Reserve	Retained Earnings	Foreign Currency Conversion Difference	FVTOCI Revaluation Reserve	Total
On December 31, 2020G	**1,000.0**	**133.9**	**485.7**	**(1.1)**	**-**	**1,618.5**
Net profit for the period	-	-	173.1	-	-	173.1
Other comprehensive income for the period	-	-	1.0	(0.0)	-	1.0
Total other comprehensive income	-	-	174.1	(0.0)	-	174.0
Balance on September 30, 2021G	**1,000.0**	**133.9**	**659.7**	**(1.1)**	**-**	**1,792.5**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

During the nine-month period ended September 30, 2021G, in addition to total comprehensive income, dividends of SAR 100.0 million were declared and financial assets at FVOCI amounting to SAR 1.1 million were disposed.

No other adjustments have been made during both periods.

Dividends

Shareholders of the Company, in their annual general assembly meeting held on September 30, 2020G, approved dividends distribution for the year ended December 31, 2020G amounting to SAR 100 million (SAR 10 per share).

Table No. (6.476): Dividends

SAR Million	As of December 31	As of September 30	Increase/(Decrease)
	2020G Audited	2021G Reviewed	September 2021G
As of January 1	-	-	N/A
Dividends declared	100.0	-	(100.0%)
Dividends paid	(100.0)	-	(100.0%)
Total	**-**	**-**	**-**

Source: The Group's reviewed consolidated financial statements for the period ended September 30, 2021G

7. Dividend Distribution Policy

Shares grant their holders the right to receive profits announced by the Company from the date of this Prospectus and for the following Financial Years.

The Company intends to distribute annual dividends to its Shareholders to enhance the value obtained by Shareholders in proportion to the Company's profits and financial position, the restrictions to which the dividend distribution process is subject under financing and debt agreements, the results of the Company's activities, the Company's current and future cash needs, expansion plans and requirements of the Company's investments. There are other additional factors, including the Company's analysis of investment opportunities, reinvestment requirements, cash and capital requirements, business expectations and the impact of any such distributions on any legal and regulatory considerations. Investors wishing to invest in the Offer Shares should be aware that the dividend distribution policy may change from time to time.

While the Company intends to distribute annual dividends to its Shareholders, there are no guarantees of actual dividend distribution, nor there is any guarantee with regard to the amounts that will be paid in any year. The Company's net profits are distributed after deducting all general expenses and other costs, as follows;

1. Ten percent (10%) of the net profits shall be set aside to form the Company's statutory reserve. The Ordinary General Assembly may discontinue setting this amount aside when the reserve reaches thirty percent (30%) of the paid-up capital.
2. The Ordinary General Assembly, based on a proposal of the Board of Directors, may set aside twenty percent (20%) of the net profits to form a consensual reserve and allocate it to a specific purpose(s).
3. The General Assembly may decide to create other reserves, to the extent that such is in the interest of the Company or ensures the distribution of fixed dividends as much as possible to the Shareholders. Said Assembly may also deduct amounts from the net profits to establish social institutions for the Company's employees or to assist existing social institutions.
4. The remaining amount shall be distributed to the Shareholders as a payment of not less than five percent (5%) of the paid-up capital.
5. Then, five percent (5%) of the remainder shall be allocated to Director remuneration.
6. After allocating Director remuneration pursuant to the provisions of the Company's Bylaws, any resolutions passed by the General Assembly and decisions issued by the competent authorities, the remaining amount shall be distributed to the Shareholders as an additional share of the profits or carried over to the coming years as approved by the General Assembly.
7. Without prejudice to the above paragraphs, the Company may distribute interim dividends to its Shareholders on a quarterly or semi-annual basis in accordance with the regulatory controls and procedures issued in this regard by the competent authority.

Following is a summary of the Company's dividends during the Financial Years ended December 31, 2018G, 2019G, 2020G and the financial period ended September 30, 2021G:

Table No. (7.1): Historic Dividends (SAR)

SAR	FY 2018G	FY 2019G	FY 2020G	Financial Period Ended September 30 2021G
Net income	249,802,363	232,612,209	116,261,822	173,053,959
Profits declared during the period	100,000,000	100,000,000	-	-
Dividends distributed during the period	86,346,150	113,653,850	100,000,000	-
Ratio of declared profits to net income	40%	43%	-	-

Source: The Company

The Company did not declare or distribute any profits during the Financial Year ended December 31, 2021G.

8. Use of Proceeds

The total Offering Proceeds are estimated at about [•] Saudi Riyals (SAR [•]), of which an estimated [•] Saudi Riyals (SAR [•]) will be used to pay all Offering-related expenses. This includes the fees of the Financial Advisor, Lead Manager, Underwriters, Legal Advisor, Auditors, Receiving Entities, Market Consultant, and Financial Due Diligence Advisor, as well as marketing, printing, distribution and other fees and expenses related to the Offering. The Net Proceeds, estimated at about [•] Saudi Riyals (SAR [•]), will be returned to the Selling Shareholders in proportion to the number of shares sold by each of them. The Company will not receive any part of the Offering Proceeds. The Selling Shareholders will bear all fees, expenses and costs related to the Offering.

9. Capitalization and Indebtedness of the Company

The Current Shareholders own all of the Company's Shares prior to the Offering. After completion of the Offering, the Current Shareholders will collectively own 70% of the Company's Shares.

The following table shows the Company's capitalization as it appears in the audited financial statements for the Financial Years ending December 31, 2018G, 2019G and 2020G. Note that the following table should be read with the relevant financial statements, including the notes attached thereto, which are contained in Section 19 "**Auditor's Report**".

Table No. (9.1): Capitalization and Indebtedness of the Company for the Financial Years Ended December 31, 2018G, 2019G and 2020G

(SAR million)	2018G	2019G	2020G
Total loans *	1,370.19	1,318.78	1,366.66
Shareholder's equity			
Share capital	1,000	1,000	1,000
Statutory reserve	99.03	122.27	133.90
Retained earnings	436.29	480.17	485.66
Other equity	(1.63)	0.60	(1.06)
Total equity	**1,533.69**	**1.603,04**	**1.618.50**
Total capitalization (total loans + total Shareholders' equity)	**2,903.88**	**2.921,82**	**2.985.16**
Total loans/ total capitalization	**47.18%**	**45.14%**	**45.78%**

* Capitalization of lease contracts has been added to total gross loans.

Source: Audited financial statements for the Financial Years ended December 31, 2018G, 2019G and 2020G

The Directors declare that:

a. None of the Company's Shares are subject to any option rights.

b. The Company does not have any debt instruments as at the date of this Prospectus.

c. The Company's balance and cash flows are sufficient to cover its expected cash needs for working capital and capital expenditures for a period of at least twelve (12) months after the date of this Prospectus, taking into account any negative and material change in the Company's business.

10. Expert Statements

All of the Advisors whose names appear on page (v) herein have given and, as of the date of this Prospectus, not withdrawn their written consent to the reference to their names, addresses and logos and the publication of their statements in this Prospectus and do not, themselves, nor any of their employees on the work team providing services to the Company, or any relatives thereof own any Shares in the Company or have any interest of any kind in the Company or its subsidiaries as of the date of this Prospectus which would impair their independence.

11. Declarations

The Directors declare that:

1. There has been no interruption in the business of the Company or its subsidiaries or affiliates that could have or has had a significant impact on its financial position during the last twelve (12) months.
2. No commissions, discounts, brokerage fees or any non-cash compensation in connection with the issuance or Offering of any securities have been granted by the Company or its Material Subsidiaries or affiliates during the three (3) years immediately preceding the date of application for the registration and offer of the securities subject of this Prospectus.
3. There has been no material adverse change in the business or financial position of the Company or its Material Subsidiaries or affiliates during the three (3) years immediately preceding the date of filing the application for the registration and Offering of the securities subject of this Prospectus or the period covered in the auditor's report as of the approval date of this Prospectus.
4. Except as set out in Section (5.8) ("**Direct and Indirect Interests of the Directors and Executive Management**") and section (12.6) ("**Material Contracts With Related Parties**") of this Prospectus, none of the Directors nor any of their Relatives have shares or interest of any kind in the Company or its Material Subsidiaries or affiliates.
5. Other than as described in Section (2) ("**Risk Factors**") of this Prospectus, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus that may affect Investors' decisions to invest in the Offer Shares.
6. None of the Company or its Material Subsidiaries' Directors, executive management or Board Secretary have been declared bankrupt.
7. No company at which any of the Company and its Material Subsidiaries' Directors, Senior Executives or Board Secretary held an administrative or supervisory position have been declared insolvent within the last five (5) years.
8. Except as disclosed in Table (4.1) ("**Ownership Structure of the Company as of the Date of this Prospectus**"), Section (5.8) ("**Direct and Indirect Interests of the Directors and Executive Management**") and Section (12.6) ("**Material Contracts with Related Parties**") of this Prospectus, none of the Company's Directors, executive management, Board Secretary nor any of their Relatives or affiliates have any direct or indirect interest in the Shares of the Company, its affiliates or Material Subsidiaries or any interest in any other matter that could affect the Company's business.
9. They will comply with Articles (71) and (72) of the Companies Law and Articles (44) and (46) of the Corporate Governance Regulations.
10. The financial information contained in Section (6) ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus is extracted without material change and presented in a manner consistent with the Company's audited consolidated financial statements for the Financial Year ended December 31, 2018G, 2019G and 2020G and the reviewed consolidated financial statements for the nine-month period ended September 30, 2021G with the notes attached thereto, which have been prepared in accordance with the IFRS issued by the International Accounting Standards Board approved in the Kingdom and other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants without any material change thereto and prepared on a consolidated basis.
11. All material facts related to the Company and its Material Subsidiaries and their financial performance have been disclosed herein and there are no other facts the omission of which would make any statement herein misleading.
12. The Company and its Material Subsidiaries do not have any debt instruments as of the date of this Prospectus.
13. The Company and its Material Subsidiaries' balance and cash flows are sufficient to cover its expected cash needs for working capital and capital expenditures for a period of at least twelve (12) months after the date of this Prospectus.
14. The Offering does not violate the relevant laws and regulations in Saudi Arabia.
15. The Offering does not violate any of the contracts to which the Company and its Material Subsidiaries are a party.
16. All material legal information relevant to the Company has been disclosed in this Prospectus.
17. Except as contained in Section (12.11) ("**Litigation and Claims**") of this Prospectus, the Company and its Material Subsidiaries are not subject to any legal claims or actions and investigations that, individually or collectively, may materially affect the business or financial condition of the Company or its Material Subsidiaries. They are not aware of any threatened claims or litigation against the Company or its Material Subsidiaries.
18. The Directors are not subject to any claims or legal procedures that, individually or collectively, may materially affect the business or financial position of the Company or its Material Subsidiaries.
19. Except as mentioned in Section (5.8) ("**Direct and Indirect Interests of the Directors and Executive Management**") and Section (12.6) ("**Material Contracts with Related Parties**") of this Prospectus, the Directors declare that the Company is not involved in any dealings, agreements, commercial relations or real estate deals with another Related Party as of the date of this Prospectus.

20. The Company is capable of preparing the required reports in a timely fashion pursuant to the executive regulations issued by the Authority.
21. All the necessary approvals have been obtained to offer the Company's Shares on the Exchange, and to become a public joint-stock company.
22. Except as disclosed in Section (5.8) ("**Direct and Indirect Interests of the Directors and Executive Management**") and Section (12.6) ("**Material Contracts with Related Parties**") hereof, neither the Directors, Senior Executives, Board Secretary nor any of their Relatives or affiliates have any interest in any existing contracts or arrangements, whether written or oral, or contracts or arrangements under consideration or to be concluded with the Company, Material Subsidiaries or affiliates as of the date hereof.
23. None of the transactions with Related Parties shown in Section (12.6) ("**Material Contracts with Related Parties**") hereof, including the determination of the financial consideration of the contract, contain preferential conditions, and they have been concluded in accordance with laws and regulations on an arm's length basis like those concluded with other third parties pursuant to Article 72 of the Companies Law.
24. Directors will not take part in voting on decisions related to the works and contracts in which they have a direct or indirect interest.
25. As of the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangements involving the employees in the capital of the Company.
26. Except as disclosed in Section (2) ("**Risk Factors**") and Section (6.3) ("**Key Factors Affecting the Results of Operations**") hereof, neither the Company, nor the Material Subsidiaries are aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.
27. Statistical information used in Section (3) ("**Market and Industry Data**") hereof that has been obtained from external sources represents the latest information available from its respective source.
28. The insurance policies of the Company and Material Subsidiaries provide insurance coverage with adequate limits for the Company to engage in its business. The Company renews the insurance policies and contracts regularly to ensure continuous insurance coverage is in place.
29. All contracts and agreements which the Company and Material Subsidiaries consider important or material, or which could influence Investors' decisions to invest in the Offer Shares, have been disclosed, and there are no other material contracts that have not been disclosed.
30. All terms and conditions which could influence Investors' decisions to invest in the Offer Shares have been disclosed.
31. As of the date of this Prospectus, there are no material contracts or transactions with Related Parties that have a major influence on the business of the Company and Material Subsidiaries. Further, neither the Company nor the Material Subsidiaries have any intention to conclude any new agreements with Related Parties, except as disclosed in Section (5.8) ("**Direct and Indirect Interests of Members of the Board and Executive Management**") and Section (12.6) ("**Material Contracts with Related Parties**") hereof.
32. They have procedures, rules and systems in place that enable the Company to fulfil the requirements of the laws, regulations and related instructions, including the Companies Law, the Capital Market Law and its implementing regulations, the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.
33. Except as disclosed in Section (2) ("**Risk Factors**") hereof, all employees of the Company and Material Subsidiaries are under the sponsorship of the Company and Material Subsidiaries.
34. Legal and beneficial ownership, direct and indirect, of the Company's Shares as of the date of this Prospectus inure to the persons whose names appear in Section (12.2.1) ("**Shareholder Structure**") hereof.
35. All increases of the Company's share capital are in line with the laws and regulations applicable in the Kingdom.
36. Except as disclosed in Section (2.2.7) ("**Risks Related to the Permits, Licenses and Approvals Necessary for the Company and its Material Subsidiaries to Carry Out Their Business**") and Section (12.3) ("**Material Licenses**") hereof, the Company and Material Subsidiaries have obtained all main licenses and approvals required to engage in their activities.
37. Except as disclosed in Section (2.1.32) ("**Risks Related to Real Estate**"), Section (12.7) "**Finance Contracts**") and Section (12.8.1) ("**Real Estate Owned by the Company**") hereof, the Directors declare that there is no pledge, mortgage or burden on the assets of the Company and Material Subsidiaries as of the date of this Prospectus.
38. The Company has received the final Zakat assessments from the Zakat, Tax and Customs Authority for all Financial Years since its establishment through the Financial Year ended December 31, 2015G.
39. As of the date of this Prospectus, the Company and Material Subsidiaries do not produce any products.
40. The Company and Material Subsidiaries are in compliance with all terms and conditions under the agreements concluded with the entities extending all loans, facilities and financing.
41. As of the date of this Prospectus, there has been no violation of the contractual terms and conditions under the agreements concluded with the entities that extended all loans, facilities and financing, and the Company complies with all such terms and conditions.
42. All terms and conditions that could influence the decisions of Subscribers to the Company's Shares have been disclosed.
43. Third party information and data included in this Prospectus, including the information derived from the market research conducted by the Market Consultant, is reliable and the Company has no reason to believe that such information is inaccurate.

44. This Prospectus contains all the information to be included under the Rules on the Offer of Securities and Continuing Obligations requirements, and does not omit any other fact that would have any impact on the request to register and offer the securities.
45. All documents required under the Capital Market Law and Rules on the Offer of Securities and Continuing Obligations were and will be submitted to the Authority.
46. The internal control systems and controls have been prepared by the Company on sound bases, and a written policy has been set to regulate conflicts of interest and address potential conflicts of interest, including misuse of the Company's assets and misconduct arising from transactions with Related Parties. Additionally, the Company verified the integrity of the financial and operational systems, and the application of adequate supervisory systems for risk management in accordance with the requirements of Part 5 of the Corporate Governance Regulations. Further, the Directors conduct an annual review of the Company's internal control procedures.
47. The internal control, accounting and IT systems of the Company are sufficient and adequate.
48. Except as disclosed in Section (12.6) ("**Material Contracts with Related Parties**") hereof, there are no conflicts of interest in relation to the Directors regarding the contracts or transactions concluded with the Company.
49. As of the date of this Prospectus, no Director has engaged in any activities similar to or competing with the activities of the Company. The Directors undertake to comply with that legal requirement in the future, and that all transactions with Related Parties in the future shall be on competitive bases pursuant to Article 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.
50. No Director may have a direct or indirect interest in the works and contracts concluded for the Company without permission from the General Assembly.
51. Directors shall inform the Board of their direct or indirect personal interests in the business and contracts performed for the Company, and shall record the same in the minutes of the Board meeting.
52. All transactions entered into by the Company with Related Parties shall be entered into on a commercial basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, and, if required by the Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.
53. The Directors and the CEO do not have the right to vote on decisions relating to their fees and remuneration.
54. The Directors and the CEO do not have the right to vote on contracts or proposals in which they have an interest.
55. The Directors or any Senior Executives may not borrow from the Company or have the Company secure any loan received by any Director. The Board of Directors declares that none of the Shares or capital of the Company or Material Subsidiaries is under option as of the date of this Prospectus.
56. The Board of Directors declares that the Company and Material Subsidiaries do not intend to make any material changes to the activities of the Company or Material Subsidiaries in the future.
57. The Directors affirm that there are no significant fixed assets set to be purchased or leased by the Company and its Material Subsidiaries as of the date of this Prospectus and as of September 30, 2021G.
58. The Directors affirm that the Company does not have any property, including contractual securities or other assets, whose value is subject to fluctuations or is difficult to ascertain, which materially affects the assessment of the financial position.
59. The Directors affirm that there have been no amendments to the share capital of the Company or Material Subsidiaries during the three years immediately preceding the date of filing the request to register and offer the securities subject of this Prospectus.
60. The Directors affirm that there is no reservation in the auditor's report on the financial statements of the Company and the Material Subsidiaries for any of the three years immediately preceding the date of filing the request to register and offer the securities subject of this Prospectus.

The Directors declare:

1. All Board decisions and deliberations shall be recorded in writing in minutes signed by them.
2. The details of any transactions with Related Parties shall be disclosed, in accordance with the requirements of the Companies Law and the Corporate Governance Regulations .
3. The Directors and CEO do not have the power to vote on any contract or proposal in which they have an interest.
4. The Directors and CEO have do not have the power to vote on the remuneration paid thereto.
5. The Directors and Senior Executives do not have the power to borrow from the Company.

12. Legal Information

12.1 Legal Declarations

The Directors declare that:

1. The Offering does not violate the relevant laws and regulations in force in the Kingdom of Saudi Arabia.
2. The Offering does not prejudice any of the contract(s) or agreement(s) to which the Company is a party.
3. All material legal information relevant to the Company has been disclosed in this Prospectus.
4. Except as contained in the 12.11 "**Litigation and Claims**" section of this Prospectus, the Company and its Material Subsidiaries shall not be subject to any legal claims or actions that, individually or collectively, may materially affect the business of the Company or its Material Subsidiaries or their financial condition.
5. The Directors are not subject to any claims or legal procedures that, individually or collectively, may materially affect the business or financial position of the Company or its Material Subsidiaries.

12.2 The Company

Abdullah Al Othaim Investment Company is a Saudi closed joint stock company incorporated pursuant to Ministerial Resolution No. Q/351 dated 10/22/1429H (corresponding to 10/22/2008G), with Commercial Registration No. 1010213454 dated 09/19/1426H (corresponding to 10/22/2005G). As per its Commercial Registration, the Company's Head Office is located in Al-Rawabi District, Eastern Ring Road, Riyadh, with its registered address being at P.O. 28090, Postal Code 11437.

The Company was originally established as a limited liability Company on 19/09/1426H (corresponding to 10/22/2005G) under the name "Othaim Real Estate Investment and Development Company," with a fully paid-up capital of one million Saudi Riyals (SAR 1,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share. On 15/04/1427H (corresponding to 05/13/2006G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to six hundred twenty-two million, five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into six hundred twenty-two thousand, five hundred thirty-five (622,535) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share through capitalization of the Shareholders' current account. On 22/10/1429H (corresponding to 10/22/2008G), the Company was converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. Q/351 dated 22/10/1429H (corresponding to 10/22/2008G) announcing the conversion of the Company. Following conversion, the Company's capital reached six hundred twenty-two million five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) divided into sixty-two million two hundred fifty-three thousand five hundred (62,253,500) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. On 25/08/1437H (corresponding to 06/01/2016G), the Company's Extraordinary General Assembly approved the increase of the Company's capital from six hundred twenty-two million five hundred thirty-five thousand Saudi Riyals (SAR 622,535,000) to one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through capitalization of ninety-one million six hundred fifty-one thousand one hundred seventy-one Saudi Riyals (SAR 91,651,171) from the Company's statutory reserve, and two hundred eighty-five million eight hundred thirteen thousand eight hundred twenty-nine Saudi Riyals (SAR 285,813,829) from the Company's retained earnings account. On 09/07/1439H (corresponding to 03/26/2018G), the Extraordinary General Assembly approved change of the Company's name into "Abdullah Al Othaim Investment Company".

The Company's current capital is one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per share (for further details on the Company's history, please see Section 4.1.2 "**Corporate History and Capital Development**" of this Prospectus).

12.2.1 Shareholder Structure

The following table shows the ownership of Shares and Selling Shareholders of the Company before and after the Offering:

Table No. (12.1): Ownership Structure of the Company's Shares before and after the Offering

Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
Al Othaim Holding Company	60,346,150	603,461,500	60.35%	60,346,150	603,461,500	60.35%
Abdullah Al Othaim Markets Company	13,653,850	136,538,500	13.65%	-	-	-
Abdullah Saleh Ali Al Othaim*	26,000,000	260,000,000	26%	9,653,850	96,538,500	9.65%
Public	-	-	-	30,000,000	300,000,000	30%
Total	**100,000,000**	**1,000,000,000**	**100%**	**100,000,000**	**1,000,000,000**	**100%**

* The direct ownership of Abdullah Saleh Ali Al Othaim of the Company represents 26% of the Company's Shares (prior to the Offering), while his indirect ownership of the Company represents 64.95% (prior to the Offering), resulting from his direct ownership of 100% of the shares of Abdullah Al Othaim Holding Company Co., which holds 60.35% of the Company's Shares, his direct ownership of 6% of Abdullah Al Othaim Markets Company (prior to the Offering), which holds 13.65% of the Company's Shares, and his indirect ownership of 27.33% of Abdullah Al Othaim Markets Company through Al Othaim Holding Company Co. (prior to the Offering).

Source: The Company

12.2.2 Company Branches

The Company has ten (10) registered branches in the Kingdom, consisting of the Company's malls and administrative offices. The following table presents the details of such branches:

Table No. (12.2): Registered Branches of the Company

#	Location	Commercial Registration No.	Date of Issuance of the Commercial Registration Certificate	Date of Expiry of the Commercial Registration Certificate
1	Riyadh - Khurais Mall	1010263310	03/03/1430H (corresponding to 02/28/2009G)	03/03/1445H (corresponding to 09/18/2023G)
2	Riyadh - Al-Rabwah District	1010218374	03/19/1427H (corresponding to 04/17/2006G).	03/19/1446H (corresponding to 09/22/2024G)
3	Riyadh - Eastern Ring Road, Al-Rabwah District	1010263061	02/28/1430H (corresponding to 02/23/2009G)	02/28/1445H (corresponding to 09/13/2023G)
4	Riyadh - Eastern Ring Road, Exit 16	1010289509	06/23/1431H (corresponding to 06/06/2010G).	06/23/1446H (corresponding to 12/24/2024G)
5	Riyadh - Eastern Ring Road, Al-Rabwah District	1010452601	18/10/1439H (corresponding to 07/2/2018G)	10/18/1444H (corresponding to 05/08/2023G).
6	Buraidah - Al-Iskan District, Othman Bin Affan Street	1131026422	05/22/1429H (corresponding to 05/27/2008G).	05/21/1444H (corresponding to 12/15/2022G).
7	Dammam	2050075153	04/11/1432H (corresponding to 03/16/2011G).	04/11/1446H (corresponding to 10/14/2024G)
8	Al-Ahsa	2252038435	02/05/1430H (corresponding to 01/31/2009G).	02/05/1445H (corresponding to 08/21/2023G)
9	Hail - King Saud Street	3350044573	06/10/1438H (corresponding to 03/9/2017G).	06/10/1443H (corresponding to 01/13/2022G)
10	Arar - Prince Majid bin Abdulaziz Street, Al-Jawharah District	3450174266	02/23/1441H (corresponding to 10/22/2019G)	02/23/1446H (corresponding to 08/27/2024G)

Source: The Company

12.2.3 Subsidiaries

A. Material Subsidiaries

For the purpose of measuring the significance of the Company's Subsidiaries, the Company and the Financial Advisor have taken into consideration their impact on the decision to invest in the Company's securities and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities. Accordingly, the Company owns shares in the following Material Subsidiaries:

Table No. (12.3): Material Subsidiaries

#	Name of Subsidiary	Country of Incorporation	Direct and Indirect Shareholding	Remaining Equity Shares
1	Abdullah Al Othaim Entertainment Co.	The Kingdom	100%	-
2	Abdullah Al Othaim Fashion Co.	The Kingdom	100%	-
3	Abdullah Al Othaim Food Co.	The Kingdom	100%	-

Source: The Company

B. Other Subsidiaries

The Company owns shares in a number of subsidiaries and affiliates inside and outside the Kingdom. None of these companies are considered material for the purposes of the Rules on the Offer of Securities and Continuing Obligations, as follows:

Table No. (12.4): Other Subsidiaries and Affiliates

#	Name of Subsidiary	Country of Incorporation	Direct Shareholding	Remaining Equity Shares
1	Asasat Al Nafel Operation and Maintenance Company	The Kingdom	100%	-
2	Abdullah Al Othaim Malls Co.	The Kingdom	100%	-
3	World Seas Investment Company	The Kingdom	100%	-
4	Al Riyadh Alwaed Real Estate Management Company	The Kingdom	100%	-
5	Takamol Al-Aziziya Property Management Company	The Kingdom	100%	-
6	Elham El Mostaqbal Real Estate Management Company	The Kingdom	100%	-
7	Gulf Jewel Real Estate Management Company	The Kingdom	100%	-
8	Saudi Pillar for Construction Company*	The Kingdom	70%	20% for Youssef Abdullah Al Hassoun 10% for Sultan Abdullah Al Shelash
9	Wamda Cinemas Company	The Kingdom	55%	45% for Bright Minds For Education
10	Faby Land Entertainment	UAE	-	99% for Fun World Investment Co. 1% for Abdullah Al Othaim Entertainment Co.
11	Fun Extreme Limited	UAE	-	100% for Fun World Investment
12	Fun World Investment	UAE	-	100% (99% for Abdullah Al Othaim Entertainment Co. and 1% for Abdullah Al Othaim Food Co.)
13	Fun Faby Entertainment	UAE	-	100% for Fun World Investment
14	Fab City Entertainment	UAE	-	100% for Fun World Investment
15	Fab World Entertainment	UAE	-	100% for Fun World Investment

#	Name of Subsidiary	Country of Incorporation	Direct Shareholding	Remaining Equity Shares
16	Fab Zone Investment	UAE	-	100% for Fun World Investment
17	Abdullah Al Othaim Holding Company	Bahrain	100%	
18	Fun World Entertainment	Oman	-	99% Abdullah Al Othaim Entertainment Co. 1% Abdullah Al Othaim Food Co.
19	Abdullah Al Othaim Entertainment Co.	Oman	-	99% Abdullah Al Othaim Entertainment Co. 1% Asasat Al Nafl Company for Operation and Maintenance
20	Fun World Entertainment**	Qatar	-	100% for Fahd Abdullah Saleh Al Othaim*
21	Orion Holding Company Limited	British Islands	100%	-
22	International Leisure Limited	British Islands	-	100% Abdullah Al Othaim Entertainment Co.
23	Euro Leisure World Company	British Islands	-	100% for International Leisure
24	World of Entertainment Company	British Islands	-	100% for International Leisure
25	World of Leisure Company	British Islands	-	100% for International Leisure
26	Cairo for Operation and Maintenance	Egypt	1%	99% Abdullah Al Othaim Entertainment Co.
27	Fun World for Entertainment & Tourism	Egypt	1%	99% Abdullah Al Othaim Entertainment Co.

* The Company does not have control over the administrative and operational decisions of Saudi Pillar for Construction Company and Wamda Cinemas Company, which are investees. Therefore, they are classified as associates and not subsidiaries in the Company's financial statements.

** This Company is registered in the name of Fahad Abdullah Saleh Al Othaim, but he owns it on behalf of the Company in accordance with an agreement concluded with the Company on 15/06/1437H (corresponding to 03/24/2016G) due to the restrictions which were imposed on the registration of corporate ownership for foreign companies in the State of Qatar, and Abdullah Al Othaim Entertainment Co. is working on transferring its ownership.

Source: The Company

12.3 Material Licenses

12.3.1 Ministry of Municipal and Rural Affairs and Housing Licenses

A. The Company

As of the date of this Prospectus, the Company has obtained commercial licenses for one mall, Al Othaim Mall - Hail. However, it has not obtained commercial licenses for eight (8) malls, as the concerned municipalities in the cities in which these malls are located do not issue licenses for malls. They only issue commercial licenses for retail spaces located within the malls. As for Dar Al Waha Mall, a valid municipal license was issued for it, but it is in the name of the previous owner, noting that ownership of the mall was transferred to the Company on 28/05/1443H (corresponding to 01/01/2022G). The Company is currently working to transfer the license to the Company's name. It should be noted that the building permits issued by the Ministry of Municipal and Rural Affairs and Housing for Al Othaim Mall - Al-Khafji and Al Othaim Mall - Hafr Al-Batin have expired, while noting that the construction works remain in progress, but in practice, building permits are not renewed upon their expiry. The following is a summary of the licenses issued by the Ministry of Municipal and Rural Affairs and Housing to the Company in the Kingdom:

Table No. (12.5): List of licenses issued by the Ministry of Municipal and Rural Affairs and Housing to the Company

#	Type of License	Purpose	License No.	Date of Issue	Expiration Date	Issued by
1	Commercial Activity License	Administrative offices in Al-Naseem District	40031766657	Unspecified	17/03/1446H (corresponding to 09/20/2024G)	Riyadh Municipality
2	Commercial Activity License*	Children's toys warehouse	41063425428	Unspecified	13/07/1445H (corresponding to 01/25/2024G).	Riyadh Municipality
3	Commercial Activity License	Offices	41073454467	Unspecified	08/07/1446H (corresponding to 01/08/2025G)	Riyadh Municipality
4	Commercial Activity License	Administrative offices in Al-Rabwah District	40021749843	Unspecified	20/03/1442H (corresponding to 10/26/2026G)	Riyadh Municipality
5	Commercial Activity License	Commercial license for Al Othaim Mall - Hail	40011644888	26/04/1441H (corresponding to 12/23/2019G)	09/02/1447H (corresponding to 08/03/2025G).	Hail Municipality
6	Commercial Activity License	Administrative offices on Abdullah Fouad Street	42105655753	Unspecified	12/11/1447H (corresponding to 04/29/2026G).	Dammam Municipality
7	Commercial Activity License	Administrative offices in Al-Mubarakiya District	42105659502	Unspecified	21/11/1447G (corresponding to 05/08/2026G)	Arar Municipality
8	Commercial Activity License	Residential buildings in Al-Montazah District	42105659514	Unspecified	21/11/1447G (corresponding to 05/08/2026G)	Unaizah Municipality
9	Commercial Activity License	Administrative offices in Al-Bustan District	3909479875	Unspecified	16/03/1444H (corresponding to 01/03/2022G).	Al-Ahsa Municipality
10	Commercial Activity License	Administrative offices in Al-Rabwah District	43016083562	Unspecified	23/01/1448H (corresponding to 07/08/2026G).	Riyadh Municipality
11	Commercial Activity License	Administrative offices in Al-Iskan District	43016083493	Unspecified	23/01/1448H (corresponding to 07/08/2026G).	Qassim Municipality
12	Group Housing for Individuals License	Residential building in Al-Saada District	43036472919	07/03/1443H (corresponding to 10/13/2021G)	07/03/1444H (corresponding to 10/03/2022G)	Riyadh Municipality

#	Type of License	Purpose	License No.	Date of Issue	Expiration Date	Issued by
13	Commercial Activity License**	Dar Al Waha Mall	3909335549	Unspecified	16/11/1443H (corresponding to 06/15/2022G)	Al-Rass Municipality

* This license is issued in the Company's name for the warehouse rented by the Company, but the warehouse is used by Abdullah Al Othaim Entertainment Co.

** This license was issued in the name of the old owner, and the Company is currently working to transfer it to the Company's name.

Source: The Company

B. Abdullah Al Othaim Entertainment Co.

Abdullah Al Othaim Entertainment Co. obtained the necessary essential licenses from the Ministry of Municipal and Rural Affairs and Housing that enable it to carry out all its business except for its branches located in Al Othaim Mall - Al-Khafji, because construction on Al Othaim Mall - Al-Khafji remains in progress as of the date of this Prospectus. The related licenses will be obtained immediately upon completion of construction. The following is a summary of the licenses issued by the Ministry of Municipal and Rural Affairs and Housing to Abdullah Al Othaim Entertainment Co. in the Kingdom:

Table No. (12.6): List of licenses issued by the Ministry of Municipal and Rural Affairs and Housing to Abdullah Al Othaim Entertainment Co.

#	Type of License	Purpose	License No.	Date of Issue	Expiration Date	Issued by
1	Commercial Activity License	Administrative office	40042004419	Unspecified	03/09/1443H (corresponding to 04/04/2022G)	Riyadh Municipality
2	Commercial Activity License	Saffori Land	40102434968	07/09/1440H (corresponding to 05/12/2019G)	07/09/1445H (corresponding to 03/17/2024G).	Riyadh Municipality
3	Commercial Activity License	My Town	4004203864	Unspecified	20/03/1444H (corresponding to 10/16/2022G)	Riyadh Municipality
4	Commercial Activity License	Snow City	40102425880	14/06/1441H (corresponding to 02/08/2020G)	14/06/1446H (corresponding to 12/15/2024G)	Riyadh Municipality
5	Commercial Activity License	Saffori Land	40102415709	22/08/1440H (corresponding to 04/27/2019G)	22/08/1444H (corresponding to 03/14/2023G).	Riyadh Municipality
6	Commercial Activity License	Entertainment center	40102432223	23/12/1440H (corresponding to 08/24/2019G)	23/12/1445H (corresponding to 06/29/2024G).	Riyadh Municipality
7	Commercial Activity License	Warehouse (owned by Abdullah Al-Fawzan)	40042005467	16/07/1441H (corresponding to 03/11/2020G)	16/07/1444H (corresponding to 02/07/2023G).	Riyadh Municipality
8	Commercial Activity License	Warehouse (owned by Abdullah Al-Fawzan)	40042005480	15/07/1441H (corresponding to 03/10/2020G)	15/07/1444H (corresponding to 02/6/2023G).	Riyadh Municipality
9	Commercial Activity License	Saffori Land	40102432769	Unspecified	09/09/1443H (corresponding to 04/10/2022G)	Riyadh Municipality
10	Professional License	Saffori Land	3909347448	25/07/1440H (corresponding to 04/01/2019G)	26/01/1444H (corresponding to 08/24/2022G).	Buraidah Municipality
11	Store License	Saffori Land	40102475496	Unspecified	26/07/1443H (corresponding to 02/27/2022G)	Unaizah Municipality

#	Type of License	Purpose	License No.	Date of Issue	Expiration Date	Issued by
12	Professional License	Saffori Land	3909116567	06/07/1440H (corresponding to 03/13/2019G)	18/07/1443H (corresponding to 02/19/2022G)	Dammam Municipality
13	Commercial Activity License	Entertainment center	3909115461	21/07/1440H (corresponding to 03/28/2019G)	12/08/1443H (corresponding to 03/15/2022G)	Dammam Municipality
14	Professional License	Entertainment center	41042624651	08/04/1441H (corresponding to 12/05/2019G)	07/04/1444H (corresponding to 11/01/2022G)	Dammam Municipality
15	Professional License	Entertainment center	3909474986	02/02/1441H (corresponding to 10/01/2019G)	15/03/1444H (corresponding to 10/01/2022G)	Al-Ahsa Municipality
16	Commercial Activity License	Action Zone	3909474985	17/01/1441H (corresponding to 09/16/2019G)	03/05/1444H (corresponding to 10/01/2022G)	Al-Ahsa Municipality
17	Professional License	Entertainment center	390952679	Unspecified	13/10/1444H (corresponding to 05/03/2023G).	Arar Municipality
18	Professional License	Faby Land	39066168	Unspecified	06/06/1443H (corresponding to 01/09/2022G)	Aseer Municipality
19	Commercial Activity License	Entertainment center	40011644101	Unspecified	10/02/1444H (corresponding to 09/06/2022G).	Hail Municipality
20	Professional License	Entertainment center	40031963326	Unspecified	26/03/1444H (corresponding to 10/22/2022G).	Tabuk Municipality

Source: The Company

C. Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. obtained the necessary essential licenses from the Ministry of Municipal and Rural Affairs and Housing that enable it to carry out all its business. The following is a summary of the licenses issued by the Ministry of Municipal and Rural Affairs and Housing to Abdullah Al Othaim Fashion Co. in the Kingdom:

Table No. (12.7): List of licenses issued by the Ministry of Municipal and Rural Affairs and Housing to Abdullah Al Othaim Fashion Co.

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
1	Commercial Activity License	Operating import and export offices	40102425594	Unspecified	05/09/1444H (corresponding to 03/27/2023G).	Riyadh Municipality
2	Commercial Activity License	General warehouses for various goods	40031910786	29/05/1441H (corresponding to 01/24/2020G)	29/05/1444H (corresponding to 12/23/2022G).	Riyadh Municipality
3	Commercial Activity License	General warehouses for various goods	40031911547	13/06/1441H (corresponding to 02/07/2020G)	13/06/1444H (corresponding to 01/06/2023G).	Riyadh Municipality
4	Commercial Activity License	Operating a clothing store under the name "OVS"	40031768925	Unspecified	04/09/1444H (corresponding to 03/26/2023G).	Riyadh Municipality
5	Commercial Activity License	Operating a retail clothing store under the name "Kiabi"	40102415505	Unspecified	28/07/1444H (corresponding to 02/19/2023G).	Riyadh Municipality

Table of Contents

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
6	Commercial Activity License	Operating a women's wear store under the name "Tally Weijl"	40031850610	Unspecified	06/02/1444H (corresponding to 09/02/2022G).	Riyadh Municipality
7	Commercial Activity License	Operating a women's wear store under the name "Tally Weijl"	40031847385	Unspecified	22/09/1444H (corresponding to 04/13/2023G).	Riyadh Municipality
8	Commercial Activity License	Operating a retail clothing store under the name "OVS"	40031847599	Unspecified	14/10/1444H (corresponding to 05/04/2023G).	Riyadh Municipality
9	Commercial Activity License	Operating a retail clothing store under the name "OVS"	40092180180	Unspecified	23/01/1444H (corresponding to 08/21/2022G).	Riyadh Municipality
10	Commercial Activity License	Operating a retail clothing store under the name "OVS"	40031864584	Unspecified	26/06/1445H (corresponding to 08/01/2024G).	Riyadh Municipality
11	Commercial Activity License	Operating a retail clothing store under the name "Kiabi"	40102421587	Unspecified	25/05/1444H (corresponding to 12/19/2022G)	Riyadh Municipality
12	Commercial Activity License	Operating a retail clothing store under the name "Kiabi"	40031882648	Unspecified	08/05/1446H (corresponding to 11/10/2024G)	Riyadh Municipality
13	Commercial Activity License	Operating a women's wear store under the name "Tally Weijl"	3909365233	08/09/1440H (corresponding to 05/13/2019G)	28/10/1443H (corresponding to 05/29/2022G)	Buraidah Municipality
14	Commercial Activity License	Operating a women's wear store under the name "Parfois"	39121532477	Unspecified	13/03/1444H (corresponding to 10/09/2022G)	Buraidah Municipality
15	Commercial Activity License	Operating a retail men's wear store	390991435	23/10/1440H (corresponding to 06/26/2019G)	01/12/1443H (corresponding to 06/30/2022G)	Buraidah Municipality
16	Commercial Activity License	Operating a retail clothing and footwear store under the name "OVS"	39111508458	23/10/1440H (corresponding to 06/26/2019G)	29/11/1443H (corresponding to 06/28/2022G)	Buraidah Municipality
17	Commercial Activity License	Operating a retail accessories store under the name "OVS"	3909619428	Unspecified	14/08/1444H (corresponding to 03/06/2023G).	Buraidah Municipality
18	Commercial Activity License	Operating a clothing store under the name "Tally Weijl"	40052024430	Unspecified	26/06/1444H (corresponding to 01/19/2023G).	Unaizah Municipality
19	Commercial Activity License	Operating a clothing store under the name "OVS"	40052028310	Unspecified	26/06/1444H (corresponding to 01/19/2023G).	Unaizah Municipality
20	Commercial Activity License	Operating a retail children's wear store under the name "Kiabi"	40031781303	09/01/1441H (corresponding to 08/09/2019G)	02/03/1450H (corresponding to 07/24/2028G).	Unaizah Municipality
21	Commercial Activity License	Operating a retail women's wear store under the name "Kiabi"	40112506458	28/12/1440H (corresponding to 08/29/2019G)	06/02/1441H (corresponding to 09/02/2022G)	Dhahran Municipality
22	Commercial Activity License	Operating a retail women's wear store under the name "OVS"	40122536230	02/03/1441H (corresponding to 10/30/2019G)	18/04/1444H (corresponding to 11/12/2022G).	Dhahran Municipality
23	Commercial Activity License	Operating a clothing store under the name "OVS"	43016023737	Unspecified	17/01/1446H (corresponding to 07/23/2024G)	Dammam Municipality

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
24	Commercial Activity License	Operating a retail clothing store under the name "Tally Weijl"	40112509381	01/09/1441H (corresponding to 09/08/2019G)	28/02/1444H (corresponding to 09/24/2022G).	Dammam Municipality
25	Commercial Activity License	Operating a clothing store under the name "Kiabi"	40112509202	Unspecified	02/02/1444H (corresponding to 08/29/2022G).	Dammam Municipality
26	Commercial Activity License	Operating a clothing store under the name "OVS"	40112505411	Unspecified	02/11/1444H (corresponding to 05/22/2023G).	Dammam Municipality
27	Commercial Activity License	Operating clothing store under the name "Tally Weijl"	3909482349	06/16/1438H (corresponding to 03/15/2017G).	15/06/1444H (corresponding to 01/08/2023G).	Al-Ahsa Municipality
28	Commercial Activity License	Operating a clothing store under the name "OVS"	3909477089	10/08/1440H (corresponding to 06/11/2019G)	05/11/1443H (corresponding to 06/04/2022G)	Al-Ahsa Municipality
29	Commercial Activity License	Operating a children, women and men's wear under the name "Kiabi"	43026449802	Unspecified	05/03/1446H (corresponding to 09/08/2024G)	Jeddah Municipality
30	Commercial Activity License	Operating a children, women and men's wear under the name "Kiabi"	39111446949	11/01/1441H (corresponding to 09/10/2019G)	24/02/1444H (corresponding to 09/20/2022G).	Jeddah Municipality
31	Commercial Activity License	Operating a retail men's wear store under the name "OVS"	40052037439	04/04/1441H (corresponding to 12/01/2019G)	17/05/1444H (corresponding to 12/10/2022G).	Jeddah Municipality
32	License to open a store	Operating a clothing store under the name "Parfois"	39111323156	Unspecified	25/10/1445H (corresponding to 05/04/2024G).	Jeddah Municipality
33	License to open a store	Operating a retail men's wear store under the name "OVS"	40082100288	Unspecified	28/07/1444H (corresponding to 02/19/2023G).	Jeddah Municipality
34	License to open a store	Operating a retail men's wear store under the name "Kiabi"	40052027774	30/03/1441H (corresponding to 11/27/2019G)	08/05/1446H (corresponding to 11/10/2024G)	Jeddah Municipality
35	Commercial Activity License	Operating a retail children's wear store under the name "OVS"	40062042765	08/04/1441H (corresponding to 12/05/2019G)	02/06/1446H (corresponding to 12/03/2024G)	Makkah Municipality
36	Commercial Activity License	Operating a retail clothing store under the name "OVS"	3909664633	Unspecified	20/09/1444H (corresponding to 04/11/2023G).	Hail Municipality
37	Commercial Activity License	Operating a retail children's wear store under the name "OVS"	39042836	11/05/1441H (corresponding to 01/06/2020G)	14/04/1445H (corresponding to 10/29/2023G)	Aseer Municipality
38	Commercial Activity License	Operating a retail children's wear store under the name "OVS"	40052024549	Unspecified	08/05/1444H (corresponding to 12/02/2022G).	Aseer Municipality
39	Commercial Activity License	Operating a retail women's wear store under the name "Tally Weijl"	40052032184	04/04/1441H (corresponding to 12/01/2019G)	17/05/1444H (corresponding to 12/11/2022G).	Aseer Municipality
40	Commercial Activity License	Operating a retail accessories store under the name "Parfois"	40052032185	04/04/1441H (corresponding to 12/01/2019G)	17/05/1444H (corresponding to 12/11/2022G).	Aseer Municipality

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
41	Commercial Activity License	Operating a clothing store under the name "Kiabi"	40052030880	06/04/1441H (corresponding to 12/03/2019G)	16/05/1444H (corresponding to 12/10/2022G).	Aseer Municipality

Source: The Company

D. Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. obtained the necessary essential licenses from the Ministry of Municipal and Rural Affairs and Housing that enable it to carry out all its business, except for five (5) licenses for its branches located in Al Othaim Mall - Al-Khafji and Al Othaim Mall - Hafr Al-Batin, because construction there remains in progress as of the date of this Prospectus. Accordingly, the related licenses will be obtained immediately upon the completion of construction. As of the date of this Prospectus, Abdullah Al Othaim Food Co. is working to obtain a license issued by the Ministry of Municipal and Rural Affairs and Housing for its two warehouses in the city of Riyadh. The following is a summary of the licenses issued by the Ministry of Municipal and Rural Affairs and Housing to Abdullah Al Othaim Food Co. in the Kingdom:

Table No. (12.8): List of licenses issued by the Ministry of Municipal and Rural Affairs and Housing to Abdullah Al Othaim Food Co.

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
1	Commercial Activity License	Dallah Café	40031914806	Unspecified	28/07/1446H (corresponding to 01/28/2025G).	Riyadh Municipality
2	Commercial Activity License	Roti Mum	3802116	28/11/1440H (corresponding to 07/31/2019G)	28/11/1445H (corresponding to 06/05/2024G).	Riyadh Municipality
3	Commercial Activity License	Kabablaky	40031883063	Unspecified	16/05/1446H (corresponding to 11/18/2024G)	Riyadh Municipality
4	Commercial Activity License	Oliver Brown Chocolate Café	3801398	20/09/1440H (corresponding to 05/25/2019G)	20/09/1445H (corresponding to 03/30/2024G).	Riyadh Municipality
5	Commercial Activity License	Moka and More Café	40031866771	Unspecified	05/06/1446H (corresponding to 12/06/2024G)	Riyadh Municipality
6	Commercial Activity License	Roti Mum	401024772296	Unspecified	20/10/1444H (corresponding to 05/10/2023G).	Riyadh Municipality
7	Commercial Activity License	Commercial office, administrative services	40102433547	Unspecified	21/08/1446H (corresponding to 02/20/2025G).	Riyadh Municipality
8	Municipality License	Warehouse owned by Abdullah Al Othaim Food Co.	3801497	25/11/1440H (corresponding to 07/28/2019G)	25/11/1445H (corresponding to 06/02/2024G).	Riyadh Municipality
9	Municipality License	Just Orange	41073451740	Unspecified	08/07/1446H (corresponding to 01/08/2025G)	Riyadh Municipality
10	Commercial Activity License	Oliver Brown Chocolate Café	40011676660	17/01/1441H (corresponding to 09/16/2019G)	25/01/1446H (corresponding to 07/31/2024G)	Hail Municipality
11	Commercial Activity License	Dallah Café	40011644233	18/02/1441H (corresponding to 10/17/2019G)	22/03/1446H (corresponding to 09/25/2024G)	Hail Municipality
12	Commercial Activity License	Just Orange	40011643158	Unspecified	24/05/1447H (corresponding to 11/15/2025G).	Hail Municipality

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
13	Commercial Activity License	Kabablaky	40011643583	25/01/1441H (corresponding to 09/24/2019G)	22/03/1446H (corresponding to 09/25/2024G)	Hail Municipality
14	Commercial Activity License	Moka and More Café	40011644416	25/01/1441H (corresponding to 09/24/2019G)	22/03/1446H (corresponding to 09/25/2024G)	Hail Municipality
15	Professional License	Moka and More Café	40112509391	04/01/1441H (corresponding to 09/03/2019G)	09/01/1446H (corresponding to 07/15/2024G)	Dammam Municipality
16	Professional License	Oliver Brown Chocolate Café	40072068373	06/07/1440H (corresponding to 03/13/2019G)	28/07/1446H (corresponding to 01/28/2025G).	Dammam Municipality
17	License to open a store	Kabablaky	41022588737	Unspecified	15/08/1446H (corresponding to 02/14/2025G).	Unaizah Municipality
18	Commercial Activity License	Roti Mum	41103571891	Unspecified	23/01/1447H (corresponding to 07/18/2025G).	Unaizah Municipality
19	Professional License	Moka and More Café	41022588728	16/03/1441H (corresponding to 11/13/2019G)	18/09/1446H (corresponding to 03/18/2025G).	Unaizah Municipality
20	Professional License	Moka and More Café	41063416187	Unspecified	15/10/1446H (corresponding to 04/13/2025G)	Buraidah Municipality
21	Professional License	Dallah Café	41063416510	Unspecified	15/10/1446H (corresponding to 04/13/2025G)	Buraidah Municipality
22	Professional License	Kabablaky	390953356	19/11/1440H (corresponding to 07/22/2019G)	09/10/1446H (corresponding to 04/07/2025G).	Arar Municipality
23	Professional License	Roti Mum	390949956	01/02/1441H (corresponding to 09/30/2019G)	21/03/1446H (corresponding to 09/24/2024G)	Arar Municipality
24	Professional License	Restaurants	390953155	28/12/1440H (corresponding to 08/29/2019G)	09/10/1444H (corresponding to 04/29/2023G).	Arar Municipality
25	Professional License	Dallah Café	390949753	03/02/1441H (corresponding to 10/02/2019G)	29/03/1446H (corresponding to 10/02/2024G)	Arar Municipality
26	Professional License	Oliver Brown Chocolate Café	40062065428	01/06/1441H (corresponding to 01/26/2020G)	01/07/1446H (corresponding to 01/01/2025G)	Arar Municipality
27	Professional License	Moka and More Café	390953219	19/11/1440H (corresponding to 07/22/2019G)	25/12/1445H (corresponding to 07/01/2024G).	Arar Municipality
28	Professional License	Dallah Café	3909464913	25/01/1441H (corresponding to 09/24/2019G)	22/10/1446H (corresponding to 04/20/2025G)	Al-Ahsa Municipality
29	Professional License	Kabablaky	3909481156	01/02/1441H (corresponding to 09/30/2019G)	17/01/1447H (corresponding to 07/12/2025G).	Al-Ahsa Municipality
30	Professional License	Moka and More Café	3909444924	25/01/1441H (corresponding to 09/24/2019G)	24/12/1446H (corresponding to 06/20/2025G)	Al-Ahsa Municipality
31	Professional License	Oliver Brown Chocolate Café	42013867771	Unspecified	05/02/1447H (corresponding to 07/30/2025G).	Al-Ahsa Municipality

Source: The Company

12.3.2 Other Licenses Issued to the Company

The Company has obtained a Saudization certificate from the Ministry of Human Resources and Social Development, wherein the Ministry certifies that the Company achieves the required Saudization. percentages. The Company also obtained membership as a certified real estate broker in the Ministry of Municipal and Rural Affairs and Housing's online network for rental services, Ejar, which enables the company to register commercial lease contracts with it. The following is a summary of the Saudization certificate issued by the Ministry of Human Resources and Social Development and membership certificate issued by the Ministry of Municipal and Rural Affairs and Housing:

Table No. (12.9): List of other licenses issued to the Company

#	Type of License	Purpose	License No.	Date of Issue	End Date	Issued by
1	Membership Certificate	Membership in Ejar as an approved real estate broker	EJAR_54808236	30/08/1440H (corresponding to 05/05/2019G)	07/06/1443H (corresponding to 12/31/2021G).	The Ministry of Municipal and Rural Affairs and Housing
2	Saudization Certificate	Achievement of the required Saudization percentages	20002110001030	26/02/1443H (corresponding to 03/10/2021G)	30/05/1443H (corresponding to 01/03/2022G)	MHRSD

* The Saudization certificate has expired and a renewal is being issued.

Source: The Company

12.3.3 Other Licenses Issued to Material Subsidiaries

The Material Subsidiaries have obtained Saudization certificates from the Ministry of Human Resources and Social Development, wherein the Ministry certifies that the Material Subsidiaries achieve the required Saudization percentages. Following is a summary of the Saudization certificates issued to the Material Subsidiaries:

Table No. (12.10): List of Other Licenses Issued to the Material Subsidiaries

#	Type of License	Company Issued to	Purpose	License No.	Date of Issue	End Date	Issued by
1	Saudization certificate *	Abdullah Al Othaim Entertainment Co.	Achievement of the required Saudization percentages	20002106004696	12/11/1442H (corresponding to 05/24/2021G)	15/02/1443H (corresponding to 09/22/2021G)	The Ministry of Municipal and Rural Affairs and Housing
2	Saudization certificate *	Abdullah Al Othaim Fashion Co.	Achievement of the required Saudization percentages	20002106006640	18/11/1442H (corresponding to 05/11/2021G)	21/02/1443H (corresponding to 09/28/2021G)	MHRSD
3	Saudization certificate *	Abdullah Al Othaim Food Co.	Achievement of the required Saudization percentages	20002105003427	19/10/1442H (corresponding to 05/31/2021G)	23/01/1443H (corresponding to 08/21/2021G)	MHRSD

* The Saudization certificate has expired and a renewal is being issued.

Source: The Company

12.4 Summary of the Company's Bylaws

12.4.1 Objects, Term, and Head Office of the Company

A. The Objects of the Company

The Company shall carry out and implement the following Objects:

Construction and demolition of buildings, arts, entertainment, leisure and amusement park activities, funfairs, other unclassified amusement and entertainment activities in another location, sports club activities and real estate activities, real estate activities in owned or leased properties and real estate activities for a fee or under contracts. Accommodation and meal service activities, restaurant activities, food delivery services, catering meal services for events and other food and beverages services activities. Administrative and support services, general building cleaning, integrated facilities support activities, other building cleaning and industrial cleaning activities, rental of machinery and other equipment and real goods. Information and communications, film, video and television as well as technical programs production activities, and motion picture production activities. Wholesale, retail sale, repair of motor vehicles and motorcycles, wholesale of other household goods, retail sale of sporting goods at specialized stores, wholesale for a fee or on contract basis, wholesale of food, beverages and tobacco, wholesale of textiles, apparel and footwear, other types of retail sale at non-specialized stores, retail sale of beverages at specialized stores, wholesale, retail sale and maintenance of computers and electronic and wireless devices, retail sale of audio and visual equipment at specialized stores, retail sale of textiles at stores, retail sale of metal ware, paint and glass at specialized stores, retail sale of clothing, footwear and leather goods at specialized stores, retail sale and transportation of other new goods at specialized stores, retail sale of textiles, clothing and footwear in stalls and markets, retail sale of other goods in stalls and markets, wholesale of computers, peripheral equipment and software, retail sale of household electrical appliances, furniture, lighting equipment and other household items at specialized stores, electrical and electronic works, delivery via applications and electronic platforms and retail by mail order or via the Internet through order fulfilment firms. Manufacturing industries, manufacture of clothing excluding fur garments, investment activities, opening and managing investment funds/portfolios, buying and selling shares in Tadawul.

The Company shall carry out its activities in accordance with the applicable laws after obtaining the necessary licenses from the competent authorities, if any.

B. The Term of the Company

The term of the Company shall be ninety-nine (99) calendar years starting as of the date on which the Ministerial Decision declaring its conversion is issued. The term of the Company may always be extended by a decision issued by the Extraordinary General Assembly at least one year before the expiry of its term.

C. The Company's Head Office

The Head office of the Company shall be located in the city of Riyadh, the Kingdom of Saudi Arabia. The Board of Directors may establish branches, offices or agencies inside and outside the Kingdom. The Head Office of the Company may not be relocated to another city except by a decision of the Extraordinary General Assembly, pursuant to the Board of Director's proposal and subject to the approval of the official authorities.

D. Participation in and Ownership of Companies

The Company may establish companies on its own (limited liability or closed joint stock companies), provided that the capital is not less than five million Saudi Riyals (SAR 5,000,000). It may also hold stocks and shares in other existing companies or merge with them. It shall have the right to participate with third parties in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the applicable laws and regulations in this regard. It may also dispose of stocks or shares, provided that this does not include trading-related brokerage activities.

12.4.2 The Company's Administrative and Supervisory Affairs and its Supervisory Committees

A. Formation of the Board of Directors

The Company shall be managed by a Board of Directors consisting of six (6) members appointed by the Ordinary General Assembly for a period not exceeding three (3) years through cumulative voting. The first Board of Directors' membership term shall start as of the date on which the Ministerial Decision declaring its conversion is issued. Each Shareholder shall have the right to nominate himself or one or more other persons for membership in the Board of Directors within the limits of their ownership percentage of the Company's capital.

B. Expiry of the Membership in the Board of Directors

Membership in the Board of Directors shall end upon the expiry of its term, the resignation of a Director, or if a Director becomes ineligible for membership in the Board in accordance with any law or regulations applicable in the Kingdom, or is convicted of a crime involving breach of honor and trust, is declared bankrupt or makes arrangements or reconciliation with his creditors. However, the General Assembly may at any time remove all or some of the Directors, without prejudice to the removed Director's right to claim compensation from the Company if the removal is for an unacceptable reason or occurs at inappropriate time. The Director may resign from his position provided that such resignation takes place at an appropriate time, otherwise he shall be held liable by the Company for the damage resulting from his retirement. If a position of one of the Directors becomes vacant, the Board of Directors may temporarily appoint another Director, provided that he has the necessary experience and competence, and the competent authority shall be so notified within (5) Business Days of the date of appointment. Such appointment shall be presented to the General Assembly in its meeting following the appointment, and the new Director shall complete the term of his predecessor. If the number of Directors falls below the quorum necessary for meetings to be valid, the existing remaining Directors shall call the General Assembly within sixty (60) days to elect the necessary number of Directors.

C. Conflict of Interests

A Director of the Board may not have any direct or indirect interest in the business and contracts which are made for the Company's account without obtaining the approval of the Ordinary General Assembly in accordance with the controls set by the competent authorities, provided that the provisions contained in Articles 71 and 72 of the Companies Law and any amendments thereto are applied.

D. Powers of the Board

Without prejudice to the powers of the General Assembly, the Board of Directors shall have the widest powers in managing the Company, drawing up its policies, determining its investments, supervising its business and funds and managing its affairs inside and outside the Kingdom. It shall, for example, have the right to sell, purchase, and mortgage the Company's assets, to perform conveyance and accept the same, to get and deliver, rent, lease, receive and pay, to open all types of accounts, current or investment, and letters of credit, to withdraw from and deposit with banks, to issue bank guarantees and sign all papers, documents, checks and all banking transactions. It shall also have the right to recruit and remove employees and workers, to request visas and outsource manpower from outside the Kingdom, to contract with them and determine their salaries, to obtain residency permits and to transfer and assign sponsorships. It may establish and open company branches, offices or agencies inside or outside the Kingdom of Saudi Arabia, appoint managers for the branches, and determine their activities. The Board may, within the limits of its competence, entrust one or more of its members or a third party to carry out certain work.

However, with regard to the sale of the Company's real estate properties, the Board of Directors minutes shall include the grounds for its resolution to dispose of the property, taking into account that the Board of Directors shall specify in the sale decision the relevant reasons and justifications. The sale shall be at a price close to the standard price. The sale shall be on the spot except in cases estimated by the Board of Directors and with sufficient guarantees. Such disposal shall not result in suspension of some of the Company's activities or burdening the Company with other obligations.

The Board of Directors may also conclude loans agreements with the governmental financing funds and institutions whatever their term. It may also conclude agreements of commercial loans that have terms not exceeding the Company's Term. The Board may apply for facilities and loans of all kinds from commercial and Islamic banks, whatever their value or term, sign warranties, request issuance of guarantees, open letters of credit on behalf of the Company, sign facilities, contracts, and documents, and sign, endorse and receive promissory notes, provided that the terms of the loan and guarantees provided for commercial loans do not cause harm to the Company, its Shareholders, and general guarantees to creditors. The Board of Directors may, in cases it deems fit, release the Company's debtors of their obligations in a manner which serves the Company's interest.

The Board of Directors may authorize and delegate any powers to the Chairman and/or Vice Chairman of the Board of Directors and grant him the right to delegate and remove a third party. It may also revoke the authorization or delegation in whole or in part in a manner consistent with the relevant laws and regulations.

E. Remuneration of the Board of Directors

The remuneration of the Directors shall consist of a specific amount, session attendance allowance, expenses allowance or in-kind benefits as determined by the Board subject to the applicable laws, resolutions and regulations issued by the competent authorities and in force in the Kingdom. Two or more items may be combined, provided that the remuneration does not exceed the amount stipulated by the laws issued by the competent authorities. The report submitted by the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all salaries, share in profits, attendance allowance, expenses allowance and other benefits received by the Directors of the Board during a given Financial Year. The said report shall also include a statement of the remuneration received by the Directors of the Board in their capacity as employees or administrative officers or in consideration of technical, administrative or advisory work they carry out for the Company.

F. Powers of the Chairman, Vice Chairman, Managing Director and Secretary of the Board of Directors

The Board of Directors shall appoint from among its members a Chairman and a Vice Chairman. It may appoint a Managing Director. It is not permissible to hold the position of the Chairman of the Board of Directors along with any other executive position in the Company. The Vice Chairman shall take the place of the Chairman in his absence. The Chairman shall have the authority to invite the Board of Directors to meet and shall preside over the Board meetings and the meetings of the General Assembly of Shareholders. He shall have a casting vote in the event of equal votes on the resolutions of the Board of Directors.

The Chairman of the Board of Directors shall represent the Company in official and media forums. He shall have the widest powers in managing the Company and its affairs inside and outside the Kingdom of Saudi Arabia. He shall, for example, have the right to represent the Company in its relationships with third parties, and with all ministries, government and private agencies and before courts, and to take the necessary actions, attend sessions in all lawsuits and appear before courts of all types and degrees, judicial bodies, the Board of Grievances, the Notary Public, labor and workers offices, primary and higher committees, securities committees, dispute resolution committees, banking disputes resolution committees, commercial disputes resolution committees, customs and commercial fraud committees, the Oversight and Investigation Authority, the Capital Market Authority, private bodies, companies and individuals, and all other judicial, labor, financial and banking committees, as well as all arbitration tribunals, civil rights bodies, police departments, civil defense, chambers of commerce and industry, private bodies, companies and institutions of all types and departments and branches of the same. He shall have the right to enter into tenders, receive and pay money, receive rights from third parties, make acknowledgments, submit claims, defenses and arguments, initiate litigations and relinquish the same, hear lawsuits and reply to the same, accept conciliation and waiver, deny facts, request, reject and abstain from making oath, bring witnesses and evidence and challenge the same, request preemptive rights, accept judgments, make objections, respond, discredit, vouch, challenge the authenticity, request the appointment of experts, challenge them, appear before them, make statements, challenge their reports and request replacements for them, deny handwritings, seals and signatures, request travel ban, request cancellation of travel ban, request application of Article 230 of Law of Procedure Before Sharia Courts, file appeals and requests for reconsideration, exoneration, pre-emption, attachment, execution and opposition of judgments, receive awarded amounts and judgment instruments, challenge judges, appoint, remove, challenge and request a replacement for arbitrators and lawyers, reject and admit arbitration, settle lawsuits, intervene in lawsuits and implead third parties. He shall also have the right to apply for and obtain title deeds, request making amendments to title deeds and duration thereof. He shall have the right to sign all types of contracts, documentations and documents, including without limitation, the Bylaws of companies in which the Company is a partner, amendments thereof, all partners' resolutions, including resolutions related to increasing or decreasing the capital, assigning and purchasing shares, document contracts, to sign documents before the Companies Department at the Ministry of Commerce and Investment and the Notary Public, to make amendments, changes, additions and deletions, to extract, renew, receive and cancel commercial registries, to change names of companies, to open branches for the Company, to book and assign trade names, to sign agreements, all types of contracts, deeds and conveyance documents before the Notary public and official bodies (as well as loans, guarantees and securities agreements, after obtaining the approval of the Board of Directors), to waive the priority to pay the Company's debts, to grant powers of attorney on behalf of the Company, to follow up with transactions, to collect the Company's rights, to pay its obligations, to sell, purchase, convey, and accept the same, to receive the price in any way he deems fit, to get and deliver, rent, lease, receive and pay, to open all types of current and investment accounts and letters of credit, to withdraw from and deposit with banks, receive, cash and object to remittances and checks, to issue certified check, to obtain check books, to issue bank guarantees and sign all papers, documents, check and all banking transactions, to sign, renew, extend, amend and/or revoke all types of bank facilities and loans agreements, letters of credit, letters of guarantee, collection and commercial documents, to make and cash deposits, to sign forward sales transactions to recycle outstanding loans and invest the Company's funds in local and foreign markets to achieve its purposes, to redeem bank guarantees, to repay all types of loans before maturity dates, to reschedule instalments, to open investment accounts, to sign investment portfolio agreements, Murabaha contracts and subscription agreements of investment funds and stock portfolios and to manage and sell or purchase the same, to register, develop, assign and/or deregister (trademarks/patents/intellectual property rights). He shall also have the right to recruit and remove employees and workers, to request visas, to outsource manpower from outside the Kingdom, to contract with them and determine their salaries, to obtain residency permits and transfer and assign sponsorships, to establish and open company branches, offices or agencies inside or outside the Kingdom of Saudi Arabia, to appoint managers for the branches and determine their activities. He also shall have the right to register businesses, names, agencies and trademarks and to apply for renewal of agencies and trademarks. He shall have the right to appoint agents, lawyers, auditors and legal accountants on behalf of the Company. He shall have the right to authorize by a written decision one or more of the Directors or third parties to carry out certain work and grant them the right to authorize third parties.

The Managing Director shall enjoy the powers assigned to him by the Board of Directors from time to time.

The Board of Directors shall, at its own discretion, determine the special remuneration to be received by the Board of Directors Chairman and the Managing Director, in addition to the remuneration prescribed for the Board of Directors' members under these Bylaws.

The Board of Directors shall appoint a Secretary from among its members or from third parties. It shall determine his remuneration.

The Secretary shall record the minutes of the meetings of the Board of Directors and record and keep the resolutions adopted at such meetings, in addition to exercising other powers entrusted to him by the Board of Directors. The Board shall determine his remuneration.

The term of membership of the Chairman, the Vice Chairman, the Managing Director and the Secretary of the Board of Directors shall not exceed the membership of each in the Board. They may always be re-appointed. The Board of Directors may, at any time, remove all or any of them without prejudice to their right to receive compensation if the removal occurs for an unlawful reason or at an inappropriate time.

G. Board Meetings

The Board of Directors shall convene pursuant to a call by the Chairman at least twice a year. Such call shall be in writing and delivered by hand or sent by mail, fax or e-mail. The Chairman of the Board of Directors shall call for a meeting whenever requested to do so by at least two Directors. The Board meetings may be held by means of modern technology in accordance with the controls set by the competent authority.

H. Meeting Quorum

A meeting of the Board of Directors shall not be deemed valid unless attended by at least half of the Directors, provided that the number of attendees is not less than three. In the event that a Director delegates another Director to attend the Board meetings on his behalf, the delegation shall be made in accordance with the following criteria:

a. A member of the Board of Directors may not represent more than one member in one meeting.
b. The delegation shall be made in writing.
c. The proxy may not vote on resolutions that the Bylaws prohibits them from voting on.

The resolutions of the Board of Directors shall be adopted by an absolute majority of the votes of members of the Board of Directors, present or represented at the meeting. In the event of equal votes, the Chairman of the Board of Directors, or his representative when he is absent, shall have a casting vote. The Board of Directors may pass resolutions by circulation by presenting them to all members separately, unless a member requests in writing the meeting of the Board of Directors for deliberation. Such resolutions shall be presented to the Board of Directors at the first following meeting.

I. Deliberations of the Board of Directors

Deliberations and resolutions of the Board of Directors shall be recorded in minutes signed by the Chairman, the present Directors and the Secretary. Such minutes shall be written down in a special register signed by the Board Chairman and the Secretary.

J. Audit Committee

An audit committee shall be formed pursuant to a resolution by the Ordinary General Assembly. It shall be composed of non-executive Directors, provided that there are no less than three (3) members in accordance with the regulations issued by the competent authorities and that one Director shall be competent in financial and accounting matters. The formation resolution shall determine the Committee's duties, its operation controls , in addition to its members' remuneration.

In order for Committee meetings to be valid, the majority of members shall be present. The resolutions of the Committee shall be adopted by the majority of the present members. In the event of equal votes, the Chairman of the meeting shall have a casting vote.

The Audit Committee shall monitor the Company's business. In order to achieve such purpose, it shall have the right to review the Company's records and documents and request clarification or a statement from the members of the Board of Directors or the executive management. It may call the Company's General Assembly to convene if the Board of Directors obstructs its work or if the Company incurs serious damages or losses.

The Audit Committee shall review the Company's financial statements, reports and notes submitted by the auditor, and express its opinions, if any. It shall also prepare a report on its opinion regarding the adequacy of the Company's internal control system and the other work it undertakes which falls within the scope of its competence. The Board of Directors shall deposit sufficient copies of such report at the Company's Head Office within an appropriate period before the date of the General Assembly meeting, and the report shall be read out during the meeting.

K. Formation of Committees Emanating from the Board of Directors

Without prejudice to the powers of the General Assembly, the Board of Directors shall have the right to form any committees emanating from the Company's Board from among the Directors or from third parties. The approval of the appointment of the committees' members and duties shall be given in accordance with the rules and regulations issued by the relevant authorities.

L. Appointment of the Auditor

The Company shall have one or more auditors elected from among the auditors licensed to work in the Kingdom. The Ordinary General Assembly shall appoint them annually and determine their remuneration and duration of work. The General Assembly may, at all times, change them without prejudice to their right to compensation if the dismissal occurs at an inappropriate time or for an illegal reason in accordance with the instructions and decisions issued in this regard.

M. Powers of the Auditor

The auditor shall, at all times, have the right to review the Company's books, records and other documents. The auditor may request statements and clarifications that he deems necessary in order to verify the Company's assets, liabilities and other matters that fall within the scope of his work. The Chairman of the Board of Directors shall enable the auditor to perform his duty. If the auditor encounters difficulty in this regard, he shall indicate the same in a report to be submitted to the Board of Directors. If the Board of Directors fails to facilitate the work of the auditor, he shall request the Board of Directors to call for a General Assembly meeting to consider such matter.

The auditor shall submit to the annual General Assembly a report including the Company's status with regard to enabling him to obtain the statements and clarifications he requested and violations of the Companies Law or the Bylaws he may have detected, in addition to his opinion on the extent to which the Company's accounts are consistent with reality.

N. Financial Year of the Company

The Company's Financial Year shall start on January 1 and end on December 31 each year, and the first fiscal year shall start as of the date of the Ministerial Resolution issued declaring its conversion and end on December 31 of the following year.

O. Financial Documents

The Board of Directors shall prepare, at the end of each fiscal year, the financial statements of the Company and a report on its activity, and its financial position for the past year, which shall include the method it proposes to distribute the net profits. The Board of Directors shall place such documents at the auditor's disposal at least forty-five (45) days before the scheduled date of the General Assembly meeting.

The Chairman of the Board of Directors, the Chief Executive Officer and the Financial Manager shall sign the aforementioned documents, and copies thereof shall be deposited at the Company's Head Office at the Shareholders' disposal within an appropriate period before the scheduled date of the General Assembly meeting in accordance with the controls set by the competent authorities. The Chairman of the Board of Directors shall provide Shareholders with the Company's financial statements, the report of the Board of Directors and the auditor's report unless they are published in a daily newspaper distributed at the area where the Company's Head Office is located. He shall send a copy of such documents to the competent authorities at least fifteen (15) days before the General Assembly meeting. The Board of Directors shall, within thirty (30) days of the date of the General Assembly's approval of the financial statements, the Board of Directors' report, the auditor's report, and the Audit Committee's report, deposit copies of the aforementioned documents with the competent authorities.

12.4.3 Rights and Restrictions Related to Securities

1. Company's Capital

The Company's capital shall be one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) nominal Shares of equal value, at a value of ten Saudi Riyals (SAR 10) per share, all of which are ordinary Shares.

2. Subscription to Shares

The Shareholders subscribed to the entire Shares of the capital of the Company, amounting to one hundred million (100,000,000) Shares.

3. Sale of the Unrealized Shares

If a Shareholder defaults on the payment of a share's value on the specified dates, the Board of Directors may, after serving notice on the relevant Shareholder by a registered letter sent to his address indicated in the Shareholder Register, sell the share in a public auction. However, the Shareholder that defaulted on payment may, until the day specified for the auction, pay the value he owes, in addition to the expenses incurred by the Company. The Company shall collect the amounts payable to it from the sale proceeds and return the remainder to the Shareholder. If the proceeds of the sale do not meet such amounts, the Company may collect the remainder from all the Shareholder's funds. The Company shall cancel the sold share and give the buyer a new share bearing the number of the cancelled one. This shall be indicated in the Shareholders' Register.

4. Shareholders' Register

The Company's nominal Shares shall be traded through being entered in the Shareholder Register which includes their names, nationalities, professions, places of residence, addresses, share numbers and the amount paid thereof. Each share shall be marked with this entry. The transfer of a nominal share's ownership shall only be deemed valid against the Company or third parties as of the date on which the share is entered into the said register or the procedures for transferring ownership through the automated system for share information are completed. Subscription to and ownership of Shares shall indicate the Shareholder's acceptance of the Company's Bylaws and his commitment to the decisions issued by the Shareholders' Assemblies in accordance with the provisions of these Bylaws, whether he is present or absent, and whether he agrees with or disagrees with these decisions.

5. Share Certificates

The Company shall issue share certificates with serial numbers, signed by the Chairman of the Company's Board of Directors or whomever he delegates from among the Directors of the Board and stamped with the Company's seal. The share shall in particular include the number of the resolution issued licensing the establishment of the Company, the number and date of the Ministerial Resolution announcing the establishment of the Company, the value of the capital, the number of shares, the nominal value of each share, the amounts paid out, the Company's purpose in brief, its Head Office, and term. Shares may have coupons with serial numbers including the share number.

6. Share Trading

The shares of the Company's founders may not be traded before the financial statements for two (2) fiscal years are published. Each of the two fiscal years shall not be less than twelve (12) months as of the date on which the decision declaring the Company conversion is issued.

These provisions shall apply to the founders' subscription contributions in the event of an increase in the capital before the expiry of the Lock-up Period for the remaining period of this term. However, during the Lock-up Period, shares may be transferred, in accordance with provisions of the sale of rights, by a founder to another or to Director, to present them as a guarantee to the management, or by a founder's heir to a third party in case of his death or in case of execution against the property of an insolvent or bankrupt founder, provided that the preference right shall be given to other founders.

7. Distribution of Profits

After deducting all general expenses and other costs, the Company's annual net profits shall be distributed as follows:

a. Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. The Ordinary General Assembly may discontinue such allocation whenever the said reserve reaches thirty percent (30%) of the paid-up capital.

b. The Ordinary General Assembly may, pursuant to a proposal of the Board of Directors, set aside twenty percent (20%) of the net profits to form a consensual reserve to be used for one or more purposes.

c. The General Assembly may decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the Shareholders. The aforementioned Assembly may deduct sums from the net profits to establish social institutions for the Company's employees or to assist the existing institutions.

d. After that, a payment of at least five percent (5%) of the paid-up capital shall be distributed to Shareholders.

e. The remainder may be distributed to Shareholders as an additional share of profits or carried forward to the coming years as approved by the General Assembly.

f. Without prejudice to the above paragraphs, the Company may distribute interim dividends to its Shareholders on a quarterly or semi-annual basis in accordance with the regulatory controls and procedures issued in this regard by the competent authority.

8. Profit Entitlement

A Shareholder shall be entitled to his share of profits in accordance with the General Assembly resolution issued in this regard. Such resolution shall indicate the date of maturity and distribution. Shareholders registered in the Shareholder Register shall be entitled to profits at the end of the maturity date in accordance with the instructions issued by the competent entities.

9. Liability Claim

Every Shareholder shall have the right to file a liability lawsuit against the Directors if a mistake they made may have caused damage to such Shareholder, provided that the Company's right to file the same still exists. The Shareholder shall notify the Company of their intention to file the lawsuit.

12.4.4 Amendment of Share Rights and Classes

1. **Share Issuance**

   Shares shall be nominal and may not be issued for less than their nominal value. Rather, they may be issued at a higher value. In this latter case, the difference in value shall be added in a separate item within the Shareholders' equity and may not be distributed as dividends to Shareholders. A share shall be indivisible against the Company. If a share is held by multiple persons, they shall choose one to represent them with regard to the use of rights related thereto. Such persons shall jointly be responsible for the obligations arising from the ownership of the relevant share.

2. **Capital Increase**

   1. The Extraordinary General Assembly may decide to increase the Company's capital once or several times by issuing new shares with the same nominal value of the original Shares, provided that the original capital has been paid in full in accordance with provisions of the Companies Law. The resolution shall determine the method of increasing the capital. Shareholders shall have the preference right to subscribe to the new cash shares. Such Shareholders shall be notified of their right of preference through publication in a daily newspaper or shall be notified of the resolution regarding the capital increase and subscription terms through registered mail. Each Shareholder shall express his desire to use his right of preference during the period from the date on which the General Assembly's resolution approving the capital increase is issued until the last day of subscription to the new shares associated with such rights in accordance with the controls determined by the competent authority.
   2. The new shares shall be distributed to the original Shareholders who requested to subscribe in proportion to the original Shares they own, provided that they receive no more than the new shares they requested. The remainder of the new shares shall be distributed to the original Shareholders who requested more than their share in proportion to the original Shares they own, provided that they receive no more than the new shares they requested. And the remainder of the new shares are offered to third parties. The provisions of the Share Trading Article of these Bylaws with regard to the payment of the value of shares issued under this Article shall apply.
   3. The Extraordinary General Assembly may, in all cases, allocate issued Shares for the capital increase or part thereof to the employees of the Company and its subsidiaries or any of them. Shareholders may not exercise the right of preference when the Company issues shares allocated for employees. The Company also has the right to suspend the Shareholders' right of preference to subscribe to the capital increase in exchange for cash shares or to grant right of preference to non-Shareholders in cases it deems appropriate for the interest of the Company.

3. **Capital Reduction**

   Pursuant to a resolution adopted by the Extraordinary General Assembly based on acceptable justifications, the Company's capital may be reduced if it exceeds the Company's needs or if the Company incurs losses, provided that it shall not be less than the minimum limit stipulated by the Companies Law. The resolution shall only be issued after reading out the auditor's report regarding the reasons that necessitate reducing the capital, the Company's liabilities, and the impact of reduction on such liabilities, taking into account the provisions of the Companies Law. The resolution shall describe the method of reduction. If the reduction is as a result of the capital exceeding the Company's need, creditors shall be invited to express their objections within sixty (60) days of the date on which the reduction resolution is published in a daily newspaper distributed in the area in which the Company Head Office is located. If a creditor objects and submits to the Company his documents before the said deadline, the Company shall repay his debt if it is payable or provide a sufficient payment guarantee if it is deferred.

4. **Sukuk and Debt Instruments**

   Pursuant to a resolution adopted by the Extraordinary General Assembly, the Company may issue any type of negotiable debt instruments like bonds or Sukuk inside or outside the Kingdom of Saudi Arabia in accordance with the provisions of Islamic Sharia and the controls set by competent authorities. Pursuant to a Board resolution, the Company may issue such debt instruments, including bonds or Sukuk, whether in one part or several parts, or through a series of issues under one or more programs established by the Board of Directors from time to time. This shall be made at the times, amounts and conditions approved by the Company's Board of Directors, which shall have the right to take all necessary measures to issue the same.

5. **Purchase or Mortgage of Company Shares**

   The Company may purchase and mortgage its Shares in accordance with the controls set by the competent authority. The Shares purchased by the Company shall not have votes at the Shareholders' General Assembly meetings.

   The mortgagee creditor shall have the right to receive profits and use rights related to shares, unless otherwise agreed upon under the mortgage agreement. However, the mortgagee creditor may not attend or vote in the Shareholders' General Assembly meetings.

12.4.5 General Assemblies

1. Attending the General Assemblies

The duly formed General Assembly shall represent all Shareholders and shall convene in the city in which the Company's Head Office is located. Each subscriber, whatever the number of his shares, shall have the right to attend the Constituent Assembly meeting on his own behalf or on behalf of another subscriber. A Shareholder shall have the right to attend the meetings of the General assembly and may delegate another person other than members of the Board of Directors or the Company's employees to attend the General Assembly meetings on his behalf.

2. Powers of the Constituent Assembly

The Constituent Assembly shall:

a. Verify that all the Company's capital has been subscribed to and that the Company's minimum capital and the due amount of the share value have been fulfilled in accordance with the provisions of the Companies Law.

b. Approve the final provision of the Company's Bylaws. However, it may not make material amendments to the Bylaws unless all the subscribers represented therein approve the same.

c. Appoint the Company's first auditor.

d. Deliberate on the founders' report on the operations and expenses required for incorporation and approve it.

In order for the meeting of the Constituent Assembly to be duly convened, it shall be attended by a number of Shareholders representing at least half of the capital. If such quorum is not met, another meeting shall be called to be held at least fifteen (15) days after the invitation for it is issued. However, the second meeting may be convened after the deadline for the first meeting has expired. In all cases, the second meeting shall be deemed duly convened whatever the number of representatives therein. Each Subscriber shall have a vote for each share that he has subscribed to or that he represents.

3. Powers of the Ordinary General Assembly

With the exception of the matters entrusted with the Extraordinary General Assembly, the Ordinary General Assembly shall be concerned with all matters relating to the Company. It shall convene at least once a year during the six months following the end of the Company's fiscal year. Other Ordinary General Assembly meetings may be called whenever the need arises.

4. Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall amend the Company's Bylaws, except for provisions that it is prohibited from amending by law. It may issue resolutions on matters falling within the terms of reference of the Ordinary General Assembly, under the same terms and conditions established by the last General Assembly meeting.

5. Calling for General Assembly Meetings

Shareholders' General Assembly meetings shall be convened by a call from the Board of Directors. The Board of Directors shall call for a General Assembly meeting if so requested by the auditor, the Audit Committee or a number of Shareholders representing at least 5% percent of the capital. The auditor may call for a General Assembly meeting to convene if the Board of Directors fails to do so within thirty (30) days of the date on which a request is submitted by the auditor. The call for the General Assembly meeting and the agenda shall be published in a daily newspaper distributed in the area in which the Head Office of the Company is located, within an appropriate period before the date of the meeting according the regulations set by the competent authorities. The invitation shall include the meeting's agenda. However, it is sufficient to send the invitation on the aforementioned date to all Shareholders through registered mail and send a copy of the invitation and the agenda shall to the competent authorities within the period specified for publication. Shareholders who wish to attend a General Assembly meeting shall register their names at the Company's Head Office before the deadline specified for the General Assembly meeting to be convened by a sufficient time before as stipulated in the invitation. The meetings of the Shareholders' General Assembly may be convened and Shareholders may participate in deliberations and vote on resolutions through modern means of technology in accordance with the controls set by the competent authority.

6. Attendance Register for General Assemblies

When a General Assembly is a convened, a list shall be recorded of the names of the present and represented Shareholders and their places of residence, and indicating the number of shares in their possession directly or by proxy and the number of votes allocated to them. Each stakeholder is entitled to review such list.

7. Quorum of the Ordinary General Assembly Meeting

The Ordinary General Assembly meeting shall not be valid unless it is attended by Shareholders representing at least half of the capital. If such quorum is not met in the meeting, a second meeting shall be called within thirty (30) days following the previous meeting. However, the second meeting may be held within one hour after the deadline for set for the first meeting to be convened, provided that the invitation for the first meeting contains evidence to that effect. The invitation shall be made in the manner set out for the General Assembly invitation above. The second meeting shall be deemed duly convened whatever the number of shares represented therein.

8. Quorum of the Extraordinary General Assembly Meeting

The Extraordinary General Assembly meeting shall not be valid unless it is attended by Shareholders representing at least half of the capital. If such quorum is not met, another meeting shall be called for under the same conditions stipulated in the above-mentioned invitation for General Assemblies. In all cases, the second meeting shall be deemed valid if attended by Shareholders representing at least a quarter of the capital. If the quorum for the second meeting is not met, a third meeting shall be called for under the same conditions stipulated in the above-mentioned invitation of the general Assemblies. The third meeting shall be valid whatever the number of shares represented therein after obtaining the competent authority's approval.

9. Voting at the General Assemblies

Each subscriber shall have one vote for every share he represents in the Constituent Assembly. In the Ordinary General Assembly and Extraordinary General Assembly meetings, each share shall be counted as one vote. Cumulative voting shall be used in electing the Board of Directors.

10. General Assembly Resolutions

Resolutions of the Constituent Assembly and the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented at the meeting.

Resolutions of the Extraordinary General Assembly shall be adopted by a two-thirds majority of the shares represented at the meeting unless the resolution is related to increasing or decreasing the capital, extending the Company's term, or dissolving it before the end of the term specified in its Bylaws or its merger with another company. In such cases, the resolution shall be deemed valid if it is adopted by a three-quarters majority of the shares represented at the meeting.

11. General Assembly Deliberation

Each Shareholder shall have the right to discuss the topics listed on the General Assembly agenda and direct questions about them to the Directors and the auditor. The Board of Directors or the auditor shall answer the Shareholders' questions to the extent which does not negatively harm the Company's interest. If a Shareholder believes that the answer to his question is not convincing, he shall resort to the General Assembly whose resolution in this regard shall be effective.

12. General Assembly Chairmanship and Preparation of Minutes

The General Assembly shall be presided over by the Chairman of the Board of Directors, or his deputy when he is absent, or a Director delegated by the Board when the Chairman and his deputy are absent. The General Assembly shall appoint a Secretary for the meeting and a collector of votes. Minutes for the General Assembly meeting that include the names of present or represented Shareholders, the number of shares they hold in person or by proxy, and the number of votes assigned to them, the resolutions adopted, number of votes approving or rejecting the same, and an executive summary of the discussions taking place at the meeting, shall be noted down. Minutes shall be regularly recorded after each meeting in a special register signed by the Chairman of the General Assembly, the Secretary and the collector of votes.

12.4.6 Liquidation and Dissolution of the Company

1. Company Losses

If the Company's losses amount to half of the paid-up capital at any time during the fiscal year, any of the Company's officials or the auditor shall immediately inform the Chairman of the Board of Directors. The Chairman of the Board of Directors shall immediately so inform the Board of Directors upon receiving knowledge of the same. The Board of Directors shall, within fifteen (15) days of the date on which it becomes aware of this matter, call for the Extraordinary General Assembly to meet within forty-five (45) days of the date on which it becomes aware of the losses, in order to decide either to increase or decrease the Company's capital in accordance with provisions of the Companies Law, to such an extent that reduces losses to less than half of the paid-up capital, or to dissolve the Company before its term specified in the Company' term clause above. The Company shall be deemed terminated by force of the Companies Law if the General Assembly fails to convene within the period specified above, or if it convenes but fails to make a resolution in this regard, or if it decides to increase the capital in accordance with the conditions stipulated in this Article and the capital is not subscribed to in full within ninety (90) days as of the date on which the General Assembly makes its resolution to increase the capital.

2. Expiration of the Company

Upon the expiration of the Company's term, it shall be liquidated and retain its corporate personality to the extent necessary for liquidation. The resolution for voluntary liquidation shall be adopted by the Extraordinary General Assembly. The liquidation resolution shall include the appointment of one or more liquidators and determine their powers and fees, the restrictions imposed on their powers, and the time required for liquidation. The period of voluntary liquidation shall not exceed five (5) years and may not be extended except by a judicial order. The authority of the Company's Board of Directors shall end upon the expiration of the Company. However, the Board of Directors shall continue to operate the Company until the liquidator is appointed. The Shareholders' General assembly shall remain existent during the liquidation period, and its role shall be limited to its terms of reference that do not conflict with the terms of reference of the liquidator.

12.5 Material Contracts

The Company and its subsidiaries have entered into a number of contracts and material contracts with multiple parties. This section presents a summary of the contracts that the Company Directors believe to be material in relation to the Company's business or that may affect Investors' decision to subscribe to the Offering Shares. The summary of contracts referred to below does not include all terms and conditions and the summary cannot be considered a substitute for the terms and conditions contained in such contracts.

12.5.1 Standard Provisions of the Company's Lease Agreements

The Company's main activity is the development, maintenance, operation and rental of commercial malls in different cities throughout the Kingdom (for more information about the Company's commercial malls, please refer to section 4.4.2 "**Existing Commercial Malls**" of this Prospectus). Thus, the Company obtains most of its revenues through the rental of stores and rental units within its commercial malls. The Company has concluded more than seven hundred fourteen (814) lease agreements with tenants in its commercial malls as of the date of this Prospectus. The Company has a lease agreement form that it uses with its various tenants with minimal changes. The following is a summary of the standard provisions contained in the Company's lease agreements with respect to the leased property.

Table No. (12.11): Summary of Standard Provisions for the Company's Lease Agreements

Renewal	Upon expiry of the initial term, the Lease Agreement shall be renewed on an annual basis unless either party notifies the other party of its wish not to renew the agreement in writing at least 90 days prior to the expiry of the lease agreement term. The renewed term shall be binding on the Lessee and optional to the Company, which may terminate the lease at any time during the renewed term without any compensation. However, the Company usually agrees on other renewal conditions including renewal by mutual consent or renewal by one-party consent.
Usage Restrictions	The Lessee shall use the rental units for the purposes specified in the Lease Agreement. It shall not be entitled to change the purposes, in whole or in part, including the brand or franchise, without obtaining the Company's prior written consent. In addition, the Lessee shall not be entitled to use the rental units for the purpose of disposing of products which weaken the Company's business in general. This matter shall be determined at the Company's sole discretion. The Lessee shall not be entitled to use the public areas of the mall (such as the rooftop, passages, parking lots and bathrooms) for its own purposes or to place any of its property therein.
Ownership, Assignment and Subleasing	The Lessee shall keep the Company informed of any change to its structure. The Lessee shall not be entitled to sublet the rental units or assign the Lease Agreement to a third party without obtaining the Company's prior written approval.
Commitments	The Lessee commits that it shall: (1) comply with the administrative rules and procedures established by the Company in connection with the mall, including business hours, (2) maintain the cleanliness of the rental units and the mall and comply with the waste disposal rules, (3) comply with loading and unloading procedures at the times specified by the Company, (4) comply with the rules of Sharia and common traditions, (5) refrain from installing or using any sound systems which may disturb others, (6) obtain the Company's approval for all signage including the size, design and rental unit layout schemes, (7) provide the Saudi Credit Bureau (SIMAH) with all of its credit information and (8) obtain all necessary governmental licenses and approvals.
Insurance	The Lessee shall be responsible for maintaining insurance for the rental units and their products and employees. The Lessee shall submit a copy of the same to the Company upon receiving the rental units.
Responsibility	The Lessee shall be solely responsible for the rental units and all costs resulting from modifying or changing anything within the rental units, the mall, or the master control room. The Lessee shall be solely responsible for any fire occurring in the rental units or in the mall for any reason as a result of placing any explosives or dangerous materials. The Company shall not be held liable for any losses or damages resulting from a lessee's inability to obtain government licenses necessary for its business.
Health and Safety	The Lessee may not place in the rental units or in the commercial mall any explosives or dangerous materials which endanger the commercial mall and its visitors, without obtaining the prior approval of the Company, and in a manner which does not violate the applicable laws.

Fines	The Lessee shall operate the rental units as of the Effective Date of the Lease Agreement. In the event of the Lessee's delay to start the operation of the rental units, the Company shall impose a fine on the Lessee amounting to three thousand Saudi Riyals (SAR 3,000) for each day of delay for a period of 15 days, after which the Lease Agreement shall automatically be terminated. In case the Lessee defaults to pay of the annual rent for 15 days or more following the maturity date, the Company shall impose a fine of twenty percent (20%) of the rent due against the Lessee. In the event that the Lessee violates any of the conditions of operating a commercial mall determined by the Company (including working hours and other administrative procedures), the Company shall impose a fine on the Lessee in the amount of one hundred Saudi Riyals (SAR 100) per day in the event of a violation, provided that the Company informs the Lessee in writing about the violation. In the event that the Lessee fails to hand over the rental units to the Company upon termination or expiry of the Lease Agreement, the Lessee shall pay the Company a fine of one hundred Saudi Riyals (SAR 100) per square meter in addition to the pro-rated rent for such period.
Compensations	The Lessee shall indemnify the Company for any damage and losses sustained by the rental units upon expiry or termination of the Lease Agreement. The Lessee shall not be entitled to any compensation in the event of a power outage or interruption of public utilities. The Lessee shall indemnify the Company for any damage and losses incurred by the Company's employees as a result of the Lessee's actions or procedures in the rental units. The Lessee shall not be entitled to seek any remedy against the Company in the event of expropriation of the commercial mall or part thereof for the public benefit.
Expiry or Termination of the Agreement	The Lease Agreement shall automatically terminate without prior notice in the following cases: (1) If the Lessee fails to start operation within 15 days of the Effective Date; (2) if the Lessee suspends its business in the rental units for a period of 15 consecutive days; (3) if the Lessee makes any changes or modifications to the rental units without obtaining the Company's prior written consent; (4) if the quality or quantity of products sold in the rental units declines resulting in negative effects on one of the Company's malls and its reputation; (5) if the Lessee sublets the rental units, in whole or in part, without obtaining the Company's prior written consent; (6) if the Lessee fails to pay the rent within 30 days as of the maturity date or (7) if the Lessee violates any of the provisions of the Lease Agreement. Upon expiry of the Lease Agreement, the Company shall have the right to ask the Lessee to vacate the rental units immediately, seize the products and movables within the rental units, sell them, and fulfil its rights from the proceeds. In addition, the Lessee shall pay the Company compensation in the amount of the rent for the remainder of the Lease Agreement term. The Company may terminate the Lease Agreement without notice or compensation if the Lessee becomes subject to insolvency or bankruptcy.
Guarantee	The Lessee shall provide the Company with a performance guarantee equal to 10% of the basic annual rent. The Lessee agrees that the Company shall have the right to enforce such guarantee against the Lessee at any time for any loss, damage or breach committed by the Lessee of the provisions of the Lease Agreement.

Source: The Company

12.5.2 Standard Provisions of the Lease Agreements for Dar Al Waha Mall

The Company acquired Dar Al Waha Mall under the sale contract concluded on 13/06/1443H (corresponding to 01/16/2022G), pursuant to which all seventy-three (73) lease agreements were transferred to the Company and became effective and binding on the Company as of 28/05/1443H (corresponding to 01/01/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). The lease agreements for Dar Al Waha Mall that were transferred to the Company remain in force and the Company is obligated to perform all of them. The provisions of these agreements are considered standard for all lessees and may differ from one lease agreement to another with minimal changes. Following is a summary of the standard provisions of the lease agreements for Dar Al Waha Mall that were transferred to the Company related to leased properties.

Table No. (12.12): Summary of Standard Provisions of the Lease Agreements for Dar Al Waha Mall Transferred to the Company

Renewal	At the end of the initial term, the lease agreement is renewed on an annual basis unless either party notifies the other in writing of its desire not to renew at least ninety (90) days prior to the end of the lease term, unless otherwise agreed.
Usage Restrictions	The Lessee is not entitled to exploit or use the leased property in any other activity or under any other trade name without the prior written consent of the Lessor, provided that such approval is not withheld without an acceptable reason. The Lessee is obligated to practice the activity agreed upon in the lease agreement until the expiry of its term, and shall not stop practicing the activity or use the leased property for the liquidation of different goods. If the Lessee wishes to change the brand or it has been withdrawn by its owner, then an agreement shall be made with the Lessor, as it deems appropriate and in a manner that does not affect the interest of the mall, to replace this brand with a brand affiliated with or owned by the Lessee. All additions established by the landlord on the leased premises remain in his ownership for the duration of the lease agreement, and is obligated to remove them upon expiry or termination of the lease agreement, and to hand over the leased premise in the condition in which he received it, unless the landlord agrees to keep those modifications free of charge. The Lessee is not entitled to place any electrical loads in excess of those allocated to the leased property, as agreed between the two parties and in a manner that does not conflict with the regulations of the Saudi Electricity Company. The Lessee is not entitled to make any amendment or addition to the leased property without obtaining the prior written consent of the Lessor. The Lessee shall not use the building facilities, such as roofs, setbacks, internal and external corridors, parking areas, shared toilets, etc., for purposes other than those for which they were prepared. The Lessee is not entitled to hang or place promotional or advertising boards, except in coordination with the Lessor.
Ownership, Assignment and Subleasing	The Lessee may not, without the Lessor's written consent, include another partner, assign the lease agreement or lease the property subject of the contract to a third party, in whole or in part, whether by subleasing or apparent leasing, or enter into a commitment of any kind that leads to a third party's seizure of the leased property or part thereof. The Lessor has the right to dispose of the mall subject of the contract whether by leasing, selling or assignment. The Lessee has no right to object to the same or request termination of the contract for this reason, and the contract shall be valid for the new owner or lessee and the Lessee shall be bound by the terms of the contract.
Undertakings	(1) Starting its activity, subject of the contract, at its full productivity and according to the agreed form and designs after receiving the retail space; (2) observing the regulatory instructions and conditions provided by the Lessor; (3) complying with the executive regulations and systems in force in the Kingdom, as well as all instructions issued by the mall management; (4) adhering to working hours according to the operating policies of the mall and implementing any regulations issued by the relevant Government entities in this regard; (5) being committed to the preparation of retail spaces, presented items and display method in an elegant manner that complies with the requirements of the mall and observes the customs, traditions and regulations in force in the Kingdom; (6) maintaining the general cleanliness of the leased property and the adjacent common areas or amenities and not throwing waste, empty containers, etc., in places other than those designated for such; and (7) complying with the terms of loading and unloading goods according to the times defined by the Lessor for such, along with using the corridors, areas, entrances and elevators allocated by the Lessor for that purpose.
Insurance	The Lessee has the right to provide insurance for its activities, properties and goods within the mall and all risks that may affect it or third parties without any obligation on the part of the Lessor in this regard.

Liability	The Lessee shall install air-conditioning for the leased property and the internal extensions and equipment necessary for the firefighting system inside the leased property through the contractor approved by the Lessor. The Lessee shall, at its own expense, clean and conduct maintenance of the leased property and all of its supplies and equipment inside it. The Lessee shall obtain all government licenses necessary for its activity and it is fully responsible before all the competent authorities for obtaining or failing to obtain such licenses or applying their requirements. The Lessor bears no liability for any damages or compensation resulting from the Lessee's inability to obtain the required licenses to carry out its activity, provided that the Lessor is not a reason for the Lessee's failure to obtain the required licenses. The Lessor shall not be liable for any damages caused to the Lessee or its affiliates or visitors as a result of its use of the mall facilities, or if the leased property is subject to any fraud or theft, in the event that the competent authorities, according to the laws and customs prevailing in the Kingdom, conduct investigations and establish the degree of obligation of all parties. The Lessor is not responsible for any damages that occur as a result of power or water outages or air-conditioning failure due to reasons beyond its control.
Health and Safety	The Lessee shall not place flammable or explosive materials or any materials that are dangerous or harmful to health and public safety inside or outside the leased property.
Fines	None
Compensation	The Lessee is given a free set-up period of eight (8) Gregorian calendar months, starting from the date of signing the handover record for the leased property. If the Lessor is late in delivering the retail space within the specified period, it shall compensate the Lessee with an additional free period by giving it two (2) days for each day of delay. The Lessor shall compensate the Lessee for any reason that prevents the Lessee from fully utilizing the leased property, provided that this reason is an accident and is caused by the Lessor. The Lessor shall return part of the rent to the Lessee equal to the work suspension. When the Lessee wishes to vacate the leased property for any reason or upon termination of the contract, the Lessee is not entitled to claim the remainder of the rent paid.
Expiry or Termination of the Contract	The Lessor has the right to terminate the contract in the event of any of the following: (1) if the Lessee breaches or fails to execute any of the terms of the contract after giving a written notice of thirty (30)/sixty (60) days to rectify such failure or breach without rectification; (2) if the Lessee fails to pay the rent on time after giving a written notice of fifteen (15) days without rectification; (3) if the leased property is not received by the Lessee within sixty (60) days from the date of notification of the readiness of the leased property; (4) if the Lessee closes or does not open the property and does not undertake the activity therein for any reason and without the consent of the Lessor for a period exceeding thirty (30) continuous days after giving a written notice of fifteen (15) days without rectification; (5) if the Lessee has not obtained the licenses necessary to carry out his activity, provided that the Lessor is not the cause of the Lessee's failure to obtain the required licenses; (6) if it is proven that the Lessee used or permitted the use of the leased property in a way that would cause damage to others or badly affect the safety of the building or in any activity that could be inconsistent with or contrary to public order in the Kingdom; (7) if it appears that the Lessee has wholly or partially assigned the leased property to a third party without the prior consent of the Lessor; and (8) if a judgment is issued against the Lessee that prevents it from continuing to carry out its activities on the leased property.
Guarantee	None

Source: The Company

12.5.3 Standard Provisions of the Standard Lease Agreement for the Commercial Real Estate Sector

On 29/06/1441H (corresponding to 02/23/2020G), the Minister of Commerce and the Minister of Municipal and Rural Affairs and Housing inaugurated the unified lease agreement for the commercial real estate sector, thus becoming a mandatory agreement in implementation of Ministerial Resolution No. 405 dated 22/09/1437H (corresponding to 06/28/2016G), commercial lease contracts can only be concluded through real estate brokers approved by the Ministry of Municipal and Rural Affairs and Housing, subject to the regulations on real estate offices issued by Ministerial Resolution No. 334 dated 07/03/1398H (corresponding to 02/15/1978G) and its executive regulations issued pursuant to Ministerial Resolution No. 1704 of 16/05/1398H (corresponding to 04/24/1978G)..

A circular was issued by His Excellency the Minister of Justice to all courts stating that lease contracts that are not registered in the electronic network of rental services are not valid and are without judicial effect, in accordance with Ministerial Resolution No. 292 dated 16/05/1438H (corresponding to 02/13/2017G) stating that lease contracts that are not registered in the electronic network are not considered a valid contract with administrative and judicial effects. This means that the Company or the Material Subsidiaries may not be able to file lawsuits to claim rights resulting from unregistered lease contracts concluded after 04/05/1440H (corresponding to 01/10/2019G). As of the date of this Prospectus, the Company confirms that all new lease contracts concluded after 29/06/1441H (corresponding to 02/23/2020G) have been documented in the electronic network of rental services. However, it is still registering the rest of its lease contracts in the electronic network of rental services, in coincidence with the expiry and renewal of each lease contract. The Company also records valid lease contracts in the electronic network of rental services if the lessee so requests. Furthermore, as of the date of this Prospectus, the Company has registered six hundred thirty-seven (637) lease contracts concluded between the Company and its lessees excluding the Material Subsidiaries, seven (7) lease contracts between the Company and Abdullah Al Othaim Fashion Co., nine (9) lease contracts between the Company and Abdullah Al Othaim Entertainment Co. and three (3) lease contracts between the Company and Abdullah Al Othaim Food Co. However, the Company and its Material Subsidiaries have not registered the rest of their lease agreements electronically. With respect to the lease agreements concluded with lessees of retail spaces in Dar Al Waha Mall, whose ownership was transferred to the Company on 28/05/1443H (corresponding to 01/01/2022G) under the sales contract concluded on 13/06/1443H (corresponding to 01/16/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus). It should be noted that only two (2) lease agreements registered in the electronic network of rental services have been transferred to the Company. Below is a summary of some of the fundamental and optional provisions used in the Standard Lease Agreement for the commercial real estate sector:

Table No. (12.13): A summary of the basic and optional provisions used in the Standard Lease Agreement for the commercial real estate sector

Renewal	The two parties shall choose any of the following provisions: 1. The lease term expires at the end of the contract term, and if the two parties wish to renew, a new contract is drawn up as agreed upon by both parties. 2. The lease term is renewed for (•) days, unless one party notifies the other of its desire to terminate the contract (•) days before the end date of the lease.
Usage Restrictions	The two parties shall choose any of the following provisions: 1. The Lessee shall have the right to change the commercial activity of the rental unit after obtaining the Owner's approval, subject to concluding a new contract. 2. The Lessee shall not have the right to change the commercial activity of the rental unit. 3. The Lessee shall use the rental unit according to its regular use in accordance with the rules, customs and traditions in force in the Kingdom. It shall bear all penalties which may be imposed by the competent authorities.
Ownership, Assignment and Subleasing	In the event of transferring the ownership of the rental unit to another Owner, the Lease Agreement concluded with the Lessee shall remain valid and shall not be terminated until the expiry of its term. The two parties shall choose any of the following options: 1. The Lessee shall have the right to sublet the rental units. 2. The Lessee shall have the right to sublet parts of the rental unit after obtaining the Owner's prior approval. 3. The Lessee shall have the right to assign the Lease Agreement to third parties, whether in whole or in part, after obtaining the Owner's prior approval.

Commitments	The Lessee shall abide by the size and specifications of the signage of the rental unit as specified in the Lease Agreement. The Lessee shall agree to the contents of the Lessee's Manual, including specifications, conditions, and technical, administrative and engineering dates, and shall abide by its contents unless they conflict with the terms and conditions of the Lease Agreement. The Lessee shall abide by the working hours as specified in the Lessee's Manual. In the event that the rental unit is closed, the Lessee shall switch on the lighting of the front and display windows throughout the mall's working hours. The Lessee and the Owner agree under the Lease Agreement to abide by the Lessee's Manual as a reference guide with regard to regulating the Lessee's relationship with the Owner and other lessees, how to use the common facilities, method of operation and interior finishes, and specifying the mall's working hours. The Lessee's Manual shall be deemed a reference guide for both Parties without imposing any additional obligations other than those set out in the Lease Agreement. The Lessee shall maintain the common parts and facilities of the property containing the rental units, such as toilets, rooftops, emergency exits, elevators, stairs, corridors, etc., and use them for their designated purposes. The two parties shall choose any of the following provisions: 1. The Lessee shall not announce commercial discounts before notifying the Owner and obtaining its written consent. It shall attach the required approvals of the relevant official authorities and comply with such approvals and permits. 2. The Lessee shall not have the right to announce commercial discounts except after obtaining the required approvals from the relevant official authorities and abiding by these approvals and permits. Any of the following optional provisions may be included: 1. The Lessee shall have the right to check with the competent governmental and official authorities to issue the store license and other licenses. 2. The Lessee may not close the rental unit for stock taking or otherwise for more than a specific number of consecutive days or more than a specific number of intermittent days throughout the rental year after the start of the commercial activity and the opening of the rental unit. 3. The Lessee shall submit to the Owner the trademark registration certificates or any evidence of license to use. 4. The Lessee shall maintain all mechanical and electrical equipment, and respect all the electrical loads and all other fixtures installed by the Owner in the rental units and the property.
Insurance	The Lessee shall obtain a comprehensive cooperative insurance policy for the rental unit and all of its property. (Optional Provision)

Responsibility	The two parties shall select the person mandated to carry out the following responsibilities: 1. Payment of service fees imposed on the rental unit by any competent authority. 2. Meeting basic requirements for government agencies, official agencies and all competent authorities with regard to assisting in issuing a store license. 3. The two parties shall choose any of the following provisions: a. Payment of the bills of water, gas, electricity and other services during the Lease Agreement term. b. Payment of a fixed amount for the bills of water, gas, electricity and other services during the Lease Agreement term. The Owner shall initiate any urgent and necessary maintenance work in the rental unit including any necessary prior inspections. The Lessee shall open the rental unit and start its activity within a specific number of days as of the date of the Lease Agreement. It shall be notified of any repair delay within a specific number of days or otherwise. The Lessor shall have the right to terminate the Lease Agreement without notice. The Owner shall be responsible for carrying out the maintenance work necessary for the safety of the building or which was not visible at the time of the rental. Any malfunctions or defects which affect the Lessee's fulfilment of the desired benefits of the rental unit shall be repaired, for example: (1) water leakage into walls or ceilings not resulting from misuse and (2) subsidence of ceilings or internal cracks which endanger the safety of the rental units. The Lessee shall pay the cost of regular maintenance work related to the use of the rental units. Any of the following optional provisions may be included: 1. The two parties may choose any of the following optional provisions: a. Upon the expiry of the Lease Agreement Term, the Lessee shall hand over the rental unit in the same conditions as it received it. b. The Lessee shall not have the right to remove any fixed or non-transferable improvements, decorations or any additions to the rental unit. 2. The two parties may choose any of the following optional provisions: The Lessee shall cancel the municipal license for the rental unit upon the expiry of the Lease Agreement Term or pay a specified amount of rent on a daily basis until the municipal license is cancelled. The Lessee undertakes to cancel the municipal license for the rental unit upon the expiry of the Lease Agreement Term.
Health and Safety	The Lessee shall take the necessary precautions to protect the leased property, its facilities, employees, customers and visitors against any damage which may result from force majeure events, or power, water or air-conditioning outages, or any malfunction of mechanical and electrical machines, any fraud or theft incidents, etc. (Optional Provision)
Fines	If the handing over period has passed without the Lessee taking over the rental units and signing the handing over form, the Owner shall have the right to terminate the Lease Agreement without refunding the security deposit. Upon the expiry of the lease term and failing to renew the same or upon the termination of the Lease Agreement, the Lessee shall hand over the rental unit to the Owner or its representative and sign the handing over form. If the Lessee unlawfully retains the rental unit in its possession, it shall pay a fixed amount of rent on a daily basis. Any of the following optional provisions may be included: 1. The Owner shall pay a fixed amount of rent on a daily basis if it delays to hand over the rental unit to the Lessee after completing all the formal procedures to enter into a lease agreement. 2. The Lessee shall pay a fixed amount of rent on a daily basis if it delays to open the rental unit after completing all the formal procedures to enter into a lease agreement. The Lessee shall pay double the amount of the daily rent in case of delay to open the rental unit or complete the rest of the procedures.

Expiry or Termination of the Agreement	The Lease Agreement shall be terminated in the following cases: (1) if the lease term expires, (2) if it is proven that the property is about to collapse according to a report from the Civil Defense or any relevant government agency, (3) if the governmental decisions require the modification of the building rules and regulations, resulting in the inability to use the rental units, (4) if the government becomes the owner of the rental units or parts thereof, resulting in the inability to use the rental units, (5) if force majeure events occur, (6) if the Lessee declares his insolvency or bankruptcy or initiates liquidation procedures, the Lease Agreement shall be terminated as of the date of the expiry of the term or the renewed term or as of the date on which the Owner becomes aware of the same, whichever is earlier and (7) the affected party shall have the right to terminate the Lease Agreement if the other party violates any of its obligations arising from the Lease Agreement and fails to remedy such violation within 15 days after receiving a notice of the violation. The Owner shall have the right to ask the Lessee to vacate the rental unit without compensation after serving appropriate notice on the Lessee if any of the following events occurs: (1) if the Lessee delays to pay the rent, in whole or in part, for a specific number of days as of the date on which the Lessee is notified; (2) if the Lessee sublets the rental units, in whole or in part, or assigns the Lease Agreement to third parties, in whole or in part (if the Lessee is not permitted to do so); (3) if the Lessee makes any alterations which endanger the safety of the rental units or the property in any way and they cannot be reinstated to their original condition, or if it causes wilful damage by gross negligence to take the correct precautionary measures, or if third parties are allowed to cause such damage; (4) if the Lessee uses the rental unit for purposes which contradict the purpose for which it is rented, or if the Lessee uses the rental unit in a manner which is inconsistent with the rules and regulations in force in the Kingdom; or (5) if the Lessee breaches its obligations under the Lease Agreement.
Guarantee	The Owner shall refund the security deposit upon vacating the rental unit if there is no damage caused to the rental unit or there are no outstanding payments related to bills, rent or any services rendered to the Lessee. The Owner shall, after serving a 30 days' written notice on the Lessee, deduct from the security deposit the amount necessary to recover an amount payable by the Lessee.

Source: The Ministry of Municipal and Rural Affairs and Housing

12.5.4 Lease Agreements Concluded with Main Tenants

The Company concluded eighty-eight (88) real estate lease agreements with Main Tenants out of more than one thousand eight hundred and fourteen (1,814) lease agreements entered into by the Company with regard to its commercial malls in all cities as of the date of this Prospectus. The lease agreements entered into with the Main Tenants are based on the Company's standard lease agreement with minimal changes (for more information on the Company's standard lease agreements, please refer to Section 12.5.1 "**Standard Provisions of the Company's Lease Agreements**" of this Prospectus). The following is a summary of the details of the lease agreements entered into by the Company with its Main Tenants:

Table No. (12.14): Details of Lease Agreements Concluded with Main Tenants

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
1	Abdullah Al Othaim Markets Company*	A retail space with an area of 5,072 square meters to be used as a supermarket.	Al Othaim Mall - Khurais	02/23/1429H (corresponding to 03/01/2008G).	Twenty (20) years	1,673,760
2	Landmark Arabia Company	A retail space with an area of 2,928 square meters to be used as a clothing store under the brand "Centrepoint"	Al Othaim Mall - Khurais	12/27/1438H (corresponding to 09/18/2017G).	Five (5) years	2,488,800
3	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 8,059 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Khurais	12/22/1442H (corresponding to 08/01/2021G)	One year, automatically renewable	4,637,811

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
4	Balsan 1 Services and Trading Co.	A retail space with an area of 2,771 square meters to be used as a clothing store under the brand "Matalan"	Al Othaim Mall - Khurais	04/05/1440H (corresponding to 12/12/2018G)	Five (5) years	Years 1-2: 2,771,00 annually Years 3-4: 2,909,500 annually Year 5: 3,048,100
5	Sky Island Fashion Company Limited	A retail space with an area of 1,700 square meters to be used as a clothing store under the brand "RedTag"	Al Othaim Mall - Khurais	07/17/1442H (corresponding to 01/03/2021G).	Three (3) years, automatically renewable	1,768,000 or 10% of the annual sales value, whichever is higher
6	Landmark Arabia Company	A retail space with an area of 2,135 square meters to be used as a clothing store under the brand "Max"	Al Othaim Mall - Khurais	05/11/1442H (corresponding to 06/15/2021G)	Four (4) years	2,348,500 or 10% of the annual sales value, whichever is higher
7	Alshaya International Trading Company	A retail space with an area of 1,909 square meters to be used as a clothing store under the brand "H&M"	Al Othaim Mall - Khurais	04/27/1440H (corresponding to 03/01/2019G).	Five (5) years, automatically renewable	2,802,205 or 10% of the annual sales value, whichever is higher
8	The Ministry of Interior	A retail space with an area of 963 square meters to be used as a civil status services center	Al Othaim Mall - Khurais	01/13/1442G (corresponding to 09/01/2020G)	One year, automatically renewable	963,000
9	Landmark Arabia	A retail space with an area of 4,242 square meters to be used as a clothing store under the brand "Centrepoint"	Al Othaim Mall - Al-Rabwah	01/11/1442H (corresponding to 11/03/2019G).	Four (4) years	1,090,400 or 9% of the annual sales value, whichever is higher
10	Abdullah Al Othaim Markets Company*	A retail space with an area of 1,736 square meters to be used as a supermarket.	Al Othaim Mall - Al-Rabwah	08/10/1430H (corresponding to 08/01/2009G).	Ten (10) years, automatically renewable	770,880
11	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 9,496 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Al-Rabwah	12/22/1442H (corresponding to 08/01/2021G)	One year, automatically renewable	5,660,848
12	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 4,064 square meters to be used as an entertainment center under the brand "Snow City"	Al Othaim Mall - Al-Rabwah	22/12/1442H (corresponding to 08/01/2021G)	One year, automatically renewable	2,042,724

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
13	Sodas Sports Est.	A retail space with an area of 985 square meters to be used as a footwear store under the brand "Shoe Arena"	Al Othaim Mall - Al-Rabwah	12/22/1442H (corresponding to 08/01/2021G)	One year, automatically renewable	1,206,625
14	Sun and Sand Sports Co.	A retail space with an area of 1,245 square meters to be used as a store under the brand "Sun and Sand Sports"	Al Othaim Mall - Al-Rabwah	11/10/1434H (corresponding to 09/16/2013G).	Five (5) years, automatically renewable	Years 1-2: 1,743,000 Years 3-4: 1,992,000 Year 5: 2,116,500
15	Sky Island Fashion Company Limited	A retail space with an area of 1,100 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Al-Rabwah	01/27/1442H (corresponding to 09/15/2020G)	Three (3) years	1,199,000 or 10% of the annual sales value, whichever is higher
16	Abdullah Al Othaim Fashion Co.*	A retail space with an area of 1,576 square meters to be used as a store under the brand "Kiabi"	Al Othaim Mall - Al-Rabwah	009/109/1441H (corresponding to 05/12/2020G)	One year, automatically renewable	1,182,000 or 8% of the annual sales value, whichever is higher
17	Alghanim International Electronics Company	A retail space with an area of 1,235 square meters to be used as a store under the brand "X-Cite"	Al Othaim Mall - Al-Rabwah	06/009/1439H (corresponding to 02/25/2018G)	Five (5) years	1,605,500
18	Landmark Arabia Company	A retail space with an area of 1,250 square meters to be used as a store under the brand "Max"	Al Othaim Mall - Al-Rabwah	05/06/1441H (corresponding to 01/01/2020G)	Four (4) years	1,750,000 or 9% of the annual sales value, whichever is higher
19	Alshaya International Trading Company	A retail space with an area of 1,851 square meters to be used as a store under the brand "H&M"	Al Othaim Mall - Al-Rabwah	02/09/1436H (corresponding to 12/01/2014G).	Three (3) years, automatically renewable	2,832,030 or 10% of the annual sales value, whichever is higher
20	Fawaz Abdulaziz Alhokair & Co.	A retail space with an area of 160 square meters to be used as a store under the brand "La Senza"	Al Othaim Mall - Al-Rabwah	19/08/1442G (corresponding to 04/01/2021G)	Three (3) years	184,000 or 9% of the annual sales value, whichever is higher
21	Haifaa Badia Al-Qalam and Partners International Trade Co.	A retail space with an area of 100 square meters to be used as a store under the brand "Sergent Mosor"	Al Othaim Mall - Al-Rabwah	19/08/1442H (corresponding to 04/01/2021G)	Three (3) years	90,000 or 9% of the annual sales value, whichever is higher

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
22	Abdullah Al Othaim Fashion Co.*	A retail space with an area of 1,260 square meters to be used as a store under the brand "Kiabi"	Al Othaim Mall - Al-Naseem District	07/26/1440G (corresponding to 04/02/2019G)	Five (5) years	1,039,500 or 7% of the annual sales value, whichever is higher
23	Abdullah Al Othaim Markets Company*	A retail space with an area of 3,870 square meters to be used as a supermarket.	Al Othaim Mall - Buraidah	15/05/1428H (corresponding to 06/01/2007G).	Twenty (20) years	1,277,100
24	Landmark Arabia Company	A retail space with an area of 3,980 square meters to be used as a store under the brand "Centrepoint"	Al Othaim Mall - Buraidah	06/18/1438H (corresponding to 02/17/2017G).	Five (5) years	2,786,000
25	Landmark Arabia Company	A retail space with an area of 3,955 square meters to be used as a store under the brand "Home Center."	Al Othaim Mall - Buraidah	06/18/1438H (corresponding to 02/17/2017G).	Five (5) years	2,768,500
26	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 3,939 square meters to be used as an store under the brand "Saffori Land"	Al Othaim Mall - Buraidah	12/22/1442H (corresponding to 08/01/2021G)	One year, automatically renewable	2,530,766
27	Abdullah Al Othaim Fashion Co.*	A retail space with an area of 1,466 square meters to be used as a store under the brand "Kiabi"	Al Othaim Mall - Buraidah	05/26/1440H (corresponding to 02/01/2019G).	One (1) year, automatically renewable	1,392,700 or 10% of the annual sales value, whichever is higher
28	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 3,267 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall – Unaizah	04/22/1437H (corresponding to 02/01/2016G).	Ten (10) years.	1,331,268
29	Abdullah Al Othaim Markets Company*	A retail space with an area of 2,430 square meters to be used as a supermarket.	Al Othaim Mall - Unaizah	008/013/1438H (corresponding to 05/09/2017G).	Ten (10) years.	729,000
30	Landmark Arabia Company	A retail space with an area of 3,356 square meters to be used as a store under the brand "Centrepoint"	Al Othaim Mall - Unaizah	05/17/1442H (corresponding to 01/01/2021G)	Four (4) years	2,181,400

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
31	Sky Island Fashion Company Limited	A retail space with an area of 1,700 square meters to be used as a store under the brand "Red Tag"	Al Othaim Mall - Unaizah	04/14/1437G (corresponding to 01/24/2016G)	Five (5) years, automatically renewable	Years 1-3: 1,088,000 or 10% of the annual sales value, whichever is higher Years 4-5: 1,513,000 or 10% of the annual sales value, whichever is higher
32	Al Sharqiya Readymade Fashion Retail Company	A retail space with an area of 1,171 square meters to be used as a store under the brand "Twenty-Four"	Al Othaim Mall - Unaizah	06/26/1437H (corresponding to 04/04/2016G).	Five (5) years, automatically renewable	Years 1-2: 866,540 Years 3-4: 925,090 Year 5: 983,640
33	Abdullah Al Othaim Fashion Co.*	A retail space with an area of 1,500 square meters to be used as a store under the brand "Kiabi"	Al Othaim Mall - Unaizah	01/21/1440H (corresponding to 10/01/2018G)	Five (5) years	1,537,500 or 7% of the annual sales value, whichever is higher
34	Abdullah Al Othaim Markets Company*	A retail space with an area of 3,620 square meters to be used as a supermarket.	Akirshah Mall	03/14/1439H (corresponding to 01/01/2018G).	Ten (10) years, automatically renewable	1,086,000
35	Landmark Arabia Company	A retail space with an area of 1,527 square meters to be used as a store under the brand "Max"	Akirshah Mall	09/02/1443H (corresponding to 10/15/2021G).	Four (4) years	1,297,950 or 7% of the annual sales value, whichever is higher
36	Alshaya International Trading Company	A retail space with an area of 4,965 square meters to be used as a store under the brand "Debenhams"	Al Othaim Mall - Dammam	08/28/1436H (corresponding to 06/15/2015G).	Ten (10) years.	Year 1-3: 5,312,550 Year 4-6: 6,169,013 Years 6-10: 7,310,963
37	Alshaya International Trading Company	Offices with an area of 1,102 square meters	Al Othaim Mall - Dammam	09/13/1433G (corresponding to 08/01/2012G)	Seven (7) years, automatically renewable	500,308
38	Alshaya International Trading Company	A retail space with an area of 1,197 square meters to be used as an store under the brand "West Elm"	Al Othaim Mall - Dammam	12/10/1439H (corresponding to 06/26/2018G)	Ten (10) years.	Years 1-3: 1,586,025 or 10% of the annual sales value, whichever is higher Years 4-6: 1,861,335 or 10% of the annual sales value, whichever is higher Years 7-10: 2,136,645 or 10% of the annual sales value, whichever is higher

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
39	Landmark Arabia Company	A retail space with an area of 2,500 square meters to be used as a store under the brand "Max"	Al Othaim Mall - Al-Ahsa	22/11/1438H (corresponding to 08/14/2017G)	Five (5) years.	2,125,000
40	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 1,900 square meters to be used as an entertainment center under the brand "Action Zone"	Al Othaim Mall - Al-Ahsa	12/10/1442H (corresponding to 06/01/2021G)	One year, automatically renewable	650,000
41	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 8,069 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Al-Ahsa	22/12/1442H (corresponding to 08/01/2021G)	One year, automatically renewable	5,162,462
42	Alshaya International Trading Company	A retail space with an area of 3,245 square meters to be used as a store under the brand "H&M"	Al Othaim Mall - Dammam	17/09/1439H (corresponding to 06/01/2018G)	Ten (10) years.	Years 1-3: 3,987,100 or 10% of the annual sales value, whichever is higher Years 4-6: 4,692,510 or 10% of the annual sales value, whichever is higher Years 6-10: 5,397,920 or 10% of the annual sales value, whichever is higher
43	Abdullah Al Othaim Fashion Co.*	A retail space with an area of 1,138 square meters to be used as a store under the brand "Kiabi"	Al Othaim Mall - Dammam	06/05/1440H (corresponding to 02/10/2019G)	One year, automatically renewable	1,621,650 or 10% of the annual sales value, whichever is higher
44	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 8,413 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Dammam	10/20/1442H (corresponding to 06/01/2021G)	One year, automatically renewable	4,505,074
45	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 1,700 square meters to be used as an entertainment center under the brand "Action Zone"	Al Othaim Mall - Dammam	21/10/1440H (corresponding to 06/24/2019G)	One year, automatically renewable	450,000

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
46	Abdullah Al Othaim Markets Company*	A retail space with an area of 5,446 square meters to be used as a supermarket.	Al Othaim Mall - Dammam	26/01/1432H (corresponding to 01/01/2011G).	Eighteen (18) years	1,922,400 in addition to the expenses of water, sewage and electricity according to the meter
47	Landmark Arabia Company	A retail space with an area of 2,540 square meters to be used as a store under the brand "Max"	Al Othaim Mall - Dammam	01/25/1442H (corresponding to 09/13/2020G)	Four (4) years	2,921,000 or 9% of sales, whichever is higher
48	Landmark Arabia Company	A retail space with an area of 4,830 square meters to be used as a store under the brand "Centrepoint"	Al Othaim Mall - Dammam	26/01/1442H (corresponding to 09/14/2020G)	Four (4) years.	5,071,500 or 9% of sales, whichever is higher
49	Sky Island Fashion Company Limited	A retail space with an area of 1,855 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Dammam	17/07/1442H (corresponding to 03/01/2021G).	Three (3) years	1,975,575 or 10% of the sales, whichever is higher
50	Abdullah Al Othaim Markets Company*	A retail space with an area of 6,545 square meters to be used as a supermarket.	Al Othaim Mall - Al-Ahsa	22/12/1427H (corresponding to 01/12/2007G)	Twenty (20) years	2,159,850
51	Sky Island Fashion Company Limited	A retail space with an area of 1,680 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Al-Ahsa	19/06/1442H (corresponding to 02/01/2021G)	Three (3) years	2,251,200 or 10% of the annual sales value, whichever is higher
52	Sun and Sand Sports Co.	A retail space with an area of 1,019 square meters to be used as a store under the brand "Sun and Sand Sports"	Al Othaim Mall - Al-Ahsa	08/03/1435H (corresponding to 06/01/2014G).	Five (5) years, automatically renewable	Year 1: 1,226,400 Year 2: 1,374,740 Years 3-4: 1,465,940 Year 5: 1,557,140
53	Landmark Arabia Company**	A retail space with an area of 2,701 square meters to be used as a store under the brand "Centrepoint"	Al Othaim Mall - Al-Ahsa	11/29/1437H (corresponding to 09/01/2016G).	Five (5) years, renewable for a similar period by agreement of the parties	2,565,950
54	Al Sharqiya Readymade Fashion Retail Company	A retail space with an area of 928 square meters to be used as a store under the brand "Twenty-Four"	Al Othaim Mall - Al-Ahsa	04/07/1441H (corresponding to 12/04/2019G).	Three (3) years	1,057,920 or 10% of the annual sales value, whichever is higher
55	Alshaya International Trading Company	A retail space with an area of 1,370 square meters to be used as a store under the brand "H&M"	Al Othaim Mall - Al-Ahsa	10/14/1433H (corresponding to 09/01/2012G).	Five (5) years, automatically renewable	2,192,000 or 10% of the annual sales value, whichever is higher

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
56	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 4,450 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Al-Khafji	As of the date of the handing over letter or the handing over of the rental unit, whichever is earlier***	Ten (10) years.	2,336,250
57	Lulu Hypermarket	A retail space with an area of 11,059.71 square meters to be used as a supermarket.	Almashreq Mall – Hafr Al-Batin	The lease term starts from the day following the 18-month period from the date of the final handover of the leased property to the lessee	Twenty (20) years.	The first year to the fifth year: SAR 3,981,496 Years 6-10: 4,180,570 Years 11-15: 4,389,599 From the sixteenth year to the twentieth year SAR 4,609,079
58	Abdullah Al Othaim Markets Company*	A retail space with an area of 3,811 square meters to be used as a supermarket.	Al Othaim Mall - Hail	11/09/1438H (corresponding to 09/01/2017G) amended on 12/11/1441H (corresponding to 08/01/2020G)	Twenty (20) years	1,676,840
59	Alshaya International Trading Company	A retail space with an area of 1,508 square meters to be used as a store under the brand "H&M"	Al Othaim Mall - Hail	12/02/1437H (corresponding to 09/03/2016G)	Ten (10) years.	Years 1-3: 1,960,400 or 10% of the annual sales value, whichever is higher Years 4-5: 2,133,830 or 10% of the annual sales value, whichever is higher Years 6-10: 2,515,344 or 10% of the annual sales value, whichever is higher
60	Sodas Sports Est.	A retail space with an area of 1,171 square meters to be used as a store under the brand "Shoe Arena"	Al Othaim Mall - Hail	21/10/1442H (corresponding to 06/02/2021G)	Two years	936,800
61	Landmark Arabia Company	A retail space with an area of 2,915 square meters to be used as a store under the brand "Home Box"	Al Othaim Mall – Hail	22/12/1442H (corresponding to 08/01/2021G)	Four (4) years	1,894,950 or 6% of the annual sales value, whichever is higher
62	Landmark Arabia Company	A retail space with an area of 2,113 square meters to be used as a store under the brand "Max"	Al Othaim Mall - Hail	22/12/1442H (corresponding to 08/01/2021G)	Four (4) years	1,373,450 or 6% of the annual sales value, whichever is higher

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
63	Sky Island Fashion Company Limited	A retail space with an area of 1,747 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Hail	08/09/1442H (corresponding to 03/22/2021G)	Three (3) years	1,467,480 or 10% of the annual sales value, whichever is higher
64	BASICXX TRADING Company	A retail space with an area of 1,766 square meters to be used as a store under the brand "Basicxx"	Al Othaim Mall - Hail	009/20/1438H (corresponding to 06/15/2017G).	Five (5) years	Years 1-3: 1,596,600 or 15% of the annual sales value, whichever is higher. –Year 4: 1,667,560 or 15% of the annual sales value, whichever is higher. Year 5: 1,744,197 or 15% of the annual sales value, whichever is higher.
65	Abdullah Al Othaim Entertainment Co.	A retail space with an area of 4,852 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Hail	12/01/1437H (corresponding to 09/02/2016G)	Ten (10) years.	1,892,280 or 12% of the annual sales value, whichever is higher.
66	Al Sharqiya Readymade Fashion Retail Company	A retail space with an area of 1,665 square meters to be used as a store under the brand "Twenty-Four"	Al Othaim Mall - Hail	13/06/1437H (corresponding to 03/22/2016G)	Five (5) years, automatically renewable	Years 1-2: 1,232,100 or 8% of the annual sales value, whichever is higher Years 3-4: 1,315,350 or 10% of the annual sales value, whichever is higher The fifth and sixth years: 1,398,600 or 10% of the annual sales value, whichever is higher
67	Landmark Arabia Company	A retail space with an area of 3,490 square meters to be used as a store under the brand "Centrepoint"	Al Othaim Mall - Arar	21/06/1442H (corresponding to 02/01/2021G)	Four (4) years	2,268,500
68	Abdullah Al Othaim Markets Company	A retail space with an area of 4,597 square meters to be used as a supermarket.	Al Othaim Mall - Arar	26/07/1437H (corresponding to 05/03/2016G)	Ten (10) years.	2,022,680
69	Landmark Arabia Company	A retail space with an area of 1,915 square meters to be used as a store under the brand "Max"	Al Othaim Mall - Arar	21/06/1442H (corresponding to 02/1/2021G)	Five (5) years	1,532,000

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
70	Sky Island Fashion Company Limited	A retail space with an area of 1,588 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Arar	07/22/1442H (corresponding to 03/06/2021G)	Three (3) years	1,254,520 or 10% of the annual sales value, whichever is higher.
71	Landmark Arabia Company	A retail space with an area of 4,513 square meters to be used as a store under the brand "Home Center"	Al Othaim Mall - Arar	19/06/1442H (corresponding to 02/01/2021G)	One year	2,933,450
72	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 4,597 square meters to be used as an entertainment center under the brand "Saffori Land"	Al Othaim Mall - Arar	06/06/1437H (corresponding to 04/04/2016G).	Ten (10) years.	1,792,830
73	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 5,278 square meters to be used as an store under the brand "Saffori Land"	Al Othaim Mall – Hafr Al-Batin	As of the date of the handing over letter ***	Ten (10) years.	1,319,500 or 12% of the annual sales value, whichever is higher
74	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 7,777 square meters to be used as an store under the brand "Action Zone"	Al Othaim Mall – Hafr Al-Batin	As of the date of the handing over letter ***	Ten (10) years.	3,033,030 or 12% of the annual sales value, whichever is higher
75	Abdullah Al Othaim Entertainment Co.*	A retail space with an area of 5,649 square meters to be used as a store under the brand "Splash"	Al Othaim Mall – Hafr Al-Batin	As of the date of the handing over letter ***	Ten (10) years.	1,412,250 or 12% of the annual sales value, whichever is higher
76	Arabian Oud for Perfumes & Fragrances Co.	A retail space with an area of 100 square meters to be used as a store under the brand "Arabian Oud"	Al Othaim Mall - Akirshah	19/08/1442H (corresponding to 04/01/2021G)	One year	50,000
77	Sky Island Fashion Company Limited	A retail space with an area of 1,740 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Buraidah	14/02/1442H (corresponding to 10/01/2020G)	Three (3) years	1,548,600 or 10% of the annual sales value, whichever is higher
78	Sky Island Fashion Company Limited	A retail space with an area of 78 square meters to be used as a store under the brand "RedTag"	Al Othaim Mall - Buraidah	14/02/1442H (corresponding to 10/01/2020G)	Three (3) years	101,400
79	Samba Financial Group	ATM location with an area of 8 square meters.	Al Othaim Mall - Akirshah	15/09/1440H (corresponding to 05/20/2019G)	Ten (10) years	50,000

#	Tenant	Location description	Location	Lease start date	Lease term	Annual lease amount (SAR)
80	Landmark Arabia Company****	A retail space with an area of 3,235 square meters to be used as a store for the brand "Centrepoint"	Dar Al Waha Mall	13/01/1442H (corresponding to 09/01/2020G)	Five (5) years	808,750
81	Landmark Arabia Company****	A retail space with an area of 4,321 square meters to be used as a store for the brand "Home Center"	Dar Al Waha Mall	13/01/1442H (corresponding to 09/01/2020G)	Five (5) years	388,890
82	Landmark Arabia Company****	A retail space with an area of 1,800 square meters to be used as a store for the brand "Max"	Dar Al Waha Mall	13/01/1442H (corresponding to 09/01/2020G)	Five (5) years	450,000
83	Landmark Arabia Company****	A retail space with an area of 2,022 square meters to be used as a store for the brand Home Box.	Dar Al Waha Mall	21/01/1443H (corresponding to 12/25/2021G)	Five (5) years	303,300
84	Sky Island Fashion Company Limited ****	A retail space with an area of 1,270 square meters to be used as a store for the brand "RedTag"	Dar Al Waha Mall	20/009/1438H (corresponding to 06/15/2017G)	Ten (10) years	304,800
85	Alazya Alasasiah Alfaridah Trading Company****	A retail space with an area of 1,170 square meters to be used as a store for the brand "R&B"	Dar Al Waha Mall	13/01/1442H (corresponding to 09/01/2020G)	Five (5) years	468,000
86	Alshaya International Trading Company****	A retail space with an area of 1,082 square meters to be used as a store for the brand "H&M"	Dar Al Waha Mall	05/04/1437H (corresponding to 01/15/2016G)	Ten (10) years	6% of the annual sales value
87	East West Hypermarket Co.****	A retail space with an area of 4,247 square meters to be used as a store for the brand "Nesto Hypermarket"	Dar Al Waha Mall	18/07/1438H (corresponding to 04/15/2017G)	Fifteen (15) years	Years 1-5: 1,486,450 Years 6-10: 1,635,095 Years 11-15: 1,798,604
88	First Fitness Limited Co.****	A retail space with an area of 1,890 square meters to be used as a store for the brand "Fun City"	Dar Al Waha Mall	14/04/1439H (corresponding to 01/01/2018G)	Fifteen (15)	13.5% of the annual sales value

* Such contracts are contracts concluded with Related Parties, for further information about material contracts concluded with Related Parties, please refer to Section 12.6 "**Material Contracts with Related Parties**" of this Prospectus.

** The Company confirms that this agreement is still valid.

*** The rental units in Al Othaim Mall - Al-Khafji and Al Othaim Mall - Hafr Al-Batin have been rented, but have not been taken over, as development work in the same is still in progress as of the date of this Prospectus.

**** On 28/05/1443H (corresponding to 01/01/2022G), the lease agreements for Dar Al Waha Mall were transferred to the Company pursuant to the sale agreement (for more information about the sale agreement, please refer to Section 12.5.10 "**Sale Agreement for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus).

Source: The Company

12.5.5 Lease Agreements and Development of Malls

The Company has entered into a number of long-term lease agreements with the owners of some of the properties on which the Company builds a number of its current and future commercial malls. Below is a summary of these contracts.

A. Lease Agreement of Al Othaim Mall - Buraidah

Table No. (12.15): Summary Provisions of the Lease Agreement for Al Othaim Mall - Buraidah

Mall	Al Othaim Mall – Buraidah
Parties	The Company (as Lessee) and Buraidah Municipality (as Lessor)
Date of the Agreement	12/25/1420H (corresponding to 03/31/2000G)
Description of the Agreement	Buraidah Municipality lets a plot of land located in Al-Iskan District in the city of Buraidah on a total area of twenty-five thousand six hundred (25,600) square meters to be developed as a commercial mall by the Company, provided that the ownership of all buildings and constructions which are carried out on the leased property shall be owned by Buraidah Municipality upon the expiry of the Agreement term.
Term	Twenty-five (25) years starting on 12/25/1420H (corresponding to 3/31/2000G) and ending on 12/24/1445H (corresponding to 06/30/2024G)
Rent Value	The Company shall pay an annual rent to Buraidah Municipality in the amount of three hundred and two thousand Saudi Riyals (SAR 302,000), due within 15 days as of the end of each year. The Company shall bear the costs of electricity and other utilities.
Termination	Buraidah Municipality may immediately terminate the Agreement in the following cases: (1) in the event that the Agreement expires and either party does not desire to renew the same, (2) in the event that the Investor dies and their heirs fails to submit, within two months of their death, a written request to the Municipality to continue implementing the Agreement signed by their heir under the same conditions, or (3) in the event that Buraidah Municipality asks the Company in writing to hand over the leased property for reasons related to the public interest. In this case, Buraidah Municipality shall indemnify the Company and protect its rights under the relevant laws. In addition, Buraidah Municipality may terminate the Agreement after serving notice in the following cases: (1) in the event that the Company defaults on the payment of the rent for 30 days or more after the maturity date, (2) in the event that the Company breaches any of the terms or conditions of the Agreement (3) in the event that the Company withdraws from the leased property or relinquish the same or (4) in the event of the Company's failure or negligence with regard to the performance of its duties.
Assignment/ Subleasing	The Company may not assign the Agreement, in whole or in part, to any third party without obtaining the prior written consent of Buraidah Municipality. In addition, the Company may not sublet the entire property to any third party without obtaining the prior written consent of Buraidah Municipality. The World Shopping Center Company assigned the Agreement to the Company under the undated approval of Buraidah Municipality.
Jurisdiction	The Board of Grievances shall have jurisdiction to consider any dispute arising between the two Parties.

Source: The Company

B. Lease Agreement of Al Othaim Mall - Unaizah

Table No. (12.16): Summary Standard Provisions of the Lease Agreement for Al Othaim Mall - Unaizah

Mall	Al Othaim Mall – Unaizah
Parties	The Company (as Lessee) and Unaizah Municipality (as Lessor)
Date of the Agreement	05/26/1432H (corresponding to 04/30/2011G).
Description of the Agreement	Unaizah Municipality lets a plot of land located in Al Montazah District in the city of Unaizah on a total area of sixty thousand (60,000) square meters to be developed as a commercial mall by the Company, provided that the ownership of all buildings and constructions which are carried out on the leased property shall be owned by Unaizah Municipality upon the expiry of the Agreement term.
Term	Twenty-five (25) years starting on 01/11/1426H (corresponding to 03/12/2005G) and ending on 10/30/1451H (corresponding to 03/05/2030G)
Rent Value	The Company shall pay an annual rent to Unaizah Municipality in the amount of two hundred thousand Saudi Riyals (SAR 200,000), due within 15 days of the end of each year. The Company shall bear the costs of electricity and other utilities.
Termination	Unaizah Municipality may immediately terminate the Agreement in the following cases: (1) in the event that the Agreement expires and either party does not desire to renew the same, (2) in the event that Unaizah Municipality asks the Company in writing to hand over the leased property for reasons related to the public interest. In this case, Unaizah Municipality shall indemnify the Company and protect its rights under the relevant laws. In addition, Unaizah Municipality may terminate the Agreement after serving notice Letter in the following cases: (1) the Company's operations are suspended for a period of 60 days or more without an acceptable justification; (2) the Company delays to commence the operation and maintenance work for more than six (6) months without an acceptable justification; (3) the Company breaches any of the terms or conditions of the Agreement, (4) the Company defaults to pay the rent for 60 days or more after the maturity date or (5) the Company withdraws from the leased property or relinquishes the operation of same.
Assignment/ Subleasing	The Company may not assign the Agreement, in whole or in part, to any third party without obtaining the prior written consent of Unaizah Municipality. In addition, the Company may not sublet the entire property to any third party without obtaining the prior written consent of Unaizah Municipality. However, the company shall have the right to rent out retail spaces and restaurants within the mall to third parties for its own account. Queel Real Estate Investments Co. assigned the Agreement to the Company under the approval of Unaizah Municipality No. 8746 dated 03/16/1432H (corresponding to 02/19/2011G).
Jurisdiction	The Board of Grievances shall have jurisdiction to consider any dispute arising between the two Parties.

Source: The Company

C. Lease Agreement of Al Othaim Mall - Hafr Al-Batin

Table No. (12.17): Summary Standard Provisions of the Lease Agreement for Al Othaim Mall - Hafr Al-Batin

Mall	Al Othaim Mall – Hafr Al-Batin
Parties	The Company (as Lessee) and the Eastern Province Municipality (as Lessor)
Date of the Agreement	29/12/1334H (corresponding to 10/27/1916G).
Description of the Agreement	The Eastern Province Municipality lets a plot of land located in Al-Wurud District in the city of Hafr Al-Batin on a total area of two hundred twenty-six thousand three hundred and three (226,303) square meters to be developed as a commercial mall by the Company, provided that the ownership of all buildings and constructions which are carried out on the leased property shall be owned by the Eastern Province Municipality upon the expiry of the Agreement term.
Term	Twenty-five (25) years starting on 07/08/1437H (corresponding to 04/15/2016G) and ending on 07/05/1462H (corresponding to 07/15/2040G)
Rent Value	The Company shall pay an annual rent to the Eastern Province Municipality in the amount of one million and thirty-four thousand Saudi Riyals (SAR 1,034,000), due at the beginning of each rental year. The Company shall bear the costs of electricity and other utilities.
Termination	The Eastern Province Municipality may terminate the Agreement in the following cases: (1) the Company delays starting the construction work beyond the specified period, (2) the Company uses the leased property for a purpose that contradicts the agreed purpose, lets the property, in whole or in part, or assigns the Agreement without obtaining the prior written consent of the Eastern Province Municipality and fails to rectify the situation within fifteen (15) days as of the date on which it receives a notice of the same, (3) the Company fails to pay the due rent within the specified period and fails to rectify the situation within fifteen (15) days as of the date on which it receives notice of the same. In addition, the Eastern Province Municipality may, after obtaining approval from the Minister of Municipal and Rural Affairs and Housing, revoke this Agreement prior to the expiry of its term for reasons related to the public interest.
Assignment/ Subleasing	The Company may not assign the Agreement, in whole or in part, to any third party without obtaining the prior written consent of the Eastern Province Municipality. In addition, the Company may not sublet the entire property to any third party without obtaining the prior written consent of the Eastern Province Municipality.
Jurisdiction	The Administrative Court shall have jurisdiction to consider any dispute arising between the two Parties.

Source: The Company

D. Lease Agreement of Al Othaim Mall - Al-Rabwah

Table No. (12.18): Summary Standard Provisions of the Lease Agreement for Al Othaim Mall - Al-Rabwah

Mall	Part of Al Othaim Mall - Al-Rabwah
Parties	Princess Al Anoud Bint Abdul Aziz Bin Mousaed Bin Jalawi Al Saud Charity Foundation and Prince Saud bin Fahd bin Abdulaziz Al Saud Foundation (hereinafter referred to as "Owners of Rabwah Plot") (as Lessors) and Abdullah Saleh Ali Al Othaim (as Lessee)*
Date of the Agreement	09/16/1421H (corresponding to 12/12/2000G).
Description of the Agreement	The Owners of Rabwah Plot let a plot of land with a total area of fifteen thousand, seven hundred thirty-three, one hundred fifty-five (15,733.155) square meters, on which part of the Al Othaim Mall - Al-Rabwah is located in favor of Abdullah Saleh Ali Al Othaim, who in turn assigns the Agreement to the Company.
Term	Twenty-five (25) calendar years starting on 11/11/1421H (corresponding to 02/01/2001G) and ending on 08/12/1447H (corresponding to 01/31/2026G)
Rent Value	The Company shall pay an annual rent of two hundred and seventy-eight million five hundred and twenty-five thousand Saudi Riyals (SAR 278,525,000) to the Owners of Rabwah Plot, to be paid in equal semi-annual instalments.
Termination	Unspecified
Assignment/ Subleasing	The Company may sublease all or any part of the property to a third party.
Jurisdiction	Any dispute arising between the Parties shall be referred to the courts of the Kingdom.

* Subsequently, part of the land owned by Prince Saud bin Fahd bin Abdulaziz Al Saud was transferred to the Saud bin Fahd Charitable Foundation. An addendum to the Agreement was concluded on 03/02/1433H (corresponding to 01/25/2012G) between the Owners of Rabwah Plot, Saud bin Fahd Charitable Foundation, Abdullah Saleh Al Othaim and the Company under which Prince Saud bin Fahd bin Abdulaziz Al Saud assigned his rights and obligations under the Agreement to Saud Bin Fahd Charitable Foundation, and Abdullah Saleh Al Othaim assigned his rights and obligations under the Agreement to the Company. Abdullah Saleh Ali Al Othaim assigned all his rights and obligations under the Agreement to the Company under the assignment contract concluded between Abdullah Saleh Ali Al Othaim and the Company on 04/08/1432H (corresponding to 03/13/2011G).

Source: The Company

E. Lease Agreement of Al Othaim Mall - Dammam

Table No. (12.19): Summary Standard Provisions of the Lease Agreement FOR Al Othaim Mall - Dammam

Mall	Al Othaim Mall – Dammam
Parties	The Company (the Lessee) and Abdullah Al Othaim Markets Company (the Lessor)
Date of the Agreement	20/05/1430H (corresponding to 05/15/2009G) amended on 21/12/1431H (corresponding to 11/27/2010G)
Description of the Agreement	Abdullah Al Othaim Markets Company shall let the property located in Dammam* to the Company for the purpose of operating it as a commercial mall.
Term	Eighteen (18) years starting on 26/01/1432H (corresponding to 01/01/2011G) and ending on 01/14/1450H (corresponding to 06/07/2028G).
Renewal Method	Unspecified
Rent Value	The Company shall pay an annual rent of thirty-four million nine hundred and thirty-two thousand Saudi Riyals (SAR 34,932,000) to Abdullah Al Othaim Markets Company, to be paid in equal semi-annual instalments. Abdullah Al Othaim Markets Company shall have the right to use a retail space in a commercial mall with a total area of seven thousand four hundred and eighty-nine (7,489) square meters in consideration of a rent of two million nine hundred and ninety-five thousand six hundred Saudi Riyals (SAR 2,995,600) (which includes maintenance, cleaning, parking and other services of the mall as well as the central air conditioners). It shall be deducted from the annual rent due under this Agreement (that is, the net annual rent due under this Agreement is thirty-one million nine hundred and thirty-six thousand and four hundred Saudi Riyals (SAR 31,936,400).
Termination	Unspecified
Assignment/ Subleasing	The Company may sublet all or any part of property to third parties.
Jurisdiction	Unspecified

* The property leased under this Agreement is not owned by Abdullah Al Othaim Markets Company, but is owned by the General Organization for Social Insurance. The General Organization for Social Insurance let the property to Abdullah Al Othaim Markets Company under a lease and development contract concluded with the General Organization for Social Insurance on 04/06/1423H (corresponding to 06/17/2002G) and amended on 04/20/1425H (corresponding to 06/08/2004G). Under the lease and development agreement concluded with the General Organization for Social Insurance, Abdullah Al Othaim Markets Company shall have the right to sublet the property to any third party, as long as Abdullah Al Othaim Markets Company remains responsible for all its obligations towards the General Organization for Social Insurance.

Source: The Company

F. The Lease Agreement for Al-Mithnab Land

Table No. (12.20): Summary Standard Provisions of the Lease Agreement for Al-Mithnab Land

Mall	Al-Mithnab Land
Parties	The Company (Lessee) and the Al-Mithnab Province Municipality (Lessor)
Date of the Agreement	23/08/1443H (corresponding to 05/04/2021G)
Description of the Agreement	Abdullah Al Othaim Markets Company shall let land with a total area of thirty-seven thousand (37,000) square meters located in Al-Salam District, King Fahd Road in Al-Mithnab Governorate, for the purpose of establishing and operating it as a commercial mall.
Term	Twenty-five (25) years starting on 10/07/1442H (corresponding to 05/19/2021G), i.e., the date on which the Company received the property from Mithnab Municipality, and ending on 13/07/1468H (corresponding to 05/19/2046G). The Company shall have a period of nine hundred thirteen (913) days for preparation and construction, which is equivalent to 10% of the Agreement Term, and it shall be an unpaid period.
Renewal Method	Unspecified
Rent Value	The Company shall pay Al-Mithnab Municipality an annual rent of one hundred thousand Saudi Riyals (SAR 100,000). The rent of the first year shall be paid upon signing the Agreement, and the rent of the following years shall be paid at the beginning of each year, no later than ten (10) days from the beginning of the year.
Termination	Al-Mithnab Municipality may terminate the Agreement in the following cases: (1) the Company delays in starting the implementation during the permitted preparation period, (2) the Company uses the leased property for a purpose which contradicts the agreed purpose, lets the property, in whole or in part, or assigns the Agreement without obtaining the prior written consent of Al-Mithnab Municipality and fails to rectify the situation within 15 days of the date on which it receives a notice of the same; (3) the Company fails to pay the due rent within the specified period and fails to rectify the situation within fifteen (15) days of the date on which it receives notice of the same; (4) the Company engages, directly or through an intermediary, in bribery for the purposes of obtaining this Agreement; or (5) the Company undergoes insolvency or bankruptcy. In addition, Al-Mithnab Province may, after obtaining approval from the Minister of Municipal and Rural Affairs and Housing, revoke this Agreement prior to the expiry of its term for reasons related to the public interest, provided that it shall serve a written notice of three (3) months on the Company.
Assignment/ Subleasing	The Company may not assign the Agreement, in whole or in part, to any third party without obtaining the prior written consent of Al-Mithnab Municipality. In addition, the Company may not sublet the entire property to any third party without obtaining the prior written consent of Al-Mithnab Municipality.
Jurisdiction	The Administrative Court shall have jurisdiction to consider any dispute arising between the two Parties.

Source: The Company

12.5.6 Abdullah Al Othaim Fashion Co. Franchise Agreements

Abdullah Al Othaim Fashion Co. manages a number of brands under franchise agreements entered with the owners of such brands. The following is a summary of the franchise agreements concluded by Abdullah Al Othaim Fashion Co.

A. Current Kiabi Franchise Agreement

Table No. (12.21): Summary Provisions of the Current Kiabi Franchise Agreement

Parties	The Company and KIABI International Development (hereinafter referred to as "Kiabi")*
Date of the Agreement	07/01/1436H (corresponding to 04/20/2015G).
Subject of the Agreement	Kiabi grants Abdullah Al Othaim Fashion Co. the exclusive right to distribute retail fashion products bearing the brand "Kiabi," owned by Kiabi Group. Kiabi may license the same to be used by third parties. The right granted under this Agreement shall include the trademarks, logo, brand concept and technical expertise to sell products in the Kingdom. Abdullah Al Othaim Fashion Co. may not grant the right to use the "Kiabi" trademark to third parties.
Term of contract	04/02/1444H (corresponding to 08/31/2022G)
Renewal Method	The Agreement may be renewed pursuant to a new agreement between the two Parties.
Fees	Abdullah Al Othaim Fashion Co. shall pay a license fee for each store opened under the trademark "Kiabi" in accordance with the Agreement, to be calculated on the basis of the net sales revenue gained by Al Othaim Fashion Co. as a result of selling Kiabi products. Such fee shall range between 8.25% and 10.5%. In addition, Abdullah Al Othaim Co. shall pay a monthly royalty fee for the brand to be calculated based on the net pre-tax sales revenue gained by Abdullah Al Othaim Fashion Co. as a result of selling non-Kiabi products at Kiabi stores. Such fee shall be 1%.
Material Restrictions	Abdullah Al Othaim Fashion Co. pledges: (1 not to sell Kiabi's products outside the stores bearing the trademark "Kiabi" except for online sales, provided that Kiabi's prior approval is obtained; (2) to obtain a standby letter of credit in favor of Kiabi, renewable for the term of the Agreement; (3) to obtain the prior written consent of Kiabi if it wishes to change its legal form; (4) to obtain the prior written consent of Kiabi in relation to any direct or indirect modification of more than 50% of the ownership of shares by the ultimate shareholders of Al Othaim Fashion Co; and (5) the terms of the Kiabi Franchise Contract are confidential and may not be disclosed by either party to any third party without the prior written consent of the other party. Abdullah Al Othaim Fashion Co. also commits not to sell in the Kingdom, directly or through an intermediary, including through its capital owner, any product which competes with Kiabi's products or any textile material or accessory sold by a competitor to Kiabi. "Competitor" is defined as a brand specialized in distributing textile products and accessories in large national or international stores (of an area of eight hundred (800) square meters or more) targeting children, women and men, which sell their products at the same store at a low price. However, the Agreement included a provision pursuant to which Kiabi agreed to mitigate the non-competition clause so that Abdullah Al Othaim Fashion Co. would be allowed to sell competing products in return for a covenant by Abdullah Al Othaim Fashion Co. to give priority to the stores bearing the "Kiabi" trademark over any current or future competitors with regard to any new store with an area of more than eight hundred (800) square meters in a new commercial mall owned by Abdullah Al Othaim Fashion Co. or its group. It shall so notify Kiabi before the competitor.
Jurisdiction	The Agreement shall be governed by the laws of France. Any disputes shall be referred to the arbitration regulations of the International Chamber of Commerce in Paris in accordance with the International Chamber of Commerce and - Alternative Dispute Resolution rules.

* Abdullah Al Othaim Fashion Co. notified Kiabi of the Offering by the letter dated 02/03/1441H (corresponding to 10/30/2019G) and received the approval of Kiabi on 28/3/1441H (corresponding to 11/25/2019G) to disclose the provisions of the Agreement in the Prospectus

Source: The Company

Abdullah Al Othaim Fashion Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency issued by Kiabi for Abdullah Al Othaim Fashion Co. under No. 15882 dated 26/01/1437H (corresponding to 11/08/2015G).

B. New Kiabi Franchise Agreement

Table No. (12.22): Summary Provisions of the New Kiabi Franchise Agreement

Parties	The Company and KIABI International Development (hereinafter referred to as "Kiabi")**
Date of the Agreement	20/02/1443H (corresponding to 09/27/2021G)
Subject of the Agreement	Kiabi grants Abdullah Al Othaim Fashion Co. the exclusive right to distribute fashion retail products bearing the Kiabi trademark owned by Kiabi Group in the Kingdom and the sole and absolute right to use the technical knowledge possessed by Kiabi Group in return for Abdullah Al Othaim Fashion Co. obtaining the right to use and benefit from all the techniques of the Kiabi trademark and concept, the transfer to it of business and IT specifications and the provision of training and regular assistance. Abdullah Al Othaim Fashion Co. does not have the right to license the use of the Kiabi trademark to third parties. Abdullah Al Othaim Fashion Co. has the right to transfer its contractual position under the new Kiabi franchise contract to a third party based on the prior written approval of Kiabi.
Term of contract	Valid from 28/05/1443H (corresponding to 01/01/2022G) until 20/04/1451H (corresponding to 08/31/2029G)
Renewal Method	The Agreement may be renewed by a new agreement between the two Parties.
Fees	Abdullah Al Othaim Fashion Co. shall pay a license fee for each store opened under the trademark "Kiabi" in accordance with the Agreement, to be calculated on the basis of the net sales revenue gained by Al Othaim Fashion Co. as a result of selling Kiabi products. Such fee shall range between 8% and 10.5%. In addition, Abdullah Al Othaim Co. is required to guarantee each store opened with a letter of credit covering the value of the payments due for each store from the date of issuance of the letters of credit until December 31 of each year.
Material Restrictions	Abdullah Al Othaim Fashion Co. pledges: (1) not to sell Kiabi's products outside retail spaces under the Kiabi brand; (2) to develop an e-commerce site in the Kingdom within 18 months from the signing of the new Kiabi franchise contract; (3) Abdullah Al Othaim Fashion Co. shall send its latest approved annual financial statements within 15 days from the date of the request; (4) during the term of the agreement, Abdullah Al Othaim Fashion Co. may not transfer all or part of its business except to persons who are approved by Kiabi and who will work in the same activity under the same trade name as Abdullah Al Othaim Fashion Co.; (5) Abdullah Al Othaim Entertainment Co. shall notify Kiabi 90 days prior to completing the transfer of its business in whole or in part; (6) Abdullah Al Othaim Fashion Co. undertakes to notify Kiabi immediately of its desire to contribute, grant or transfer more than 50% of its capital and/or voting rights to a third party while Kiabi retains the right to terminate the agreement; (7) Abdullah Al Othaim Fashion Co. shall notify Kiabi once one of Kiabi's competitors is included in Abdullah Al Othaim Fashion Co. Group and provide the necessary guarantees to protect Kiabi's information and maintain its confidentiality, while Kiabi retains the right to terminate the agreement. Abdullah Al Othaim Fashion Co. also commits not to sell in the Kingdom, directly or through an intermediary, including through its capital owner, any product which competes with Kiabi's products or any textile material or accessory sold by a competitor to Kiabi. As an exception, Kiabi agrees that on the date of signing the agreement, Abdullah Al Othaim Fashion Co. is working with the OVS brand, which competes with the Kiabi brand in the Kingdom. Accordingly, Kiabi agrees that Abdullah Al Othaim Fashion Co. operates stores for the OVS brand in the Kingdom and Abdullah Al Othaim Fashion Co. undertakes to propose the Kiabi brand as a priority for any of the sites that it wishes to develop, meaning that Al Othaim Fashion Co. will have to inform and select Kiabi as a priority for a new site. In addition, Abdullah Al Othaim Fashion Co. undertakes not to open a store of 800 square meters or more for the OVS brand. "Competitor" has been defined as "a trademark that specializes in distributing textile products and accessories largely for infants, children, women and men (with an area of more than eight hundred (800) square meters) or moderately for infants and children (with an area of more than four hundred (400) square meters) in national or international stores, which are presented in the same retail space at a low price." It was agreed between the parties that if, as of December 31 of each period, the number of opened stores is less than planned according to the development plan in the agreement, the parties must hold a meeting and an agreement can be made to postpone the opening of stores. If the parties fail to agree, Kiabi must notify Abdullah Al Othaim Fashion Co. within a period of eight (8) months to rectify the situation or withdraw its exclusivity. The terms of new Kiabi Franchise Contract are confidential and may not be disclosed by either party to any third party without the prior written consent of the other party.

Termination	In case of a breach of any of the obligations under the new Kiabi franchise contract, the parties must reach an amicable solution or terminate the agreement after sending a formal notice with acknowledgment of receipt. In case of a material or repeated breach, either party may terminate the agreement after sending a sixty-day formal notice prior to termination with acknowledgment of receipt. If the parties are liquidated, become bankrupt or fail to maintain any of the rights granted under the agreement, either party has the right to terminate the agreement. Upon expiration or termination of the agreement, Abdullah Al Othaim Fashion Co. and the entire Group undertake, regarding the site in which it initiated its business, and throughout the term of the agreement and for a period not exceeding 12 months after the expiry or termination of the agreement, that it shall not (1) directly or indirectly engage in any similar business activity or any activity identical to the activity carried out during the agreement; and (2) join, subscribe to or participate in any franchise network that competes with Kiabi or sells similar or identical products to Kiabi's.
Jurisdiction	The Agreement shall be governed by the laws of France. Any disputes shall be referred to the arbitration regulations of the International Chamber of Commerce in Paris in accordance with the International Chamber of Commerce and - Alternative Dispute Resolution rules.

* Abdullah Al Othaim Fashion Co. notified Kiabi of the Offering by the letter dated 02/03/1441H (corresponding to 10/30/2019G) and received the approval of Kiabi on 28/3/1441H (corresponding to 11/25/2019G) to disclose the provisions of the Agreement in the Prospectus

Source: The Company

Abdullah Al Othaim Fashion Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency issued by Kiabi for Abdullah Al Othaim Fashion Co. under No. 15882 dated 26/01/1437 H (corresponding to 11/08/2015G).

C. OVS Franchise Agreement

Table No. (12.23): The Summary Provisions of OVS Franchise Agreement

Parties	Abdullah Al Othaim Fashion Co. and OVS S.p.A (hereinafter referred to as "OVS")*
Date of the Agreement	09/27/1438H (corresponding to 06/22/2017G).
Subject of the Agreement	OVS grants the exclusive right and license to Abdullah Al Othaim Fashion Co. to (1) develop, own and operate independent stores under the brand "OVS" in the main streets or malls in the Kingdom; (2) purchase products from OVS and sell them in its own name through stores in the Kingdom; and (3) market products for retail sale in the Kingdom. OVS grants Abdullah Al Othaim Fashion Co. the right to use its trademarks and other related intellectual property for the above purposes in accordance with the standards set by OVS. The exclusivity shall only apply to the operation of stores and shall not apply to e-commerce and airports. However, Abdullah Al Othaim Fashion Co. shall have the right of preference with respect to such channels.
Term of Contract	Eight (8) years starting as of the date of the Agreement.
Renewal Method	The Agreement shall be automatically renewed for a subsequent period of eight (8) years if the Parties agree, in good faith, in writing, at least twelve (12) months prior to the expiry of the Agreement Term, on a new development plan for the next eight (8) year period.
Financial Agreement	Abdullah Al Othaim Fashion Co. shall pay an amount equal to 49% of the actual retail price of the products sold by it, excluding VAT.
Material Restrictions	No interest or right in this Agreement or any stores or part thereof may be transferred or assigned, nor may the structure of Abdullah Al Othaim Fashion Co. be changed without obtaining the prior written consent of OVS. The terms of the OVS franchise contract are confidential and no party may disclose them to any third party without the prior written consent of the other party. Such consent may not be unreasonably refused.
Jurisdiction	The Agreement and any dispute or claim arising out of or relating to it or its subject matter shall be governed by and construed in accordance with the laws of England and Wales. Any dispute which cannot be resolved amicably shall be referred to arbitration in accordance with the arbitration rules of the DIFC Arbitration Center, London Court of International Arbitration.

* Abdullah Al Othaim Fashion Co. notified OVS of the Offering by the letter dated 02/03/1441H (corresponding to 10/30/2019G) and received the approval of OVS on 16/03/1441H (corresponding to 11/13/2019G) to disclose the provisions of the Agreement in the Prospectus.

Source: The Company

Abdullah Al Othaim Fashion Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency issued by OVS for Abdullah Al Othaim Fashion Co. under No. 13884 dated 25/08/1434H (corresponding to 07/04/2013G).

D. Parfois Franchise Agreement

Table No. (12.24): Summary Provisions of Parfois Franchise Agreement

Parties	Abdullah Al Othaim Fashion Co. and Barata & Ramilo, S.A. (hereinafter referred to as "Barata & Ramilo")
Date of the Agreement	04/11/1436H (corresponding to 01/31/2015G), and an appendix was signed on 08/17/1440H (corresponding to 04/22/2019G) and on 01/19/1443H (corresponding to 08/27/2021G)
Subject of the Agreement	Barata & Ramilo shall appoint Abdullah Al Othaim Fashion Co. as its franchiser in Saudi Arabia with regard to the "Parfois" trademark; granting it the non-exclusive right and license to use the "Parfois" trademark, and to use the technical expertise related to the trademark, in addition to purchasing and marketing the "Parfois" products in Saudi Arabia, provided that Abdullah Al Othaim Fashion Co. remains compliant with the agreed development plan in terms of sales outlets that are opened each year
Term of Contract	Five (5) years, extended for an additional five (5) years on 09/18/1440H (corresponding to 05/23/2019G), to end on 08/01/1446H (corresponding to 01/31/2025G)
Renewal Method	The two parties have the right to agree to renew the contract six (6) months before the expiry of its term through a new contract.
Financial Agreement	Abdullah Al Othaim Fashion Co. shall pay the purchase price of "Parfois" products to Barata & Ramilo, which shall not be less than one hundred thousand United States Dollars (USD 100,000) annually.
Material Restrictions	The franchise rights granted under the contract are not exclusive. However, Abdullah Al Othaim Fashion Co. undertakes to refrain from conducting business in Saudi Arabia under any of the following brands: Accessorize, Charles & Keith, Charming Charlie, Bijou Brigitte, Six, I Am, Moa, Pandora, Prima Donna, Misako, Details, Carpisa, Blanco Accessories, Pieces, and Mango Touch. Barata & Ramilo may terminate the contract immediately in the event of any change of control in the current ownership structure of Abdullah Al Othaim Fashion Co. such that its existing shareholders cease to own at least 51% of its share capital or voting rights. Any information obtained by Abdullah Al Othaim Fashion Co. during or as a result of the performance of its activity or any information provided by Barata & Ramilo shall be kept confidential. Abdullah Al Othaim Fashion Co. may only open Parfois stores in malls owned by Abdullah Al Othaim Fashion Co. or its related companies, and this refers to any of the Al Othaim Malls. New Parfois stores may only be opened in Al Othaim Malls starting from the date of the last amendment. The sustainability of the exclusive right granted to Abdullah Al Othaim Fashion Co. to operate Parfois stores within the Kingdom is based on compliance with the action plans agreed upon in the agreement, which requires the opening of two new stores in 2022G, 2023G and 2024G.
Jurisdiction	The Contract shall be governed by the laws of Portugal and any disputes shall be subject to the exclusive jurisdiction of the Court of Porto in Portugal.

* Abdullah Al Othaim Fashion Co. notified Barata & Ramilo of the Offering by letter dated 02/03/1441H (corresponding to 10/30/2019G) and received on 26/06/1441H (corresponding to 02/20/2020G) the tacit approval of Barata & Ramilo to disclose the provisions of the contract in the Prospectus.

Source: The Company

Abdullah Al Othaim Fashion Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency from Barata & Ramilo for Abdullah Al Othaim Fashion Co. under No. 15465 dated 23/07/1436H (corresponding to 05/12/2015G).

E. Tally Weijl Franchise Agreement

Table No. (12.25): Summary of Provisions of Tally Weijl Franchise Agreement

Parties	Abdullah Al Othaim Fashion Co. and Tally Weijl Trading AG (hereinafter referred to as "Tally Weijl")*
Date of the Agreement	11/23/1437H (corresponding to 08/26/2016G).
Subject of the Agreement	Tally Weijl shall appoint Abdullah Al Othaim Fashion Co. as the exclusive franchiser of the trademark "Tally Weijl" in the Kingdom, granting it the right and license to operate the "Tally Weijl" trademark franchise and to operate an unlimited number of retail spaces that bear the "Tally Weijl" brand. It also grants the right to import and distribute Tally Weijl's products in the Kingdom, provided that Abdullah Al Othaim Fashion Co. remains in compliance with the agreed development plan in terms of sales outlets that are opened each year.
Term of Contract	Six (6) years starting on 11/29/1437H (corresponding to 09/01/2016G) and ending on 06/06/1444H (corresponding to 12/31/2022G).
Renewal Method	Abdullah Al Othaim Fashion Co. may extend the contract for an additional five (5) years upon prior written notice of six (6) months, provided that it has reached the minimum target for the last contractual year.
Fees	Abdullah Al Othaim Fashion Co. shall pay the purchase price of Tally Weijl's products as it determines, subject to a 3% discount that can be increased to 4% if all invoices are paid on time, or to 6% if the turnover of the purchased goods meets a certain level.
Material Restrictions	In case any change has occurred or any change has been caused to occur affecting the commercial registration of Abdullah Al Othaim Fashion Co. or the list of shareholders or beneficial owners, Abdullah Al Othaim Fashion Co. undertakes to submit immediately to Tally Wejil an extract from the commercial registration or the list of shareholders/beneficial owners. Tally Wejil shall have the right to terminate the contract in the event of any changes in Abdullah Al Othaim Fashion Co.'s structure, without its prior approval. Abdullah Al Othaim Fashion Co. undertakes to maintain the strictest confidentiality of all information received in relation to the Tally Weijl franchise contract, in particular with respect to the production and distribution of Tally Weijl goods, business relations with Tally Weijl, internal preparation, commercial affairs and all know-how and business secrets
Jurisdiction	The Contract shall be governed by the laws of Switzerland and any disputes shall be referred to the Arbitration Regulations of the International Chamber of Commerce in Switzerland in accordance with these rules.

* Abdullah Al Othaim Fashion Co. notified Tally Weijl of the Offering by letter dated 02/03/1441H (corresponding to 10/30/2019G) and received the tacit approval of Tally Weijl on 26/06/1441H (corresponding to 02/20/2020G) to disclose the provisions of the contract in the Prospectus.

Source: The Company

Abdullah Al Othaim Fashion Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency from Telly Wejil for Abdullah Al Othaim Fashion Co. under No. 13812 dated 07/08/1434H (corresponding to 06/16/2013G).

12.5.7 Abdullah Al Othaim Food Co. Franchise Agreements

In addition to the local brands it owns, Abdullah Al Othaim Food Co. shall manage a number of brands for the restaurant and coffee shop sector under franchise contracts with the owners of these brands. The following is a summary of the franchise contracts concluded by the Abdullah Al Othaim Food Co.

A. Moka & More Franchise Agreement

Table No. (12.26): Summary of Provisions of Moka & More Franchise Agreement

Parties	Abdullah Al Othaim Food Co. and Moka and Co S.A.R.L (hereinafter referred to as "Moka Co."*)
Date of the Agreement	15/05/1434H (corresponding to 03/27/2013G).
Subject of the Agreement	Moka Co. granted the exclusive franchise right to Abdullah Al Othaim Food Co. for the purpose of opening and managing coffee shops under the "Moka & More" brand in the Kingdom. In addition, Moka Co. granted Abdullah Al Othaim Food Co. the right to sub-license the "Moka & More" brand in the Kingdom, subject to Moka's prior approval.
Term of Contract	Fifteen (15) years starting from the date of the contract.
Renewal Method	The contract shall be automatically renewed for similar periods unless it is terminated by a party through a notice given to the other party at least one year before the expiry of its term.
Fees	Abdullah Al Othaim Food Co. shall pay entry fees of three hundred thousand United States Dollars (USD 300,000) payable in three (3) installments within six (6) months of registering the contract with the Ministry of Commerce. In addition, Abdullah Al Othaim Food Co. shall pay Moka Co. quarterly commissions of 2.5% of the total revenue generated by the coffee shops operated under "Moka & More" brand.
Material Restrictions	N/A
Jurisdiction	The contract shall be governed by the laws of Saudi Arabia and any dispute arises shall be referred to the competent courts in Riyadh, if an amicable settlement cannot be reached.

* Abdullah Al Othaim Food Co. notified Moka Co. of the Offering in a letter dated 07/24/1441H (corresponding to 03/19/2020G) and received Moka Co.'s approval on 08/30/1441H (corresponding to 04/23/2020G) to disclose the provisions of the contract in the Prospectus.

Source: The Company

Abdullah Al Othaim Food Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency from Moka Co. for Abdullah Al Othaim Food Co. under No. 13686 dated 26/06/1434H (corresponding to 05/06/2013G).

B. Oliver Brown Franchise Agreement

Table No. (12.27): Summary of Provisions of Oliver Brown Franchise Agreement

Parties	Abdullah Al Othaim Food Co. and Doutmost Pty Ltd (hereinafter referred to as "**Doutmost**")*
Date of the Agreement	19/02/1437H (corresponding to 12/01/2015G).
Subject of the Agreement	Doutmost granted the exclusive right to Abdullah Al Othaim Food Co. for exercising retail trading using its brands, image and system to sell products consisting of chocolate, coffee, tea, milkshakes, beverages, pies, deserts, biscuits and snacks under the "Oliver Brown" brand in the Kingdom. Abdullah Al Othaim Food Co. shall be entitled to grant sub-franchise rights in the Kingdom subject to the guidelines set by Doutmost.
Term of Contract	Fifteen (15) years starting from 03/21/1437H (corresponding to 01/01/2016G)
Renewal Method	Unspecified
Fees	Abdullah Al Othaim Food Co. shall pay (1) franchise fees of five thousand United States Dollars (USD 5,000) for each coffee shop, to be paid only after the first five (5) coffee shops are opened in the Kingdom; (2) principal franchise fees of two hundred and fifty thousand United States Dollars (USD 250,000); (3) a royalty of up to 2% of total sales per coffee shop; and (4) a marketing tax of up to 1% of total sales for each coffee shop.
Conditions	Abdullah Al Othaim Food Co. must obtain the prior consent of Doutmost to any changes to its beneficial ownership or control, and Doutmost shall not unreasonably withhold its consent if; (1) this will not cause any harm to Doutmost or any of the franchisees located within the Kingdom; and (2) the change in ownership or control is less than 40%. Abdullah Al Othaim Food Co. undertakes not to, directly or indirectly as a manager, agent, partner, or authorized partner, within the Kingdom and during the term of the contract and for a period of twelve (12) months from the date of its termination, have a connection of any kind with any job, business or profession that involves selling chocolate, coffee, tea, milkshakes, drinks, pies, desserts, biscuits, cakes, snacks, etc., except for operating Roti Mum and Moka & More Café.
Jurisdiction	The Contract shall be governed by and construed in accordance with the laws of the Kingdom. Any dispute arising out of or relating to the contract shall be ultimately settled by arbitration in accordance with the Rules and execution Rules of the International Chamber of Commerce.

* Abdullah Al Othaim Food Co. notified Doutmost of the Offering in a letter dated 07/24/1441H (corresponding to 03/19/2020G) and on 08/09/1441H (corresponding to 04/02/2020G) received Doutmost's approval to disclose the provisions of the contract in the Prospectus.

Source: The Company

Abdullah Al Othaim Food Co. obtained a registration certificate from the Ministry of Commerce confirming the registration of an agency from Doutmost for Abdullah Al Othaim Food Co. under No. 16357 dated 19/07/1437H (corresponding to 4/26/2016G).

C. Franchise Agreement with a Brand Specialized in Chicken Restaurants

Table No. (12.28): Summary Provisions of Franchise Agreement with a Brand Specialized in Chicken Restaurants

Parties	Abdullah Al Othaim Food Co. and a company specialized in chicken restaurants own one of the trademarks managed by Abdullah Al Othaim Food Co. (hereinafter referred to as "Chicken Restaurant")*
Date of the Agreement	15/05/1434H (corresponding to 05/13/2015G)
Subject of the Agreement	The Chicken Restaurant Company granted Abdullah Al Othaim Food Co. a franchise to open and manage restaurants specialized in selling chicken under the trademark owned by it in the Kingdom.
Agreement Term	Starting on the date of the agreement until the expiration or termination of the last addendum made with respect to the opening of a branch. Each annex made with respect to the opening a branch shall automatically expire after the lapse of ten (10) years from the opening date.
Renewal Method	The Company may renew each annex for the opening of a branch for an additional five (5) years one time under a written notice a minimum of six (6) months and a maximum of twelve (12) months prior to the expiry of the agreement.
Fees	Abdullah Al Othaim Food Co. shall pay entrance fees of four hundred thousand Dollars (USD 400,000) payable in two (2) installments with the first payment due upon signing of the franchise agreement by the Company and the second payment due within six (6) months from the registration of the agreement at the Ministry of Commerce. In addition, Abdullah Al Othaim Food Co. shall pay monthly royalty and services fees of 3% of the sales of the restaurant's branches in the Kingdom. The Company shall also pay five thousand US Dollars (USD 5,000) for each renewal of annexes to open the branches. A 5% increase penalty shall be imposed per month on the amounts due if the Company is late in paying such amounts to the Chicken Restaurant Company.
Material Restrictions	The Company may not subcontract. The Company shall inform the Chicken Restaurant Company if it has or will have a direct or indirect interest in a business that is deemed a competitor with the Chicken Restaurant Company. The Company shall inform the Chicken Restaurant Company of any transaction that may lead to a change of ownership within thirty days (30). If the Chicken Restaurant Company does not object to this transaction within thirty days (30), this shall be deemed consent. The Chicken Restaurant franchise contract shall be kept confidential and will not be disclosed to the public without giving the opportunity for the non-disclosing party to review and comment on any public statements.
Jurisdiction	The agreement shall be subject to the regulations of the state of Alabama, United States of America. Any dispute with respect to this agreement shall be resolved through arbitration in the City of Montgomery, Alabama, United States of America, subject to regulations of the International Centre for Dispute Resolution if it cannot be amicably resolved.

* The agreement is not material to the business of Abdullah Al Othaim Food Co., and it has only one branch and does not intend to open more branches.

Source: The Company

Abdullah Al Othaim Food Co. has obtained a registration certificate from the Ministry of Commerce establishing the registration of an agency from the Chicken Restaurant for Abdullah Al Othaim Food Co. under No. 19507 dated 05/02/1437H (corresponding to 11/15/2015G).

12.5.8 Management Contract of Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. entered into a management contract on 11/09/1438H (corresponding to 08/01/2017G) with Lillian Co., whereby the parties agreed to use Lilian Co. to carry out the daily management and operation work of Abdullah Al Othaim Fashion Co, in accordance with the work plan, KPIs and budget approved by the managers of Abdullah Al Othaim Fashion Co, including carrying out the work of managing human resources and financial affairs for Abdullah Al Othaim Fashion Co.

The term of this contract is twelve (12) months, automatically renewable for similar periods unless either party notifies the other party in writing of its intention not to renew at least thirty (30) days before the expiry of the original or renewed term.

Abdullah Al Othaim Fashion Co. shall pay administrative fees of one hundred thousand Saudi Riyals (SAR 100,000) per month for administrative services. In addition, it shall remain responsible for all fees, taxes, costs and government expenses related thereto.

Either party may terminate the contract at any time, without compensation and with 60 days prior notice. Abdullah Al Othaim Fashion Co. has the right to terminate the contract if Lillian Co. fails to achieve any of its objectives or financial liabilities under the contract.

The two parties agree that Lilian Co. shall not assign or subcontract any of its obligations under the contract to any other party without the prior written consent of Abdullah Al Othaim Fashion Co. In addition, Lillian Co. must notify Abdullah Al Othaim Fashion Co. with written notice within 60 days of any change in the legal form or direct or indirect control of Lilian Co. In this event, Abdullah Al Othaim Fashion Co. may either modify the terms of the contract or terminate it.

The parties to the contract shall maintain the confidentiality of all information, data and documents related to the contract. Abdullah Al-Othaim Fashion Co. notified Lillian about the Offering by a letter dated 12/10/1441H (corresponding to 06/04/2020G) and received the approval of Lillian Co. to disclose the provisions of the contract in the Prospectus.

The Contract shall be governed by and construed in accordance with the laws of the Kingdom. Any dispute arising from the contract shall be subject to the arbitration under the Saudi Arbitration Law and executive Regulations thereof.

12.5.9 Contracting Agreement with Abdullah Al Othaim Entertainment Co.

Abdullah Al Othaim Entertainment Co. entered into a contract to develop and renovate "Saffori Land" on 02/08/1442H. (corresponding to 03/16/2021G) with Sinimmar Co. Ltd., whereby Sinimmar Co. Ltd. shall carry out the construction works of "Saffori Land" in Al Othaim Mall - Khurais in Riyadh.

The agreed time period for completing all the necessary preparations, manufacturing and procurement is forty-five (45) days from the date of receiving the advance payment and one hundred and eighty (180) days for the execution of all works starting from the date the site is received according to the handover record after the end of the forty-five (45) day period. The site was received on 11/10/1442H (corresponding to 05/23/2021G), and, as of the date of this Prospectus, 85% of the works have been completed and the contract remains in force until the completion of the remaining works.

Abdullah Al Othaim Entertainment Co. shall pay the sum of seven million six hundred thousand Saudi Riyals (SAR 7,600,000) to Sinimmar Co. Ltd. 30% of this amount shall be paid after signing the contract.

Abdullah Al Othaim Entertainment Co. shall have the right to terminate the contract in any of the following events: (1) the start of work is delayed or the work is stopped, in part or in full, by Sinimmar Ltd. Co.; (2) Sinimmar Ltd withdraws, assigns, or subcontracts the work without the prior written consent of Abdullah Al Othaim Entertainment Co.; (3) if Sinimmar Ltd. breaches any of the terms of the contract without rectifying the breach despite the expiry of seven (7) days from notifying it in writing to curry out such rectification; (4) Sinimmar Ltd. fails to carry out the works in accordance with the agreed specifications and terms under the contract; (5) Sinimmar Ltd., by itself or through a third party, offers any gift, consideration or cash amount to any employee of Abdullah Al Othaim Entertainment Co. or any other person related to the work; (6) Sinimmar Ltd. Co. becomes bankrupt, files for bankruptcy, becomes insolvent or is liquidated or dissolved; or (7) Sinimmar Ltd. violates the Kingdom's laws or a court ruling is issued against it, whereby its works is suspended or its licenses to practice the activity are withdrawn.

The Contract shall be governed by and construed in accordance with the applicable laws and regulations of the Kingdom. In the event of any dispute arising from or related to the implementation of the contract, the dispute shall be resolved amicably within 15 days from the date of the dispute. In the event that an amicable solution may not be reached, the competent authorities in Riyadh- Saudi Arabia shall be resorted to.

12.5.10 Sale Agreement for Dar Al Waha Mall and the Plot Facing It

On 13/06/1443H (corresponding to 01/16/2022G), the Company entered into a sale agreement with the owner, pursuant to which it purchased a plot of land and with a total area of seventy-seven thousand, five hundred sixty-two point seventy-four (77,562.74) square meters and the building constructed thereon with a total surface of fifty thousand (50,000) square meters. Pursuant to such agreement, the ownership of Dar Al Waha Mall was transferred to the Company. Dar Al Waha Mall is located on King Fahd Road in northern Al-Rass Governorate. It is worth noting that as of 28/05/1443H (corresponding to 01/01/2022G), all documented lease agreements for Dar Al Waha Mall were transferred to the Company pursuant to the sale agreement. The Company shall abide by the executed lease agreements and comply with the obligations contained in the maintenance and operation agreements signed in this regard.

The Company shall pay the amount of fifty-four million, six hundred thousand Saudi Riyals (SAR 54,600,000), inclusive of value-added tax, to the Seller. The Company has paid the amount as of the date of this Prospectus, and ownership of the land of Dar Al Waha Mall was transferred to the Company under deed No. 863506007407 dated 01/07/1443H (corresponding to 02/02/2022G).

The seller has the right to terminate the sale agreement for Dar Al Waha Mall in the event that the Company fails to pay the value of the agreement upon vacation of the property.

Neither the Company nor the seller may disclose the name of the other party in any discussion, presentation or marketing campaign to any third party without obtaining prior written consent. Neither party shall disclose or make copies of confidential information without obtaining the prior written consent of both parties.

The Company also purchased a vacant plot located in front of Dar Al Waha Mall from the same owner under a property sale contract dated 13/06/1443H (corresponding to 01/16/2022G) with a total area of fifteen thousand, seven hundred fifty (15,750) square meters. However, the Company does not intend to develop it as of the date of this Prospectus. The Company shall pay the amount of five million, two hundred fifty thousand Saudi Riyals (SAR 5,250,000), inclusive of value-added tax, to the Seller. The Company paid the amount as of the date of this Prospectus, and ownership of the property was transferred to the Company under deed No. 363506007413 dated 01/07/1443H (corresponding to 02/02/2022G).

It is worth noting that the Company has paid one million Saudi Riyals (SAR 1,000,000) as a commission for this sale, bringing the total value of the sale of Dar Al Waha Mall and the land facing it to the amount of sixty million, eight hundred fifty thousand Saudi Riyals (SAR 60,850,000).

In the event of any dispute arising from or related to the implementation of the sale agreements, the dispute shall be resolved amicably within thirty (30) days from the date of the dispute. If an amicable solution is not reached, recourse shall be made to the competent judicial authorities in Riyadh, Saudi Arabia.

12.5.11 Conditional Investment Contract with the Royal Commission for Jubail and Yanbu

The Company entered into a conditional investment contract on 23/07/1443H (corresponding to 03/03/2022G) with the Royal Commission for Jubail and Yanbu, wherein the Royal Commission for Jubail and Yanbu allocated two plots with a total area of one hundred ninety-three thousand, seven hundred seventy-nine point eight (193,779.8) square meters located in the buffer zone in Jubail Industrial City to construct and operate a mall in accordance with the Commission's requirements.

The conditional investment contract is conditional on the Company's fulfilment of its obligations under the contract during its term.

If the Company completes its work under the conditional investment contract, the Royal Commission for Jubail and Yanbu will conclude an investment contract to lease the mall plot to the Company, so that the Company can build and operate the mall on the leased plot.

The conditional investment contract is valid from the date of its conclusion and for a period of twelve (12) months without paying rent, with the rent becoming payable and due two years after the date the investment contract for leasing the mall plot is concluded.

The Company shall, within a month of concluding the conditional investment contract, provide a bank guarantee in the amount of seven hundred seventy-five thousand, one hundred nineteen Saudi Riyals and two halalas (SAR 775,119.2).

In the event of the Company's failure, withdrawal from the project or non-compliance with its obligations under the conditional investment contract, the guarantee will be confiscated and the agreement will be cancelled.

The obligations of the Company under the conditional investment contract include the Company's performance of the following:

(1) provide a schedule within forty-five (45) days from the effective date of the conditional investment contract showing the periods during which the engineering plans for the development and construction of the mall will be delivered, to be approved by the Royal Commission for Jubail and Yanbu.

The Company may not change the schedule after it is approved and the Company is also subject to periodic evaluation by the Royal Commission for Jubail and Yanbu regarding the extent of its adherence to the schedule.

Accordingly, the Royal Commission for Jubail and Yanbu has the right to exclude the Company from the investment opportunity without bearing any liability for such; and (2) the Company shall provide, during the term of the conditional investment contract, the initial and final planning and engineering explanatory plans and specifications for the mall project, including the developmental area and infrastructure works within the site, in addition to meeting the site's needs for parking areas and the like, which must be prepared by one of the consulting firms qualified by the Royal Commission for Jubail and Yanbu.

As of the date of this Prospectus, the Company is preparing the schedule that shows the periods in which the engineering plans for the development and construction of the mall will be delivered, as well as the initial and final schematic and engineering explanatory plans and specifications for the mall project.

If the Company does not complete the procedures for obtaining the final approvals for the plans by the Royal Commission for Jubail and Yanbu during the term of the conditional investment contract, the contract is deemed cancelled unless the Company provides justifications that led to the delay in obtaining final approval of the plans.

In the event of an extension, the contract will be extended for a period deemed appropriate by the Royal Commission for Jubail and Yanbu, in return for a reservation fee of seven hundred seventy-five thousand, one hundred nineteen Saudi Riyals and two halalas (SAR 775,119.2) per year.

The Company shall pay the reservation fee as soon as the extension is approved by the Royal Commission for Jubail and Yanbu.

The conditional investment contract is also terminated if the Company fails to fulfil its obligations, and the Royal Commission for Jubail and Yanbu will notify the Company in writing of such default.

If the default is not rectified within the period specified by the Royal Commission for Jubail and Yanbu or satisfactory evidence is not provided to the Royal Commission for Jubail, the conditional investment contract may be terminated at any time thereafter by a written notice.

The investment contract for leasing the mall plot, if concluded, authorizes the Company to use and operate the leased plot for a period of forty (40) Hijri years, which are non-titleable, from the date of concluding the contract, and ownership of the facilities erected on the plot will be transferred to the Royal Commission for Jubail and Yanbu after the end of the contract term.

The Company shall have priority in leasing the developed site after the end of the lease term according to the investment contract for leasing the mall plot.

If the investment contract for leasing the mall plot is concluded, the annual rent for the mall plot will be calculated on an ascending basis, whereby the Company annually pays the annual rental as follows:

(1) seven hundred seventy-five thousand, one hundred nineteen Saudi Riyals and two halalas (SAR 775,119.2) annually from the third to the tenth year; (2) one million, five hundred fifty thousand, two hundred thirty-eight Saudi Riyals and four halalas (SAR 1,550,238.4) annually from the eleventh to the twentieth year; (3) three million, one hundred thousand, four hundred seventy-six Saudi Riyals and eight halalas (SAR 3,100,476.8) annually from the twenty-first to the thirtieth year; and (4) six million, two hundred thousand, nine hundred fifty-three Saudi Riyals and six halalas (SAR 6,200,953.6) annually from the thirty-first to the fortieth year.

The Royal Commission for Jubail and Yanbu exempts the Company from paying rent for the first and second years as an incentive for it if it fulfils its obligations under the conditional investment contract.

In the event of a dispute regarding or resulting from the implementation of the conditional investment contract, the dispute shall be resolved amicably within fifteen (15) days from the date of its occurrence. If no amicable solution is reached, recourse shall be made to the Board of Grievances in the Eastern Province of the Kingdom.

12.6 Material Contracts with Related parties

The total value of transactions with Related Parties amounted to SAR 206.8 million, SAR 132.2 million, SAR 194.2 million and SAR 157.7 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The Company has entered into a number of contracts with Related Parties, all of which were approved by the General Assembly in the General Assemblies held on 27/10/1440H (corresponding to 06/30/2019G), 17/09/1441H (corresponding to 05/10/2020G), 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G). The following section provides a summary of those contracts as of September 30, 2021G. The Directors declare that all contracts with Related Parties described in this section do not include any preferential terms and that they have been legally and lawfully executed on appropriate and fair commercial bases in accordance with Article 72 of the Companies Law. Except as disclosed in this section of this Prospectus, the Directors declare that the Company is not involved in any dealings, agreements, commercial relations or real estate deals with another Related Party as at the date of this Prospectus.

The Directors also declare that none of them will participate in any activities similar to or competing with those of the Company. The Directors undertake to abide by this statutory requirement in the future and that all future transactions with Related Parties will be on a competitive basis in accordance with Article 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations. In addition, the Directors declare that they intend to abide by Article 72 of the Companies Law and the instructions of Article 46 of the Corporate Governance Regulations issued by the CMA in relation to contracts with Related Parties.

12.6.1 Dealings with Abdullah Al Othaim Markets Company

A. Lease Contracts with Abdullah Al Othaim Markets Company

The Company entered into contracts with Abdullah Al Othaim Markets Company, which is one of the anchor tenants in the Company's malls. The following table shows a summary of the lease contracts concluded between the Company and Abdullah Al Othaim Markets Company, as of September 30, 2021G:

Table No. (12.29): Lease Contracts between the Company and Abdullah Al Othaim Markets Company

#	Tenant	Location description	Lease start date	Lease term	Annual lease amount (SAR)
1.	Abdullah Al Othaim Markets Company	A retail space in Al Othaim Mall - Khurais with an area of 5,072 square meters to be used as a supermarket	02/23/1429H (corresponding to 03/01/2008G).	Twenty (20) years	1,673,760
2.	Abdullah Al Othaim Markets Company	A retail space in Al Othaim Mall - Al-Rabwah with an area of 1,736 square meters to be used as a supermarket	08/10/1430H (corresponding to 08/01/2009G).	Ten (10) years, automatically renewable	770,880
3.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Al-Rabwah with an area of 1,42 square meters to be used as an archive	15/05/1439H (corresponding to 02/01/2018G)	One year, automatically renewable	21,300
4.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Buraidah with an area of 3,870 square meters to be used as a supermarket	05/15/1428H (corresponding to 06/01/2007G).	Twenty (20) years	1,277,100
5.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Buraidah with an area of 1,098 square meters to be used for staff accommodation	04/01/1430H (corresponding to 01/01/2009G).	Eighteen (18) years	219,600

#	Tenant	Location description	Lease start date	Lease term	Annual lease amount (SAR)
6.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Unaizah with an area of 2,430 square meters to be used as a supermarket	08/13/1438H (corresponding to 05/09/2017G).	Ten (10) years.	729,000
7.	Abdullah Al Othaim Markets Company	A retail space in Akirshah Mall with an area of 3,620 square meters to be used as a supermarket	14/04/1439H (corresponding to 01/01/2018G)	Ten (10) years, automatically renewable	1,086,000
8.	Abdullah Al Othaim Markets Company	A retail space in Akirshah Mall area of 515 square meters to be used for staff accommodation	14/04/1439H (corresponding to 01/01/2018G)	Ten (10) years, automatically renewable	35,000
9.	Abdullah Al Othaim Markets Company	A retail space in Al Othaim Mall - Dammam with an area of 5,446 square meters to be used as a supermarket	26/01/1432H (corresponding to 01/01/2011G).	Eighteen (18) years	1,922,400
10.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Al-Ahsa with an area of 6,545 square meters to be used as a supermarket	12/22/1427H (corresponding to 01/12/2007G)	Twenty (20) years	2,159,850
11.	Abdullah Al Othaim Markets Company	A retail space in Al Othaim Mall – Hafr Al-Batin with an area of 4,371 square meters to be used as a supermarket	03/06/1438H (corresponding to 12/05/2016G).	Ten (10) years.	2,360,340
12.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Hail with an area of 3,811 square meters to be used as a supermarket	11/09/1438H (corresponding to 08/01/2017G) and as amended on 12/11/1441H (corresponding to 09/01/2020G)	Twenty (20) years	1,676,840
13.	Abdullah Al Othaim Markets Company	A retail space in Othaim Mall - Arar with an area of 4,597 square meters to be used as a supermarket	07/26/1437H (corresponding to 05/03/2016G)	Ten (10) years.	2,022,680
14.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall - Al-Rabwah	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500
15.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall - Buraidah	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500
16.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall - Al-Ahsa	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500
17.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall – Dammam	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500
18.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall – Akirshah	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500
19.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall - Unaizah	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500

#	Tenant	Location description	Lease start date	Lease term	Annual lease amount (SAR)
20.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall - Arar	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500
21.	Abdullah Al Othaim Markets Company	Private lease contract in Al Othaim Mall - Hail	19/09/1442H (corresponding to 01/05/2021G)	One (1) year, automatically renewable	4,500

Source: The Company

The following table shows the lease contracts that the Company entered into with Abdullah Al Othaim Markets Company as a lessee:

Table No. (12.30): Lease Contracts Concluded by the Company with Abdullah Al Othaim Markets Company in its Capacity as Lessee

#	Lessor	Tenant	Location description	Lease start date	Lease term	Annual lease amount (SAR)
1.	Abdullah Al Othaim Markets Company	The Company	Administrative offices in Al-Rabwah District in Riyadh with an area of 1,350 square meters	01/15/1431H (corresponding to 01/01/2010G).	Five (5) years, automatically renewable	742,500
2	Abdullah Al Othaim Markets Company	The Company	A plot of land with an area of 50,000 square meters including a building developed by the lessor as a mall under the lease agreement with the General Organization for Social Insurance located in Al-Jamea District, Dammam. The lease contact excludes the owner's area of 7,489 square meters, which is used as a supermarket.	26/01/1432H (corresponding to 01/01/2011G).	01/14/1450H (corresponding to 6/7/2028G)	34,932,000

* For more details about this contract, refer to section 12.5.5 "**Mall Lease and Development Contracts**" of this Prospectus.

Source: The Company

The above lease contracts are with a Related Party, as Abdullah Al Othaim Markets Company is a Company Shareholder, and Company Director Abdullah Saleh Ali Al Othaim is a Company Shareholder and a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a member of its board. Former Company Director Fahd Abdullah Saleh Al Othaim is a member of the board of Abdullah Al Othaim Markets Company and was a Company Director on the date the lease contracts were concluded. The Abdullah Al Othaim Markets Company board members Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim are Relatives of current Company Director Abdullah Saleh Ali Al Othaim and former Company Director Fahd Abdullah Saleh Al Othaim. These contracts were presented to the General Assembly held on 09/17/1441H (corresponding to 05/10/2020G), 11/20/1442H (corresponding to 06/30/2021G), and 15/02/1443H (corresponding to 09/22/2021G) and the net business conducted between the Company and Abdullah Al Othaim Markets Company was approved, These include lease contracts with a value of fifteen million, nine hundred fifty-four thousand, seven hundred fifty Saudi Riyals (SAR 15,954,750), rental revenues in the amount of thirteen million, seven thousand, seventy-seven Saudi Riyals (SAR 13,007,077) (including the provision of electricity and public utility services to sites leased by Abdullah Al Othaim Markets Company in the amount of two million, eight hundred thirty-two thousand, five hundred fifty-three Saudi Riyals (SAR 2,832,553), rental expenses in the amount of twenty-six million, seven hundred fifty-five thousand, eight hundred seventy-five Saudi Riyals (SAR 26,755,875), payments from Abdullah Al Othaim Markets Company on behalf of the Company in the amount of two hundred sixty-four thousand, two hundred sixteen Saudi Riyals (SAR 264,216), joint expenses of zero Saudi Riyals (SAR 0), inter-company fees in the amount of two hundred thirty-one thousand, two hundred fifteen Saudi Riyals (SAR 231,215), total net commercial transactions in the amount of two million, six hundred seventy-three thousand, seven hundred eighty-three Saudi Riyals (SAR 2,673,783), approval of the opening balance of Abdullah Al Othaim Markets Company for 2021G of three million, four hundred ninety-five thousand, five hundred thirty-eight Saudi Riyals (SAR 3,495,538), as well as the end-of-period balance of eight hundred twenty-one thousand, seven hundred fifty-five Saudi Riyals (SAR 821,755) as of September 30, 2021G.

B. Shared Services with Abdullah Al Othaim Markets Company

The Company shall enter into several joint services transactions with Abdullah Al Othaim Markets Company, which include:

a. Shared Information Technology Services Agreement under the Information Technology Service Agreement dated 07/22/1439H (corresponding to 04/08/2018G) and its amendments on 08/15/1440H (corresponding to 04/20/2019G) and on 07/09/1441H (corresponding to 04/30/2020G), whereby Abdullah Al Othaim Markets Company shall provide information technology services to the Company for six hundred and ninety-three thousand six hundred and sixty Saudi Riyals (SAR 693,660) to be paid annually. The term of the Information Technology Service Agreement is one year starting on 08/15/1439H (corresponding to 05/01/2018G) and ending on 08/05/1440H (corresponding to 04/30/2019G), provided it expires in 09/18/1442H (corresponding to 04/30/2021G). It is worth noting that the Information Technology Service Agreement is still in effect until the date of this Prospectus.

b. Shared accommodation for the employees of Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co., whereby Abdullah Al Othaim Markets Company issues rent notices to the Company under a lease contract dated 05/26/1440H (corresponding to 02/01/2019G) for the actual costs of rent and maintenance work for the employees of Abdullah Al Othaim Entertainment and Abdullah Al Othaim Food Co., in Abdullah Al Othaim Markets Company's staff accommodation for a total amount of fifty-six thousand, nine hundred ninety-seven Saudi Riyals (SAR 56,997).

c. Three (3) contracts for labor recruitment services concluded between Mueen Employment Company (a subsidiary of Abdullah Al Othaim Markets Company) and Abdullah Al Othaim Entertainment Co., Abdullah Al-Othaim Fashion Co. and Abdullah Al Othaim Food Co. for a total amount of one hundred eighteen thousand, eight hundred eighteen Saudi Riyals (SAR 118,818).

   The above transactions are concluded with a Related Party since Abdullah Al-Othaim Markets Co. is a Company Shareholder and the Company Director Abdullah Saleh Al Othaim is a direct and indirect shareholder in Abdullah Al Othaim Markets Company, in addition to being a board member and indirect shareholder in Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co. In addition, Abdullah Al Othaim Markets Company board member Fahd Abdullah Saleh Al Othaim is a board member of Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. board member Mohamed Abdullah Saleh Al Othaim is a Relative of Abdullah Al Othaim Markets Company board members Abdullah Saleh Ali Al Othaim, Fahd Abdullah Saleh Al Othaim, Abdulaziz Abdullah Saleh Al Othaim and Saleh Mohamed Saleh Al Othaim, and they are also Relatives of Abdullah Saleh Ali Al Othaim who is an indirect shareholder in Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co. and Abdullah Al Othaim Food Co. These transactions were presented to the General Assembly on 17/09/1441H (corresponding to 05/10/2020G) and 15/02/1443H (corresponding to 09/22/2021G) where they were approved.=

12.6.2 Transactions with Shareholders and Directors

A. Purchase of Shares in Saudi Pillar for Construction Company

The Company entered into a sale and purchase contract on 02/02/1441H (corresponding to 01/10/2019G), whereby the Company purchased forty-five (45) shares in the Saudi Pillar for Construction Company from Muhammad Abdullah Saleh Al Othaim, representing 45% of the capital of Saudi Pillar for Construction Co. with all the rights and obligations thereof, for two hundred twenty-five thousand Saudi Riyals (SAR 225,000), paid as of the date of this Prospectus.

The above sale and purchase contract is concluded with a Related Party since the seller, Muhammad Abdullah Saleh Al Othaim, is a Relative of the Company Director Abdullah Saleh Ali Al Othaim, who is a direct and indirect Shareholder therein, and former Director Fahad Abdullah Saleh Al Othaim, which was a Director on the contract date. This contract was presented to the General Assembly held on 11/20/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G), and was approved.

B. Contract for the Assignment of Shares in Saudi Pillar for Construction Company to the Company

The Company also entered into an assignment agreement with Muhammad Abdullah Al Othaim for the benefit of the Company on 29/05/1442H (corresponding to 01/13/2021G), whereby Muhammad Abdullah Al Othaim waived all the shares he owned in Saudi Pillar for Construction Company, amounting to twenty-five (25) shares, free of charge, making the total share of the Company's ownership in Saudi Pillar for Construction Company 70% as of the date of the Prospectus.

The above assignment contract is considered a contract with a Related Party, since the assignee, Mohamed Abdullah Saleh Al Othaim, is a Relative of the Company Director Abdullah Saleh Ali Al Othaim, who is a direct and indirect Shareholder therein, and former Company Director Fahd Abdullah Saleh Al Othaim, who was a member on the date of the contract. This contract was presented to the General Assembly on 20/11/1442H (corresponding to 06/30/2021G) and 15/02/1443H (corresponding to 09/22/2021G) and it was approved.

C. Sale of SEIC Garden Ltd Shares

The Company entered into a sale and purchase contract on 10/17/1439H (corresponding to 07/01/2018G) with Al Othaim Holding Company, whereby the Company sold its shares in SEIC Garden with all the rights and obligations thereof (including the loan granted to SEIC Garden in the amount of seven million nine hundred and fifty one thousand and sixty-seven Saudi Riyals (SAR 7,951,067) to Al Othaim Holding Company as of 10/17/1439H (corresponding to 07/01/2018G), which represents 70.09% of SEIC Garden's capital for the book value of the shares, which amounts to seventy-one thousand, seven hundred ninety-eight Bosnian marks and sixty-six fenings (BAM 71,798.66) as of 13/04/1439H (corresponding to 12/31/2017G), which equals one hundred fifty-five thousand, nine hundred forty-four Saudi Riyals and seven halalas (SAR 155,944.07) as of 02/06/1443H (corresponding to 01/06/2022G). The

Company is still in the process of registering the ownership of SEIC Garden to Al Othaim Holding Company, but Al Othaim Holding Company has paid the full book value of the shares as of the date of this Prospectus.

The sale and purchase contract is considered a contract with a Related Party according to the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations, since Al Othaim Holding Company is a major Shareholder in the Company. The Company Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder and he is the only shareholder and a member of the board of Al Othaim Holding Company, which is a major Shareholder in the Company. This contract was presented to the General Assembly on 27/10/1440H (corresponding to 06/30/2019G) and was approved. The contract for the sale of SEIC Garden Ltd shares contains a confidentiality clause, and the parties to the contract may not disclose it without obtaining the prior written consent of the other party.

The other party, Abdullah Al Othaim Investment Company notified Al Othaim Holding Company of the Offering by a letter dated 10/25/1441H (corresponding to 06/17/2020G) and received the approval of Al Othaim Holding Company to disclose the provisions of the contract in the Prospectus.

D. Selling SEIC Hospitality LLC Shares

The Company entered into a sale and purchase contract on 10/17/1439H (corresponding to 07/01/2018G) with Al Othaim Holding Company, whereby the Company sold its shares in SEIC Hospitality LLC with all the rights and obligations thereof to Al Othaim Holding Company as of 10/17/1439H (corresponding to 07/01/2018G), which represents 13.3% of the capital of SEIC Hospitality Ltd, for the book value of the shares, amounting to seven million, three hundred twenty-eight thousand, six hundred thirty-six Bosnian marks and forty-one fenings (BAM 7,328,636.41) as of 13/04/1439H (corresponding to 12/31/2017G), which equals fifteen million, nine hundred seventeen thousand, five hundred thirty Saudi Riyals and sixty-nine halalas (SAR 15,917,530.69) as of 02/06/1443H (corresponding to 01/06/2022G). The Company is still in the process of registering the ownership of SEIC Hospitality Ltd by Al Othaim Holding Company, however, all amounts have been paid as of the date of this Prospectus. The sale and purchase contract is concluded with a Related Party according to the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations , since Al Othaim Holding Company is a major Shareholder in the Company. The Company Director Abdullah Saleh Ali Al Othaim is also a Shareholder in the Company and he is the only shareholder and a member of the board of Al Othaim Holding Company, which is a major Shareholder in the Company. This contract was presented to the General Assembly on 27/10/1440H (corresponding to 06/30/2019G) and was approved.

The contract for the sale of shares of SEIC Hospitality Ltd contains a confidentiality clause, and the parties to the contract may not disclose it without obtaining the prior written consent of the other party. Abdullah Al Othaim Investment Company notified Al Othaim Holding Company of the Offering by a letter dated 10/25/1441H (corresponding to 06/17/2020G) and received the approval of Al Othaim Holding Company to disclose the provisions of the contract in the Prospectus.

E. Sublease Contract for a Plot of Land in Rabwah District

The Company entered into a sublease contract on 04/08/1432H (corresponding to 3/13/2011G) with Abdullah Saleh Ali Al Othaim, whereby Abdullah Saleh Ali Al Othaim waived all his rights and obligations under a lease agreement for part of Al Othaim Mall - Al-Rabwah to the Company (for more information on this contract, refer to section12.5.5(d) "**Lease of a Part of Al Othaim Mall - Al-Rabwah**" of this Prospectus).

The contract is concluded with a Related Party as per the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations, as the Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder and the sole shareholder and a member of the board of directors of Al Othaim Holding Company, which is a major Shareholder in the Company. This contract was presented to the General Assembly held on 09/17/1441H (corresponding to 05/10/2020G) and on 15/02/1443H (corresponding to 09/22/2021G) and it was approved.

F. Trademark License Contract with Al Othaim Holding Company

The Company entered into a trademark license contract on 10/18/1429H (corresponding to 10/18/2008G) with Al Othaim Holding Company, whereby Al Othaim Holding Company exclusively licensed the Company to use the trademark owned by it inside and outside the Kingdom in all malls and exhibitions owned and/or leased to the Company (for more information about this contract, refer to section 12.9.2 "**Trademark of "Al Othaim Mall**" herein).

The above contract is concluded with a Related Party as per the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations, as Al Othaim Holding Company is a major Shareholder in the Company and the Director Abdullah Saleh Ali Al Othaim is also a Company Shareholder and the sole shareholder and a member of the board of directors of Al Othaim Holding Company. This contract was presented to the General Assembly held on 09/17/1441H (corresponding to 05/10/2020G) and on 15/02/1443H (corresponding to 09/22/2021G) and it was approved.

G. Transactions with Queel Real Estate Investments Co.

The Company has paid administrative expenses for Queel Real Estate Investments Co. in 2016G and 2017G, which resulted in the approval of a carried over balance of an amount of six hundred and sixty-eight thousand four hundred and twenty-five Saudi Riyals (SAR 668,425) as of September 30, 2021G.

Transactions with Queel Real Estate Investments Co are concluded with a Related Party, under the Rules on the Offer of Securities and Continuing Obligations, as the Company Director Abdullah Saleh Ali Al Othaim is a sharehoder in Queel Real Estate Investments Co. These transactions were presented to the General Assembly held on 15/02/1443H (corresponding to 09/22/2021G) and were approved.

H. Transactions with Abdullah Al Othaim Malls

The Company has paid administrative expenses for Al Othaim Malls, with a net value of forty-one thousand, eight hundred forty-one Saudi Riyals (SAR 41,841). The opening balance of Al Othaim Malls for the year 2021G with a value of six hundred forty-one thousand, eight hundred fifteen Saudi Riyals (SAR 641,815) was approved, and the end-of-period balance is five hundred ninety-nine thousand, nine hundred seventy-four Saudi Riyals (SAR 599,974) as of September 30, 2021G.

The transactions with Al Othaim Malls are with a Related Party, under the Rules on the Offer of Securities and Continuing Obligations, as the Company Director Abdullah Saleh Ali Al Othaim is a shareholder in Abdullah Al Othaim Malls. These transactions were presented to the General Assembly held on 15/02/1443H (corresponding to 09/22/2021G) and were approved.

I. Transactions with FAW International Co., Ltd.

The Company entered into an assignment of receivables agreement with FAW International Co. Ltd. on 07/05/1441H (corresponding to 02/01/2020G), whereby FAW International Co. Ltd. assigned its right in part of the debt owed to it by the Hospitality Board Food Services Company to the Company. The amount of the debt assigned to the Company was fifteen million Saudi Riyals (SAR 15,000,000) that the Company will collect on as a result of the FAW International Co. Ltd.'s delay in paying rents. The company has collected an amount of two million, ninety-six thousand, one hundred Saudi Riyals (SAR 2,096,100), and the carried forward balance of the FAW International Co. Ltd. reached twelve million, nine hundred and three thousand, nine hundred (12,903,900) as of September 30, 2021G.

The above assignment of receivables agreement is concluded with a Related Party as per the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations, as the former Company Director Abdullah Saleh Ali Al Othaim is a Relative of one the shareholders in FAW International Ltd. Co., Fahad Abdullah Saleh Al Othaim, and was a Company Director on the contract conclusion date. This contract was presented to the General Assembly held on 11/20/1442H (corresponding to 06/30/2021G) and it was approved.

J. Transactions with Al Othaim Holding Company

Al Othaim Holding Company has paid administrative expenses for the company which amounted to one hundred fifty-three thousand, four hundred fifty-six Saudi Riyals (SAR 153,456) as of September 30, 2021G.

Transactions with Al Othaim Holding Company are with a Related Party, under the Rules on the Offer of Securities and Continuing Obligations, as Al Othaim Holding Company is a major Shareholder in the Company and Director Abdullah Saleh Al Othaim is also a Company Shareholder as well as the sole shareholder in Al Othaim Holding Company and a member of its board.These transactions were presented to the General Assembly held on 15/02/1443H (corresponding to 09/22/2021G) and were approved.

During the two Financial Years ended December 31, 2018G and 2019G, the Company transferred to Al Othaim Holding Company , the amount of eighty-three million, one hundred three thousand, four hundred fifty-nine Saudi Riyals (SAR 83,103,459) and twenty-three million, forty-eight thousand, three hundred seventy-five Saudi Riyals (SAR 23,048,375), respectively, which may be a violation of Article 73 of the Companies Law, which provides the following:

1. "A joint-stock company may not extend a loan of any kind to any of its board members or shareholders, or guarantee any loan contracted by any of them with third parties.
2. Banks and other credit companies are excluded from the provision of Paragraph 1 of this Article, as they may, within the limits of their objects and based on the terms and conditions they follow in their dealings with the public, grant a loan to a member of their board of directors or one of their shareholders or open a credit or include it in the loans concluded with third parties.
3. The loans and guarantees given by the company in accordance with the incentive programs for its employees approved in accordance with the provisions of the company's articles of association or by a decision of the ordinary general assembly are also excluded from the provision of Paragraph 1 of this Article.
4. Every contract concluded in violation of the provisions of this Article shall be deemed null and void. The Company has the right to file a claim against the violating party before the competent judicial authority for compensation for any damage that may be caused to it."

Al Othaim Holding Company wrote a letter on 09/11/1441H (corresponding to 06/30/2020G), pledging to bear any responsibility resulting from these transfers on behalf of the Company. The Company's Shareholders also wrote a letter on 09/11/1441H (corresponding to 06/30/2020G), acknowledging that they are aware of these transfers and agree to them and absolve the Company of any liability resulting therefrom. All of the transfers recorded in the Company's books were settled by Al Othaim Holding Company for the Company as of the date of this Prospectus. Furthermore, the Company wrote a letter on 09/11/1441H (corresponding to 06/30/2020G), certifying that there are no previous practices that violate the applicable regulations, except for those mentioned above, and the Company has taken all necessary steps to ensure that none of these practices that violate the applicable regulations occur in the future.

12.6.3 Transactions with Subsidiaries

A. Transactions with Wamda Cinemas Company

The Company has concluded lease contracts with Wamda Cinemas Company for various periods, according to which Wamda Cinemas Company leases units for cinemas within the Company's malls, with a value of eight million, six hundred fifty-seven thousand, nine hundred twenty-two Saudi Riyals (SAR 8,657,922). Rental revenues represent one million, eight hundred seventy-seven thousand, one hundred twenty-eight Saudi Riyals (SAR 1,877,128), administrative expenses for Wamda Cinemas Company represent five hundred eighty-eight thousand, six hundred fifty-seven Saudi Riyals (SAR 588,657), the approved opening balance of Wamda for 2021G is thirty-four million, eight hundred thirty-two thousand, three hundred seventy-eight Saudi Riyals (SAR 34,832,378) and the end-of-period balance is thirty-five million, four hundred twenty-one thousand, thirty-five Saudi Riyals (SAR 35,421,035) as of September 30, 2021G. The following table provides a summary of the lease contracts concluded with Wamda Cinemas Company:

Table No. (12.31): Real Estate Leased by Wamda Cinemas Company

#	Tenant	Lessor	Location Description	Lease Effective Date	Annual Lease Amount (SAR)	Lease Term
1.	The Company	Wamda Cinemas Company	A retail space with an area of 3,318 square meters on the ground, second and third floors of Al Othaim Mall - Khurais under the brand name Empire Cinemas	17/07/1442H (corresponding to 03/01/2021G)	3,158,736	Fifteen (15) years
2.	The Company	Wamda Cinemas Company	A retail space with an area of 1,958 square meters on the ground floor of Al Othaim Mall - Arar under the brand name Empire Cinemas	06/01/1441H (corresponding to 01/01/2020G)	1,147,388	Fifteen years (15) starting from 08/01/1441H (corresponding to 08/17/2020G)
3.	The Company	Wamda Cinemas Company	A retail space with an area of 2,931 square meters on the first floor of Al Othaim Mall - Hail under the brand name Empire Cinemas	06/01/1441H (corresponding to 01/01/2020G)	1,717,566	Fifteen years (15) starting from 08/01/1441H (corresponding to 08/17/2020G)
4.	The Company	Wamda Cinemas Company	A retail space with an area of 2,766 square meters on the first floor of Al Othaim Mall - Al-Ahsa under the brand name Empire Cinemas	15/05/1442H (corresponding to 12/30/2020G)	2,633,232	Fifteen years (15) starting from 09/10/1441H (corresponding to 06/01/2020G)
5.	The Company	Wamda Cinemas Company	A retail space with an area of 3,674 square meters on the first and third floors of Al Othaim Mall - Al-Rabwah under the brand name Empire Cinemas	15/05/1442H (corresponding to 12/30/2020G)	3,122,900	Fifteen years (15) starting from 21/11/1441H (corresponding to 07/01/2021G)

#	Tenant	Lessor	Location Description	Lease Effective Date	Annual Lease Amount (SAR)	Lease Term
6.	The Company	Wamda Cinemas Company	A retail space with an area of 6,639 square meters on the second and third floors of Al Othaim Mall - Dammam under the brand name Empire Cinemas	15/05/1442H (corresponding to 12/30/2020G)	5,311,200	Fifteen (15) years starting from 24/02/1443H (corresponding to 09/01/2021G)

Source: The Company

The transactions with Wamda Cinemas Company are considered Related Party transactions under the Rules on the Offer of Securities and Continuing Obligations, since former Company Director Fahd Abdullah Saleh Al Othaim was a member on the date the commercial transactions were concluded and is a member of the board of Wamda Cinemas Company. In addition, Wamda Cinemas Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect shareholder Abdullah Saleh Ali Al Othaim. In addition, the Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Wamda Cinemas Company. These transactions were presented to the General Assembly held on 15/02/1443H (corresponding to 09/22/2021G) and were approved.

B. Transactions with Saudi Pillar for Construction Company

The Company concluded commercial transactions with Saudi Pillar for Construction Company in the amount of thirty-six million, three hundred eighty-two thousand, two hundred seventy-five Saudi Riyals (SAR 36,382,275), represented in contracts for electromechanical, construction and finishing works by Saudi Pillar for Construction Company for the properties owned by the Company. The opening balance of Saudi Pillar for Construction Company was approved for 2021G, with an amount of zero (0), and the end-of-period balance is two million, six hundred ninety-two thousand, one hundred ninety-eight Saudi Riyals (SAR 2,692,198) as of September 30, 2021G. The following table shows a summary of the works contracts concluded with Saudi Pillar for Construction Company:

Table No. (12.32): Contracts Between the Company and Saudi Pillar for Construction Company

#	Parties	Location	Description of Work	Total Contract Value (SAR)
1.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Contract for low voltage electricity meter operations	238,466
2.	The Company and Saudi Pillar for Construction Company	Khafji	Contract for the supply and installation of doors (iron, wood, shutter)	284,345
3.	The Company and Saudi Pillar for Construction Company	Al-Ahsa	Contract of electromechanical modification works in the cinema area	784,745
4.	The Company and Saudi Pillar for Construction Company	Hail	Contract of electromechanical modification works in the cinema area	415,584
5.	The Company and Saudi Pillar for Construction Company	Unaizah	Contract of electromechanical modification works in the cinema area	439,978
6.	The Company and Saudi Pillar for Construction Company	Dammam	Construction work in the cinema area	5,332,968
7.	The Company and Saudi Pillar for Construction Company	Khafji	General site implementation work	5,926,956
8.	The Company and Saudi Pillar for Construction Company	Dammam	Contract for electromechanical modification work in the cinema area	3,213,159
9.	The Company and Saudi Pillar for Construction Company	Rabwah	Construction modification works	7,448,689
10.	The Company and Saudi Pillar for Construction Company	Khurais and Hail	Escape stairs works and aluminium cladding	1,747,252
11.	The Company and Saudi Pillar for Construction Company	Khurais	Air-conditioning duct modification works - cinema area	250,965
12.	The Company and Saudi Pillar for Construction Company	Khafji	Miscellaneous work contract	1,148,606

#	Parties	Location	Description of Work	Total Contract Value (SAR)
13.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Preparations of the hypermarket (Lulu) area	614,100
14.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Contract for the supply and installation of cables for the Lulu hypermarket area	758,655
15.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Agreement to complete civil works in Lulu Market area	511,520
16.	Abdullah Al Othaim Entertainment Co. and Saudi Pillar for Construction Company	Hafr Al-Batin	Contract for executing electromechanical works related to Saffori Land	1,130,552
17.	The Company and Saudi Pillar for Construction Company	Khurais	Contract for the supply and installation of fire and air-conditioning foundation lines	706,440
18.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Approval of backup generator installation works	15,750
19.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Approval of supply and installation of artificial turf and irrigation pumps	169,304
20.	The Company and Saudi Pillar for Construction Company	Khafji	Contract for implementation and supply of low voltage cables for transformers	1,598,471
21.	The Company and Saudi Pillar for Construction Company	Dammam	Contract for metalwork and finishes for the pedestrian bridge	2,206,803
22.	The Company and Saudi Pillar for Construction Company	Khurais	Contracting for demolition and removal works and preparation of cinema location	264,863
23.	The Company and Saudi Pillar for Construction Company	Arar	Contract of electromechanical modification works in the cinema area	295,693
24.	The Company and Saudi Pillar for Construction Company	Unaizah	Contract for demolition, removal and equipping of cinema area works	100,007
25.	The Company and Saudi Pillar for Construction Company	Khurais	Contract of electromechanical modification works in the cinema area	294,643
26.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Contract of electromechanical modification works in the cinema area	173,401
27.	The Company and Saudi Pillar for Construction Company	Hafr Al-Batin	Electromechanical modification works in Lulu Hypermarket area	1,164,894
Total				**36,382,275**

Source: The Company

The transactions with Saudi Pillar for Construction Company are considered Related Party transactions under the Rules on the Offer of Securities and Continuing Obligations, since former Company Director Fahd Abdullah Saleh Al Othaim was a member on the date the commercial transactions were concluded and is a board member of Saudi Pillar for Construction Company. In addition, Saudi Pillar for Construction Company board members Fahd Abdullah Saleh Al Othaim and Mohamed Abdullah Saleh Al Othaim are Relatives of Company Director and direct and indirect shareholder Abdullah Saleh Ali Al Othaim. In addition, the Company Director Abdullah Saleh Ali Al Othaim is an indirect shareholder in Saudi Pillar for Construction Company. These transactions were presented to the General Assembly held on 15/02/1443H (corresponding to 09/22/2021G) and were approved.

C. Lease Contracts between the Company and its Subsidiaries

The Company entered into a number of lease contracts with its subsidiaries, whereby the subsidiaries shall lease properties from the Company within the Company's malls for the purposes of operating entertainment centers, retail spaces, restaurants and coffee shops (for further information about these contracts, please see section 12.8.2 "**Lease Contracts between the Company and its Material Subsidiaries as Lessees**" of this Prospectus).

These contracts are transactions with Related Parties as they are concluded with the Company's subsidiaries as per the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations. However, they do not require obtaining the approval of the General Assembly in accordance with Article 71 of the Companies Law.

D. Administrative Expenses

The Company incurred administrative expenses on behalf of its wholly owned subsidiaries (these are Asasat Al Nafel Operation and Maintenance Company, Al Othaim Malls, World Seas Investment Company in Riyadh, Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Fashion Co., Abdullah Al Othaim Food Co., Orion Holding Company, Al Riyadh Alwaed Real Estate Management Company, Takamol Al-Aziziya Property Management Company and Elham El Mostaqbal Real Estate Management Company) such as licensing fees, and costs of management advisory services and transferring funds between companies. These expenses are not deemed substantial to the Company.

These contracts are transactions with Related Parties as they are concluded with the Company's subsidiaries as per the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations. However, they do not require obtaining the approval of the General Assembly in accordance with Article 71 of the Companies Law.

12.7 Finance Contracts

The following section provides a summary of the finance arrangements and contracts to which the Company is a party, as at the date of this Prospectus.

12.7.1 Facility Contract between the Company and SABB

Table No. (12.33): Summary of the provisions of credit facility contract between the Company and the National Commercial Bank

Parties	The Company and SABB
Date	13/06/1442H (corresponding to 01/26/2021G)
Total financing	Five hundred and forty-nine million Saudi Riyals (SAR 549,000,000)
Financing type	Murabaha financing/Tawarruq with metals with a maximum of four hundred sixty-nine million Saudi Riyals (SAR 469,000,000) Murabaha financing/Tawarruq with metals with a maximum of eighty million Saudi Riyals (SAR 80,000,000)
Term	09/19/1449H (corresponding to 02/15/2028G)
Purpose	A loan of four hundred sixty-nine million Saudi Riyals (SAR 469,000,000) to acquire the Azizia Mall, on a 20:80 ratio of the right of ownership. A loan of eighty million Saudi Riyals (SAR 80,000,000) to finance the capital expenses of the Azizia Malls, at 80% of the bills
Guarantees	(1) Promissory note from the Company in the amount of five hundred forty-nine million Saudi Riyals (SAR 549,000,000) owed to the SABB (the guarantee was returned after signing a bank guarantee for the value of the total outstanding loans). (2) Companies guarantee by Al Othaim Holding Company in the amount of five hundred forty-nine million Saudi Riyals (SAR 549,000,000) backed by the decision of the partners/Board of Directors.* (3) Documented legal mortgage of title deeds to SABB of no less than 100% as a coverage of the total facilities. (4) Agreement for assignment of contract proceeds in addition to letters of assignment confirmation regarding lease contracts for Azizia Mall, Riyadh. (5) Agreement for assignment of contract proceeds for Azizia Mall in addition to letters of assignment confirmation covering annual instalments for Murabaha financing by the lessees

Termination	The Saudi British Bank (SABB) shall have the right to withdraw/cancel credit lines and claim from the Company the payment of all due liabilities as well as the settlement of documentary credits/guarantees and any other existing and outstanding facilities or request 100% cash coverage for any emergency unsecured facilities or suspension of credit facilities granted in full or in part and prevent any other use of credit facilities. In addition, all amounts payable under this contract shall be accelerated and the contract shall be terminated in the event of the following defaults and company fails to remedy the situation within the time period specified by the Saudi British Bank from time to time: (1) failure of the Company to execute or comply with any of the conditions contained in the Facilities Letter and Agreement issued by the Saudi British Bank from time to time; (2) expiration of the validity, effectiveness or enforceability of any of the warranties or security documents or the Company's objection to their validity or enforceability; (3) failure of the Company to fulfil any of its obligations to the Saudi British Bank as they fall due or the occurrence of any event impacting the Company's ability to fulfil its obligations which authorizes the Saudi British Bank to declare that the security or any other liability is immediately due and payable; (4) the Company applies for or accepts the appointment of a receiver, trustee or liquidator for the Company or its property, or a general assignment to the creditors or by filing a voluntary petition for bankruptcy; (5) the Company is judged bankrupt or insolvent, or the appointment of a liquidator or receiver; (6) any breach by the Company of financial covenants that have not been rectified/ remedied within the agreed time period from the date of the breach as determined by the Saudi British Bank, which affects the company's liabilities to the Saudi British Bank; (7) any breach or violation by the Company under any other agreement with another bank, another financial institution or another legal entity adversely and materially affecting the Company's ability to fulfil obligations under the Letter and Facility Agreement.
Material Restrictions	The Company undertakes to inform SABB of any actual or anticipated changes to the legal status or registered address of the Company and any amendments to the Memorandum of Association or Bylaws. Furthermore, any reduction in the ownership percentage of the Current Shareholders in the Company, the sale of their shares in whole or in part or any change in the legal form or administrative control of the Company would require the prior written approval of Saudi British Bank. Failure to obtain the prior written approval of Saudi British Bank will lead to it enforcing its right to terminate the banking facility contract between the Company and Saudi British Bank and making all amounts due under the banking facility contract between the Company and Saudi British Bank immediately payable to Saudi British Bank within 30 days or as specified by Saudi British Bank. In the event of a change of ownership, the Bank reserves the right to amend the terms and conditions of the facilities by requesting additional guarantees, demanding payment of the amounts due and cancelling the limits, or suspending the use of the facilities. The Company notified SABB on 01/24/1443H (corresponding to 01/09/2021G) of the Offering, which will result in a change in the legal form of the Company, and SABB provided its written consent thereto on 01/25/1443H (corresponding to 09/02/2021G).

* The guarantee was returned after signing a bank guarantee for the value of the total outstanding loans

Source: The Company

12.7.2 Banking Facility Contract between the Company and SABB

Table No. (12.34): Summary Provisions of Banking Facility Contract between the Company and SABB

Parties	The Company and SABB
Date	14/05/1442H (corresponding to 12/29/2020G)
Total financing	Seven hundred and thirty million Saudi Riyals (SAR 730,000,000)
Financing type	• Murabaha financing/Tawarruq with metals with a maximum of six hundred million Saudi Riyals (SAR 600,000,000), available for three (3) months from the date of signing the agreement. • Murabaha financing/Tawarruq with metals with a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period not exceeding 180 days from the date of the Company's purchase from SABB, and not less than 30 days. • Letters of credit (at sight) and promissory notes drawn under which, with a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period of 365 days. • Letters of credit (deferred) and promissory notes drawn under it with a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period of three hundred and 365 days. • Bid bonds of a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period of twelve (12) months. • Performance bonds of a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period of twelve (12) months. • Standby letters of credit with a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period of twelve (12) months. • Miscellaneous guarantees (payment guarantees) of a maximum of eighty-five million Saudi Riyals (SAR 85,000,000), available for a period of twelve (12) months. • Hedging based on a promise structure with a maximum of forty-five million (45,000,000) Saudi Riyals available for a period of sixty (60) months per transaction.

Term	Until 06/17/1448H (corresponding to 11/24/2026G)
Purpose	• Financing buyback of Sukuk. • Financing working capital. • Importing local and foreign equipment and machinery. • Issuing bid bonds to secure a large number of plots of lands from the municipalities. • Issuing performance bonds for the contracts with the Company. • Issuing standby letters of credit for the Company and its subsidiaries which purchase shipments from suppliers. • Issuing miscellaneous guarantees to meet the work requirements, as well as guarantees that do not conform to the bank's forms, and guarantees for the customs and the process of shipment release. • Hedging against future price fluctuations
Guarantees	1. Promissory note submitted by the Company in the amount of nine hundred eighty million Saudi Riyals (SAR 980,000,000) payable to SABB. * 2. Al Othaim Holding Company's commercial guarantee in the amount of nine hundred and eighty million Saudi Riyals (SAR 980,000,000). * 3. Documented legal mortgage of title deeds to SABB of no less than 100% as a coverage of the total facilities. 4. Agreement for assignment of contract proceeds in addition to letters of assignment confirmation regarding lease contracts for all malls
Termination	The Saudi British Bank (SABB) shall have the right to withdraw/cancel credit lines and claim from the Company the payment of all due liabilities as well as the settlement of documentary credits/guarantees and any other existing and outstanding facilities or request 100% cash coverage for any emergency unsecured facilities or suspension of credit facilities granted in full or in part and prevent any other use of credit facilities. In addition, all amounts payable under this contract shall be accelerated and the contract shall be terminated in the event of the following defaults and company fails to remedy the situation within the time period specified by the Saudi British Bank from time to time: (1) failure of the Company to execute or comply with any of the conditions contained in the Facilities Letter and Agreement issued by the Saudi British Bank from time to time; (2) expiration of the validity, effectiveness or enforceability of any of the warranties or security documents or the Company's objection to their validity or enforceability; (3) failure of the Company to fulfil any of its obligations to the Saudi British Bank as they fall due or the occurrence of any event impacting the Company's ability to fulfil its obligations, which authorizes the Saudi British Bank to declare that the security or any other liability is immediately due and payable; (4) the Company applies for or accepts the appointment of a receiver, trustee or liquidator for the Company or its property, or a general assignment to creditors or filing a voluntary petition for bankruptcy; (5) the Company is judged bankrupt or insolvent, or the appointment of a liquidator or receiver; (6) any breach by the Company of financial covenants that have not been rectified/remedied within the agreed time period from the date of the breach as determined by the Saudi British Bank, which affects the company's liabilities to the Saudi British Bank; (7) any breach or violation by the Company under any other agreement with another bank, another financial institution or another legal entity, materially and adversely affecting the Company's ability to fulfil obligations under the Letter and Facility Agreement
Material Restrictions	The Company undertakes to inform SABB of any actual or anticipated changes to the legal status or registered address of the Company and any amendments to the Memorandum of Association or Bylaws. Furthermore, any reduction in the ownership percentage of the Current Shareholders in the Company, the sale of their shares in whole or in part or any change in the legal form or administrative control of the Company would require the prior written approval of Saudi British Bank. Failure to obtain the prior written approval of Saudi British Bank will lead to it enforcing its right to terminate the banking facility contract between the Company and Saudi British Bank and making all amounts due under the banking facility contract between the Company and Saudi British Bank immediately payable to Saudi British Bank within 30 days or as specified by Saudi British Bank. In the event of a change of ownership, the Bank reserves the right to amend the terms and conditions of the facilities by requesting additional guarantees, demanding payment of the amounts due and cancelling the limits, or suspending the use of the facilities. The Company notified SABB on 01/24/1443H (corresponding to 01/09/2021G) of the Offering, which will result in a change in the legal form of the Company, and SABB provided its written consent thereto on 01/25/1443H (corresponding to 09/02/2021G).

* The guarantee was returned after signing a bank guarantee for the value of the total outstanding loans

Source: The Company

12.7.3 Credit Facility Contract between the Company and SABB

Table No. (12.35): Summary Provisions of Credit Facility Contract between the Company and SABB

Parties	The Company and SABB
Date	12/11/1442H (corresponding to 06/22/2021G)
Total financing	Seven hundred million Saudi Riyals (SAR 700,000,000)
Financing type	Murabaha financing/Tawarruq with metals with a maximum of seven hundred million Saudi Riyals (SAR 700,000,000)
Term	7 years until 01/29/1450H (corresponding to 06/22/2028G)
Purpose	Rescheduling debts to Bank Albilad.
Guarantees	1. Promissory note submitted by the Company in the amount of one billion, nine hundred thirty-four million, six hundred fifty-two thousand, one hundred seventy-four Saudi Riyals (SAR 1,934,652,174) owed to SABB 2. Corporate guarantee by Al Othaim Holding Company for one billion, nine hundred thirty-four million, six hundred fifty-two thousand, one hundred seventy-four Saudi Riyals (SAR 1,934,652,174) owed to SABB, backed by a decision of the Board of Directors 3. Documented mortgage of title deed to SABB of no less than 100% as a coverage of the total facilities, which is land located in Al-Qulaibat, Al-Mubarraz in Al-Ahsa under title deed No. 730812002287. 4. Agreement for assignment of contract proceeds for Azizia Mall in addition to letters of assignment confirmation covering annual instalments for Murabaha financing by the lessees
Termination	The Saudi British Bank (SABB) shall have the right to withdraw/cancel credit lines and claim from the Company the payment of all due liabilities as well as the settlement of documentary credits/guarantees and any other existing and outstanding facilities or request 100% cash coverage for any emergency unsecured facilities or suspension of credit facilities granted in full or in part and prevent any other use of credit facilities. In addition, all amounts payable under this contract shall be accelerated and the contract shall be terminated in the event of the following defaults and company fails to remedy the situation within the time period specified by the Saudi British Bank from time to time: (1) failure of the Company to execute or comply with any of the conditions contained in the Facilities Letter and Agreement issued by the Saudi British Bank from time to time; (2) expiration of the validity, effectiveness or enforceability of any of the warranties or security documents or the Company's objection to their validity or enforceability; (3) failure of the Company to fulfil any of its obligations to the Saudi British Bank as they fall due or the occurrence of any event affecting the Company's ability to fulfil its obligations which authorizes the Saudi British Bank to declare that the security or any other liability is immediately due and payable; (4) the Company applies for or accepts the appointment of a receiver, trustee or liquidator for the Company or its property, or a general assignment to creditors or filing a voluntary petition for bankruptcy; (5) the Company is judged bankrupt or insolvent, or the appointment of a liquidator or receiver; (6) any breach by the Company of financial covenants that have not been rectified/remedied within the agreed time period from the date of the breach as determined by the Saudi British Bank, which affects the company's liabilities to the Saudi British Bank; (7) any breach or violation by the Company under any other agreement with another bank, another financial institution or another legal entity, materially and adversely affecting the Company's ability to fulfil the obligations under the Letter and Facility Agreement.
Material Restrictions	The facilities agreement with Saudi British Bank imposes limitations restricting the distribution of profits if the debt service coverage ratio falls below 1:1 during the financing period. The Company undertakes to inform SABB of any actual or anticipated changes to the legal status or registered address of the Company and any amendments to the Memorandum of Association or Bylaws. Furthermore, any reduction in the ownership percentage of the Current Shareholders in the Company, the sale of their shares in whole or in part or any change in the legal form or administrative control of the Company would require the prior written approval of Saudi British Bank. Failure to obtain the prior written approval of Saudi British Bank will lead to it enforcing its right to terminate the banking facility contract between the Company and Saudi British Bank and making all amounts due under the banking facility contract between the Company and Saudi British Bank immediately payable to Saudi British Bank within 30 days or as specified by Saudi British Bank. In the event of a change of ownership, the Bank reserves the right to amend the terms and conditions of the facilities by requesting additional guarantees, demanding payment of the amounts due and cancelling the limits, or suspending the use of the facilities. The Company notified SABB on 01/24/1443H (corresponding to 01/09/2021G) of the Offering, which will result in a change in the legal form of the Company, and SABB provided its written consent thereto on 01/25/1443H (corresponding to 09/02/2021G).

Source: The Company

12.7.4 Credit Facility Contract between the Company and Samba Financial Group

Table No. (12.36): Summary Provisions of Credit Facility Contract between the Company and Samba Financial Group

Parties	The Company and Samba Financial Group
Date	06/26/1442H (corresponding to 02/08/2021G)
Total financing	Forty million Saudi Riyals (SAR 40,000,000) provided to Abdullah Al Othaim Entertainment Co., Abdullah Al Othaim Food Co. and Abdullah Al Othaim Fashion Co. until 27/05/1443H (corresponding to 12/31/2021G).
Financing type	• The facilities consist of: - Islamic letters of credit worth a maximum of ten million Saudi Riyals (SAR 10,000,000), which include: - Import letter of credit for a period of 270 days; - At sight letter of credit for a period of 270 days; - Supplementary letter of credit for 270 days; - Murabaha financing for 270 days; - Credit refinancing loans for 180 days; - Revolving short-term loans for a period of 180 days. • Murabaha financing agreement worth a maximum of thirty million Saudi Riyals (SAR 30,000,000) for a period of 270 days. Facilities under this contract are subject to (1) the Murabaha financing contract between the Company and Samba Financial Group dated 04/16/1439H (corresponding to 01/03/2018G) as amended on 05/25/1441H (corresponding to 01/20/2020G); and (2) the trade finance Murabaha contract between the Company and Samba Financial Group dated 04/16/1439H (corresponding to 01/03/2018G) as amended on 05/25/1441H (corresponding to 01/20/2020G).
Term	Until 27/05/1443H (corresponding to 12/31/2021G).
Purpose	To improve the equipment of entertainment centers and finance working capital requirements.
Guarantees	Promissory note submitted by the Company in the amount of forty million Saudi Riyals (SAR 40,000,000) owed to Samba Financial Group and Samba Financial Group reserves the right to request any additional guarantees at any time
Termination	Samba Financial Group shall have the right to cancel the facilities for any reason, at its sole discretion, and request the Company to pay all amounts due immediately. In addition, all amounts payable under this contract shall be accelerated. The contract shall terminate in the event of the following defaults: (1) Failure of the Company to make any amount payable under this contract, any other contract or any of its credit documents, or breach of any of its obligations thereunder; (2) the Company or the Guarantor's breach of any of their obligations under this contract, any other contract or any of its credit documents, and failure to rectify such breach within seven (7) days of becoming aware of such breach or of receiving a notice from Samba Financial Group, whichever is sooner; (3) if the Company's debt, that is owed to Samba Financial Group or any third party, becomes payable, or may be declared payable before maturity, or not paid on maturity; (4) If the Company discontinues the payment of its debts to its creditors, becomes insolvent, deemed to be insolvent under applicable law, declares its inability to pay its debts when due, attempts to enter into any settlement with its creditors, or any group of them, takes any legal action to declare insolvency or bankruptcy, or becomes effectively insolvent; (5) the insolvency, death or incapacity of the Guarantor (if a natural person) or the Guarantor's termination of any present or future loan obligation under this contract or any other contract; (6) the issuance of any law, regulation, order, or any change in law, regulation or order, which deviates or aims to deviate, suspend, terminate or relieve the Company or Guarantor from fulfilling their obligations under this contract, any other contract or any of its credit documents; (7) if a clause under this contract, any other contract, or any of the Company's credit documents becomes invalid, unenforceable or inapplicable; (8) if the Company or the Guarantor disputes the validity or enforceability or aims to terminate or reject this Contract or any other contract or any of its credit documents; (9) if it becomes illegal for the Company or the Guarantor to fulfil any of their obligations under this contract or any other contract or any of its credit documents, or if it is illegal for Samba Financial Group to exercise all or any of its rights or powers under this Contract or any other contract or any of its credit documents; (10) any situation that, in the opinion of Samba Financial Group, gives reasonable grounds to believe that there has been a material adverse change in the business, financial, administrative or legal position of the Company, the results of operations or prospects of the Company or the guarantor, or the ability of the Company or the Guarantor to meet their obligations under this Contract, any other contract or any of its credit documents.

Material Restrictions	The Company undertakes to maintain its financial, administrative and legal position, ownership structure and principal business activities. The Company may not change its legal form, Shareholders, activities or ownership structure without obtaining the prior written consent of Samba Financial Group. Any breach of this limitation will be considered a default, and Samba Financial Group shall have the right to immediately terminate this contract and accelerate any amounts owed thereunder. The Company notified Samba Financial Group on 07/20/1441H (corresponding to 03/15/2020G) of the Offering, which will result in changing the Company's legal form, and Samba Financial Group provided its written consent thereto on 10/24/1441H (corresponding to 06/16/2020G). The relationship was transferred from Samba Financial Group to the Saudi National Bank, after the merger between them, and the relation manager with the National Bank (formerly) became the manager of the new relationship with the emerging entity. Notifying the Saudi National Bank of this shall be sufficient.

Source: The Company

12.7.5 Credit Facility Contract between the Company and the National Commercial Bank

Table No. (12.37): Summary Provisions of Credit Facility Contract between the Company and the National Commercial Bank

Parties	The Company and the National Commercial Bank
Date	06/06/1442H (corresponding to 01/19/2021G)
Total financing	One hundred fifteen million Saudi Riyals (SAR 115,000,000)
Financing type	General facilities with the following sub-limits: • Commercial facility with a total limit of one hundred million Saudi Riyals (SAR 100,000,000). • Documentary credits upon sight, up to a total of fifty million Saudi Riyals (SAR 50,000,000). • Deferred documentary credits with a total limit of fifty million Saudi Riyals (SAR 50,000,000). • Standby documentary credits with a total limit of twenty-five million Saudi Riyals (SAR 25,000,000). • Letters of credit with a total limit of fifty million Saudi Riyals (SAR 50,000,000). • Letters of guarantee (tender bond, advance payment bank guarantee, performance bond) with a total limit of fifty million Saudi Riyals (SAR 50,000,000). • Profit margin swap with a total limit of fifteen million Saudi Riyals (SAR 15,000,000). • Foreign exchange purchase with a total limit of fifteen million Saudi Riyals (SAR 15,000,000)
Term	05/27/1443G (corresponding to 12/31/2021G)
Purpose	Support profit margin fluctuations. • Foreign exchange purchase. • Financing the Company's general working capital. • Opening standby credits as per the Company's requirements. • Financing the company's purchases from local suppliers through letters of credit. • Submitting letters of guarantee (tender bond, advance payment bank guarantee, performance bond) to government agencies. • Profit margin swap to handle profit margin fluctuations for loans.
Guarantees	A promissory note submitted by the Company in the amount of one hundred twenty six million five hundred thousand Saudi Riyals (SAR 126,500,000) payable upon sight to the National Commercial Bank.
Termination	The National Commercial Bank may at any time, without obtaining the Company's consent or notifying the Company or informing it of the reasons, terminate the NCB facilities contract, in whole or in part, and request the payment of all amounts due upon notice. In addition, the National Commercial Bank is entitled to cancel the facilities and request the immediate payment of all amounts due upon the occurrence of any of the following breaches of the terms of the contract: (1) any delay by the Company in the performance of its obligations; (2) any breach by the Company of the insurances and guarantees provided to the National Commercial Bank, or the Company's undertaking of any act or procedure that undervalues these insurances and guarantees; (3) any breach by the Company in fulfilling its obligations towards third parties in a manner deemed by the National Commercial Bank to have a negative impact on the financial position of the Company; (4) in the event of bankruptcy or insolvency of the Company; (5) In the event of the Company's dissolution, liquidation, sale, cessation of activity, change of its legal entity, merger, change of ownership, or death of any of the partners.
Material Restrictions	The National Commercial Bank has the right, at its sole discretion, to cancel the facility and request immediate payment of all amounts due if the Company changes its legal form or ownership structure. In addition, the Company undertakes to notify the National Commercial Bank in writing, by registered letter, of every change to its legal, financial or administrative status, at least 30 Business Days before the change. The Company notified Saudi National Bank (formerly known as National Commercial Bank) on 01/24/1443H (corresponding to 01/09/2021G) of the Offering, which will result in a change in the legal form of the Company, and the Saudi National Bank provided its written consent thereto on 01/28/1443H (corresponding to 09/05/2021G).

Source: The Company

12.7.6 Credit Facility Contract between the Company and Riyad Bank

Table No. (12.38): Summary Provisions of Credit Facility Contract between the Company and Riyad Bank

Parties	The Company and Riyad Bank
Date	12/25/1442H (corresponding to 08/03/2021G)
Total financing	Three hundred and thirty million Saudi Riyals (SAR 330,000,000)
Financing type	• Tawarruq financing limit of three hundred million Saudi Riyals (SAR 300,000,000). • Tawarruq financing with the balance of the Company, to be paid according to its terms and guarantees when granted. • The limit of treasury products (FX), with a total limit of thirty million Saudi Riyals (SAR 30,000,000).
Term	02/02/1445H (corresponding to 08/18/2023G).
Purpose	To purchase and sell commodities through Tawarruq agreements to finance trade.
Guarantees	Joint guarantee of payment against loss and for performance from Al Othaim Holding Company for the total facilities in the amount of three hundred million Saudi Riyals (SAR 300,000,000). Promissory note submitted by the Company in the amount of one hundred twelve million Saudi Riyals (SAR 112,000,000) to Riyad Bank
Termination	Riyad Bank shall have the right to claim the remaining balance of the instalments of the financing instruments provided to the Company in case on ore more of the following events: (1) Failure of the Company to pay any amounts due or perform any obligations to Riyad Bank under the agreement, or the procedures and undertakings signed by the Company or if they were proved incorrect, for a period of seven (7) days; (2) an existing lawsuit, judicial procedure, seizure, or issuance of any order, decision, or judgment to liquidate or appoint a receiver, against the Company, a sponsor, or a subsidiary company thereof, except for decisions to change the legal form or merger that Riyad Bank has previously agreed to its terms in writing; (3) if the Company suspends or stops paying any of its other obligations, or notified Riyad Bank of its intention to cease carrying on its activity, or a significant part thereof, or it becomes unable to pay its obligations, or enters into a composition with its creditors; (4) if the Company fails to pay, on due dates, any amount it owes or becomes bound to pay any obligations despite the notification of Riyad Bank to it, or if its financial conditions deteriorate and it is not able to pay the instalments, in such event all the debt instalments shall become due and payable immediately, unless a guarantor is presented to pay the right or other guarantees accepted by Riyad Bank
Material Restrictions	The Company pledges that any change made to the Company, whether with regard to the legal form of the Company or the partners and the limits of their responsibilities or to capital, obligations to third parties, activity, eligibility, capacity, or its legal representatives and limits of their powers or otherwise, will not affect in any way the continued enforcement of the agreement. In this regard, the Company shall immediately notify Riyad Bank upon making such change and carrying out acts of publicity by submitting, to the extent acceptable by Riyad Bank, the proving documents,. In addition, it shall immediately sign documents and provide any other guarantees required by Riyad Bank. The Company notified Riyad Bank on 01/24/1443H (corresponding to 09/01/2021G) of the Offering, which will result in a change in the legal form of the Company, and Riyad Bank provided its written consent thereto on 01/25/1443 H (corresponding to 09/02/2021G).

Source: The Company

12.7.7 Credit Facility Contract between the Company and Gulf International Bank

Table No. (12.39): Summary Provisions of Credit Facility Contract between the Company and Gulf International Bank

Parties	The Company and Gulf International Bank
Date	10/25/1441H (corresponding to 06/17/2020G)
Total financing	One hundred forty-one million, five hundred thousand Saudi Riyals (SAR 141,500,000)
Financing type	Non-binding, non-recyclable facilities in the amount of one hundred forty-one million, five hundred thousand Saudi Riyals (SAR 141,500,000)
Term	Until the Gulf International Bank facility contract is cancelled or the facility is terminated by Gulf International Bank, at its sole discretion
Purpose	Restructuring of existing facilities/Sukuk buyback program.
Guarantees	1. Promissory note submitted by the Company in the amount of one hundred forty-one million, five hundred thousand Saudi Riyals (SAR 141,500,000) payable at sight to Gulf International Bank. 2. Guarantee provided by Al Othaim Holding Company.
Termination	In addition, Gulf International Bank, at its own discretion, is entitled to cancel the facilities and request the immediate payment of all amounts due, upon the occurrence of any of the following breaches of the terms of the contract: (1) failure of the Company or Guarantor to pay any amount due to Gulf International Bank (GIB) at maturity; (2) failure of the Company or the Guarantor to perform or comply, in a timely manner, with any of its obligations under the GIB facility contract, and failure to rectify the situation within seven (7) days (or any longer period specified by GIB) for irregularities that are deemed correctable by GIB; (3) if any representation or undertaking made by the Company, the Guarantor, directors, or officers of the Company turns to be incorrect or misleading in an aspect that is deemed material by GIB; (4) if any debt of the Company becomes payable before maturity or is not paid when it becomes due; (5) in the event of a lawsuit, the execution; or if the assets of the Company or the Guarantor are seized with failure to comply with judicial decisions within fourteen (14) days; (6) if any petition is brought or any proceeding or measure is taken with respect to the insolvency, bankruptcy, reorganization, reinstitution, or appointment of a liquidator, receiver, government trustee over the business of the Company or the Guarantor; (7) if the Company or the Guarantor ceases to pay dues to its borrowers; (8) if the Company or the Guarantor ceases to carry out all or any of its business; (9) if any law, regulation, decision or change in any of them terminates, suspends or relieves the Company or the Guarantor from its obligations under the GIB facility contract; (10) in the event of the death or mental incapacitation of the personal guarantor; or (11) if the management of the Company or the Guarantor is, wholly or partly, replaced by a governmental authority, or the power of the Company or the Guarantor is restricted from carrying out its business, wholly or partly, or if all or the majority of the shares have been forcibly expropriated, nationalized, expropriated or acquired.
Material Restrictions	The Company is not entitled to issue additional shares, change any rights associated with the Company's Shares, or make any change in the ownership of its capital without obtaining the prior written consent of Gulf International Bank. Failure to comply with this limitation will give Gulf International Bank (GIB) the right to terminate the GIB facility agreement and make all amounts due under the GIB facility agreement immediately payable under a notice of thirty (30) days. The Company notified Gulf International Bank on 01/24/1443H (corresponding to 09/01/2021G) of the Offering, which will result in a change in the legal form of the Company, and Gulf International Bank provided its written consent thereto on 28/01/1443H (corresponding to 09/5/2021G).

Source: The Company

12.7.8 Credit Facility Contract between the Company and Riyad Bank

Table No. (12.40): Summary Provisions of Credit Facility Contract between the Company and Riyad Bank

Parties	The Company and Riyad Bank
Date	12/28/1441H (corresponding to 08/18/2020G), as amended on 17/07/1442H (corresponding to 03/01/2021G).
Total financing	Two hundred thirty million Saudi Riyals (SAR 230,000,000)
Financing type	• Tawarruq financing with a total limit of two hundred million Saudi Riyals (SAR 200,000,000). • The limit of treasury products (FX), with a total limit of twenty million Saudi Riyals (SAR 20,000,000). • Limit of treasury products (PRS), with a total limit of ten million Saudi Riyals (SAR 10,000,000).
Term	02/02/1445H (corresponding to 08/18/2023G).
Purpose	To purchase and sell commodities through Tawarruq agreements to finance trade.
Guarantees	• Joint guarantee of payment against loss and for performance from Al Othaim Holding Company for the total facilities in the amount of two hundred thirty million Saudi Riyals (SAR 230,000,000). • Promissory note submitted by the Company in the amount of thirty million Saudi Riyals (SAR 30,000) to Riyad Bank • A guarantee by Al Othaim Holding Company in the amount of two hundred sixty-five million Saudi Riyals (SAR 265,000,000), which will remain in place until the Company is listed.
Termination	Riyad Bank shall have the right to claim the remaining balance of the instalments of the financing instruments provided to the Company in case on ore more of the following events: (1) Failure of the Company to pay any amounts due or perform any obligations to Riyad Bank under the agreement, or the procedures and undertakings signed by the Company or if they were proved incorrect, for a period of 7 days; (2) an existing lawsuit, judicial procedure, seizure, or issuance of any order, decision, or judgment to liquidate or appoint a receiver, against the Company, a sponsor, or a subsidiary company thereof, except for decisions to change the legal form or merger that Riyad Bank has previously agreed to its terms in writing; (3) if the Company suspends or stops paying any of its other obligations, or notified Riyad Bank of its intention to cease carrying on its activity, or a significant part thereof, or it becomes unable to pay its obligations, or enters into a composition with its creditors; (4) if the Company fails to pay, on due dates, any amount it owed or becomes bound to pay any obligations despite the notification of Riyad Bank to it, or if its financial conditions deteriorate and it is not able to pay the instalments, in such event all the debt instalments shall become due and payable immediately, unless a guarantor is presented to pay the right or other guarantees accepted by Riyad Bank
Material Restrictions	The Company pledges that any change made to the Company, whether with regard to the legal form of the Company or the partners and the limits of their responsibilities or to the capital, obligations to third parties, activity, eligibility, capacity, its legal representatives and limits of their powers or otherwise, will not affect in any way the continued enforcement of the agreement. In this respect, the Company shall immediately notify Riyad Bank upon making such change and carrying out acts of publicity by submitting, to the extent acceptable by Riyad Bank, the proving documents,. In addition, it shall immediately sign documents and provide any other guarantees required by Riyad Bank. The Company notified Riyad Bank on 01/24/1443H (corresponding to 09/01/2021G) of the Offering, which will result in a change in the legal form of the Company, and Riyad Bank provided its written consent thereto on 01/25/1443 H (corresponding to 09/02/2021G).

Source: The Company

12.8 Real Estate

12.8.1 Real Estate Owned by the Company

The Company owns twenty-eight (28) real estate properties in the Kingdom and does not own any real estate outside it. The following table shows the details of the real estate owned by the Company, directly and indirectly through its subsidiaries.

Table No. (12.41): Real estate owned by the Company

#	Deed No.	Deed date	Name of the property owner	Property description/ location	Area (Square meters)	Book value as per the deed (SAR)	Description of use	Mortgage status
1	310125027137	07/14/1440H (corresponding to 03/21/2019G)	The Company	Plot of land of plan No. 70 located in Al-Rabwah District in Riyadh	(50% of which is owned by the Company equivalent to 15,733,155 square meters)	N/A	Al Othaim Mall - Al-Rabwah	N/A
2	310114051177	08/03/1442H (corresponding to 10/25/2020G)	The Company	Plot No. 1172, part of Plot No. 1173, Plot No. 1176, Plot No. 1177, Plot No. 1178, and Plot No. 1179 of Plan No. 720 located in Al-Rabwah District in Riyadh	45,044.01	N/A	Al Othaim Mall - Al-Rabwah	N/A
3	610114051534	04/01/1442H (corresponding to 11/16/2020G)	The Company	Plot No. 1/5 of Plan No. 1270 in Al-Naseem District in Riyadh	53,000	N/A	Al Othaim Mall - Khurais	The deed was transferred to the Company and work is underway to mortgage the deed to SABB
4	810130000266	13/10/1442H (corresponding to 05/25/2021G)	The Company	Plot No. 1637 in Al-Morooj District in Riyadh	114,000	N/A	Vacant	Mortgaged to SABB
5	462521001201	07/04/1442H (corresponding to 11/22/2020G) The Company's ownership was transferred as of 26/02/1432H (corresponding to 01/30/2011G)	The Company	Plot No. 1, located in east Buraidah, Akirshah	220	N/A	Akirshah Mall	N/A

#	Deed No.	Deed date	Name of the property owner	Property description/ location	Area (Square meters)	Book value as per the deed (SAR)	Description of use	Mortgage status
6	362538002039	07/04/1442H (corresponding to 11/22/2020G) The Company's ownership was transferred as of 26/02/1432H (corresponding to 01/30/2011G)	The Company	Plot No. 2, located in east Buraidah, Akirshah	15,435.34	N/A	Akirshah Mall	N/A
7	830105023126	04/19/1440H (corresponding to 12/26/2018G)	The Company	Plot located in Dammam	255,600	379,549,000	Vacant	Work is underway to transfer the deed and mortgage it to SABB
8	293383000143	05/11/1441H (corresponding to 01/06/2020G)	The Company	Plot No. 61 in Al-Atheer District, Dammam	1,495.13	N/A	Vacant	N/A
9	393383000144 *	05/11/1441H (corresponding to 01/6/2020G)	The Company	Plot No. 63 in Al-Atheer District, Dammam	1,397.68	N/A	Vacant	N/A
10	411511007359	02/10/1442H (corresponding to 09/27/2020G)	The Company	The eastern part of the agricultural plot called Al-Dhaheer on King Abdullah Road in Al-Kharj	286,802.35	107,550,881.25	Vacant	N/A
11	442108012131	30/11/1438H (corresponding to 09/22/2017G).	The Company	Plot in Nuqrat Qifar, Hail	61,045.29	361,265,067	Al Othaim Mall - Hail	Work is underway to convey the deed and mortgage it to SABB
12	3	14/01/1431H (corresponding to 12/31/2009G) and ownership was transferred to the Company on 08/10/1432H (corresponding to 07/11/2011G)	The Company	A plot of land called "Al-Musaidiyah" in Arar	131,250	14,000,000	Othaim Mall - Arar	N/A
13	371403004346	10/11/1442H (corresponding to 05/23/2021G)	The Company	Plot in Al-Tharban District, Abha	13,354.04	N/A	Vacant	N/A
14	730812002287	04/09/1442H (corresponding to 11/24/2020G)	The Company	A plot of agricultural land in Al-Qulaybat District in Al-Ahsa	90,000	350,000,000	Al Othaim Mall - Al-Ahsa	Mortgaged to SABB

#	Deed No.	Deed date	Name of the property owner	Property description/ location	Area (Square meters)	Book value as per the deed (SAR)	Description of use	Mortgage status
15	233107000329	05/23/1438H (corresponding to 02/20/2017G).	The Company	Plot of plan No. 8/18 in Al-Khafji	120,000	39,600,000	Al Othaim Mall - Al-Khafji	N/A
16	863506007407	01/07/1443H (corresponding to 02/02/2022G)	The Company	A plot of land located in Al-Ruwaida, on Al-Rass Al-Qurain Road, Riyadh Al-Khubra, in northern Al-Rass Governorate	77,562.74	52,000,000	Dar Al Waha Mall	N/A
17	363506007413	01/07/1443H (corresponding to 02/02/2022G)	The Company	A plot of land located in Al-Ruwaida District, in norther Al-Rass Governorate	15,750	5,000,000	Vacant	N/A
18	462505005331	15/04/1439H (corresponding to 01/02/2018G)	Elham El Mostaqbal Real Estate Management Company	Plot No. 1 of Plan No. 138 in Al-Mulayda, Buraidah	63,600	2,544,000	Vacant	N/A
19	462505005333	15/04/1439H (corresponding to 01/02/2018G)	Elham El Mostaqbal Real Estate Management Company	Plot No. 2 of Plan No. 138 in Buraidah	64,000	2,560,000	Vacant	N/A
20	562505005334	15/04/1439H (corresponding to 01/02/2018G)	Elham El Mostaqbal Real Estate Management Company	Plot No. 3 of Plan No. 138 in Buraidah	63,000	2,520,000	Vacant	N/A
21	562505005335	15/04/1439H (corresponding to 01/02/2018G)	Elham El Mostaqbal Real Estate Management Company	Plot No. 4 of Plan No. 138 in Buraidah	68,059	2,722,360	Vacant	N/A
22	362505005330	15/04/1439H (corresponding to 01/02/2018G)	Elham El Mostaqbal Real Estate Management Company	Plot No. 5 of Plan No. 138 in Buraidah	68,000	2,720,000	Vacant	N/A
23	362505005332	15/04/1439H (corresponding to 01/02/2018G)	Elham El Mostaqbal Real Estate Management Company	Plot No. 6 of Plan No. 138 in Buraidah	68,022	2,720,880	Vacant	N/A
24	362507010602	15/04/1439H (corresponding to 01/02/2018G)	Takamol Al-Aziziya Property Management Company	Plot in Al-Mulayda, Buraidah	1,356,924	67,846,200	Residential land and regional and national services (for marketing and entertainment)	N/A
25	362507010601	15/04/1439H (corresponding to 01/02/2018G)	Al Riyadh Alwaed Real Estate Management Company	Northern side of the plot in Al-Hasat District in Buraidah	69,876	2,520,799	Workshops and warehouses	N/A

#	Deed No.	Deed date	Name of the property owner	Property description/ location	Area (Square meters)	Book value as per the deed (SAR)	Description of use	Mortgage status
26	562507010604	15/04/1439H (corresponding to 01/02/2018G)	Al Riyadh Alwaed Real Estate Management Company	Plot in Al-Hasat District, Buraidah	101,873.38	3,640,532	Part of it is an unused gas station and the rest is vacant	N/A
27	462507010605	15/04/1439H (corresponding to 01/02/2018G)	Al Riyadh Alwaed Real Estate Management Company	Plot of plan No. 1314 in Buraidah	73,950	3,789,937	Vacant	N/A
28	362507010606	15/04/1439H (corresponding to 01/02/2018G)	Al Riyadh Alwaed Real Estate Management Company	Plot No. 1 of Plan No. 1314 in the Southern District, Buraidah	85,800	4,217,000	Vacant	N/A

* Land No. 63, located in Al-Atheer District, Dammam, was sold in July of 2021G.

12.8.2 Lease Contracts between the Company and its Material Subsidiaries as Lessees

A. The Company

As at the date of this Prospectus, the Company has concluded one thousand eight hundred and fourteen (1,814) lease contracts with lessees across its malls in all cities. Section 12.5.4 "**Lease Agreements Concluded with Main Tenants**" of this Prospectus explains the details of the material contracts. The Company has also leased a number of properties which it uses as administrative offices, warehouses residential buildings or parking for cars. The following table shows details of the properties leased by the Company as of the date of this Prospectus:

Table No. (12.42): Real estate leased by the Company

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
1.	The Company	Abdullah Al Othaim Markets Company	Administrative offices in Al-Rabwah District with an area of 1,350 square meters	Riyadh	01/15/1431H (corresponding to 01/01/2010G).	742,500	Five (5) years, automatically renewable
2.	The Company	Jamil Abdul Rahman Al-Qunaibit	Warehouse No. 12 of Plot No. 11 of Plan No. 3040 in Al-Sulay District, with an area of 763 square meters	Riyadh	01/01/1430H (corresponding to 12/29/2008G)	80,000	Five (5) years, automatically renewable
3.	The Company**	Queel Real Estate Investments Co.	Al-Montazah District land with a total area of 60,000 square meters	Unaizah	01/11/1431H (corresponding to 09/10/2010G).	200,000	Twenty (20) years
4.	The Company	Abdulaziz Ibrahim Al Farhoud Trading Establishment	Residential building in Riyadh - Al-Saada District	Riyadh	27/10/1437H (corresponding to 08/01/2016G)	720,000	Five (5) years, automatically renewable
5.	The Company	Abdul Hamid bin Muhammad bin Hussein Al-Hilal	Residential building in Al-Ahsa - Hofuf	Al-Ahsa	19/11/1439H (corresponding to 08/01/2018G)	125,000	Five (5) years

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
6.	The Company's Operating Department	The Company	Administrative offices with a total area of 200 square meters in Al Othaim Mall - Unaizah	Unaizah	25/04/1440H (corresponding to 01/01/2019G)	10,000	Five (5) years, automatically renewable
7.	Abdullah Nasser Ibrahim Al Daajan	The Company	A plot of land on King Fahd Road with a total area of 4,379 square meters used as a parking lot for Dar Al Waha Mall	Al-Rass	28/05/1443H (corresponding to 01/01/2022G)	3,450,000***	Thirty (30) years

* This contract is entered into in the Company's name, but the warehouse is used by Abdullah Al Othaim Entertainment Co.

** This lease agreement is concluded in accordance with a lease agreement between Queel Real Estate Investments Co. and Unaizah Municipality., Whereas, under the agreement between the Company and Queel Real Estate Investments Co., Queel Real Estate Investments Co. assigns the agreement to the Company.

*** The amount represents the rent for the entire term of the agreement, to be paid once at the beginning of the agreement, noting that the Company has paid the full value of the rent to Abdullah Nasser Ibrahim Al Daajan as of the date of this Prospectus.

Source: The Company

B. Abdullah Al Othaim Entertainment Co.

Abdullah Al Othaim Entertainment Co. entered into twenty-five (25) lease agreements as a lessee, in its capacity as a lessee, in relation to its entertainment centers. Eighteen (18) of these agreements have been concluded with the Company, including twenty-two (22) entertainment centers, two (2) warehouses and one (1) office. The following table shows properties leased by Abdullah Al Othaim Entertainment Co. as of the date of this Prospectus.

Table No. (12.43): Properties leased by Abdullah Al Othaim Entertainment Co.

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
1	Abdullah Al Othaim Entertainment Co.	The Company	Administrative offices on the second floor of the Company's headquarter building in Al-Rabwah District, with an area of 598 square meters	Riyadh	27/05/1432H (corresponding to 05/01/2011G).	120,000	One year, automatically renewable
2	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Markets Company	Entertainment center in Al Othaim Markets Center in Al-Shifa District under the brand name "My Town" with an area of 908 square meters	Riyadh	06/05/1441H (corresponding to 01/01/2020G)	76,613	Five (5) years, automatically renewable
3	Abdullah Al Othaim Entertainment Co.	Abdullah Abdulaziz Fawzan Al-Fawzan Real Estate Office	Two warehouses in Al-Sulay with an area of 1,800 square meters	Riyadh	01/09/1443H (corresponding to 08/17/2021G)	240,000	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
4	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 8,059 square meters in Al Othaim Mall - Khurais to open an entertainment center under the brand name "Saffori Land"	Riyadh	12/22/1442H (corresponding to 08/01/2021G)	4,637,811	One year, automatically renewable
5	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 9,496 square meters in Al Othaim Mall - Al-Rabwah to open an entertainment center under the brand name "Saffori Land"	Riyadh	12/22/1442H (corresponding to 08/01/2021G)	5,660,848	One year, automatically renewable
6	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 4,064 in Al Othaim Mall - Al-Rabwah to open an entertainment center under the brand name "Snow City"	Riyadh	12/22/1442H (corresponding to 08/01/2021G)	2,042,724	One year, automatically renewable
7	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Markets Company	Entertainment center No. 1 with an area of 4,569 square meters in Al Othaim Markets - Al-Suwaidi District under the brand name "Saffori Land"	Riyadh	03/16/1435H (corresponding to 01/16/2014G).	1,000,000	Ten (10) years.
8	Abdullah Al Othaim Entertainment Co.	Abdullah Al Othaim Markets Company	Entertainment center No. 1 with an area of 2,781.5 square meters in Al Othaim Markets - Al-Hamra District under the brand name "Saffori Land"	Riyadh	14/04/1439H (corresponding to 01/01/2018G)	417,225	One year, automatically renewable
9	Abdullah Al Othaim Entertainment Co.**	The Company	A retail space with an area of 575 square meters in Al Othaim Mall - Al-Rabwah under the brand name "Haunted House"	Riyadh	17/07/1442H (corresponding to 03/01/2021G)	289,225	Five (5) years

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
10	Abdullah Al Othaim Entertainment Co.	Gulf Real Estate Company	A retail space in West Avenue Mall with an area of 2,260 square meters to open an entertainment center under the brand name "Faby Land"	Dammam	12/02/1439H (corresponding to 01/11/2017G).	Year 1-5: 678,000 Year 6-10: 745,800 Year 11-15: 820,320 or 15% of the annual sales value, whichever is lower	Fifteen (15) years
11	Abdullah Al Othaim Entertainment Co.	The Company	retail space with an area of 8,413 square meters in Al Othaim Mall to open an entertainment center under the brand name "Saffori Land"	Dammam	10/20/1442G (corresponding to 06/01/2021G)	4,505,074	One year, automatically renewable
12	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 1,700 square meters in Al Othaim Mall to open an entertainment center under the brand name "Action Zone"	Dammam	21/10/1440H (corresponding to 06/01/2024G)	450,000	One year, automatically renewable
13	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 3,267 square meters in Al Othaim Mall - Unaizah to open an entertainment center under the brand name "Saffori Land"	Unaizah	22/04/1437H (corresponding to 02/01/2016G).	1,331,268	Ten (10) years.
14	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 3,939 square meters in Al Othaim Mall - Buraidah to open an entertainment center under the brand name "Saffori Land"	Buraidah	12/22/1442H (corresponding to 08/01/2021G)	2,530,766	One year, automatically renewable
15	Abdullah Al Othaim Entertainment Co.	The Company	Retail space in Al Othaim Mall – Al-Ahsa with an area of 1,900 square meters to open an entertainment center under the brand name "Action Zone"	Al-Ahsa	10/20/1442H (corresponding to 06/01/2021G)	650,000	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
16	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 8,069 square meters in Al Othaim Mall-Al-Ahsa under the brand name "Saffori Land"	Al-Ahsa	12/22/1442H (corresponding to 08/01/2021G)	5,162,462	One year, automatically renewable
17	Abdullah Al Othaim Entertainment Co.	The Company	A warehouse in Al-Othaim Mall -Al-Ahsa, in the mezzanine area	Al-Ahsa	05/06/1443H (corresponding to 12/10/2021G)	10,000	One year, automatically renewable
18	Abdullah Al Othaim Entertainment Co.	The Company	A retail space with an area of 4,745 square meters in Al Othaim Mall under the brand name "Saffori Land"	Arar	06/26/1437H (corresponding to 04/04/2016G).	1,792,830	Ten (10) years.
19	Abdullah Al Othaim Entertainment Co.	The Company	A retail space in Al Othaim Mall - Hail with an area of 4,852 square meters to open an entertainment center under the brand name "Saffori Land"	Hail	12/01/1437H (corresponding to 09/02/2016G)	1,892,280 or 12% of the annual sales value, whichever is higher	Ten (10) years.
20	Abdullah Al Othaim Entertainment Co.	Al Rashed Company	A retail space in Al Rashed Mall with an area of 4,134 square meters to open an entertainment center under the brand name "Faby Land"	Abha	01/25/1439H (corresponding to 10/15/2017G).	Year 1-5: 2,067,000 Year 6-10: 2,273,700 Year 11-15: 2,501,070	Fifteen (15) years
21	Abdullah Al Othaim Entertainment Co.	Reyof Tabuk Co. Ltd.	A retail space in Tabuk Park with an area of 4,821 square meters to open an entertainment center under the brand name "Faby Land"	Tabuk	12/02/1439H (corresponding to 01/11/2017G).	2,000,000 or 15% of the annual sales value, whichever is higher	21 years, 4 months and 23 days
22	Abdullah Al Othaim Entertainment Co.	The Company - Hafr Al-Batin	A retail space in Al Othaim Mall – Hafr Al-Batin with an area of 5,278 square meters to open an entertainment center under the brand name"Saffori Land"	Hafr Al-Batin	As of the date of the handing over letter	1,319,500 or 12% of the annual sales value, whichever is higher	Ten (10) years.

#	Tenant	Lessor	Location description	City	Lease start date	Annual lease amount (SAR)	Lease term
23	Abdullah Al Othaim Entertainment Co.*	The Company - Hafr Al-Batin	A retail space with an area of 7,777 square meters Al Othaim Mall – Hafr Al-Batin to open an entertainment center under the brand name "Action Zone"	Hafr Al-Batin	As of the date of the handing over letter	3,033,030 or 12% of the annual sales value, whichever is higher	Ten (10) years.
24	Abdullah Al Othaim Entertainment Co.**	The Company - Hafr Al-Batin	A retail space with an area of 5,649 square meters in Al Othaim Mall – Hafr Al-Batin under the brand name "Splash"	Hafr Al-Batin	As of the date of the handing over letter	1,412,250 or 12% of the annual sales value, whichever is higher	Ten (10) years.
25	Abdullah Al Othaim Entertainment Co.	The Company – Al-Khafji	A retail space with an area of 4,450 square meters in Al Othaim Mall - Al-Khafji to open an entertainment center under the brand name "Saffori Land"	Al-Khafji	As of the date of the handing over letter or the handing over of the rental unit, whichever is earlier**	2,336,250	Ten (10) years.

* These sites are under construction and municipal licenses have not yet been issued.

** The Haunted House Entertainment Center, located in Al Othaim Mall - Al-Rabwah, commenced operations on 10/28/2021G and no Municipality license was independently issued for it, as it is covered by the Municipality license issued to the Saffori Land Entertainment Center located in Al Othaim Mall - Al-Rabwah.

Source: The Company

C. Abdullah Al Othaim Fashion Co.

Abdullah Al Othaim Fashion Co. entered into fifty-two (52) lease agreements as a lessee in relation to fashion retail outlets, twenty-six (26) of which are with the Company. They include thirty-seven (37) retail spaces, thirteen (13) warehouses and two (2) offices. The following table shows Real estate Leased by Abdullah Al Othaim Fashion Co. as of the date of this Prospectus:

Table No. (12.44): Real estate Leased by Abdullah Al Othaim Fashion Co.

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
1	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 568 square meters in Al Othaim Mall - Khurais to open a retail store under the brand name "OVS"	Riyadh	12/01/1439H (corresponding to 08/12/2018G)	468,600 or 7% of the annual sales value, whichever is higher	Five (5) years
2	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 138 square meters in Al Othaim Mall -Khurais to open a retail store under the brand name "Tally Wejil"	Riyadh	02/01/1441H (corresponding to 09/01/2019G)	279,450	One year, automatically renewable
3	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 1,260 square meters in Al Othaim Mall - Khurais to open a retail store under the brand name "Kiabi"	Riyadh	07/26/1440H (corresponding to 04/02/2019G)	1,039,500 or 7% of the annual sales value, whichever is higher	Five (5) years
4	Abdullah Al Othaim Fashion Co.	The Company	A commercial warehouse with an area of 307 square meters in Al Othaim Mall - Khurais to open a warehouse under the brand name "Kiabi"	Riyadh	07/26/1440H (corresponding to 04/01/2019G)	50,000	Five (5) years
5	Abdullah Al Othaim Fashion Co.	Abdullah Al Othaim Markets Company	Retail space No. 1 with an area of 219 square meters at Al Othaim Academy – Al-Rabwah District to open administrative offices	Riyadh	21/01/1440H (corresponding to 10/01/2018G)	93,075	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
6	Abdullah Al Othaim Fashion Co.	Abdullah Al Othaim Markets Company	Retail space No. 2 with an area of 194 square meters at Al Othaim Academy – Al-Rabwah District to open administrative offices	Riyadh	21/01/1440H (corresponding to 10/01/2018G)	82,450	One year, automatically renewable
7	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 190 square meters in Al Othaim Mall - Al-Rabwah to open a retail store under the brand name "Tally Wejil"	Riyadh	07/06/1441H (corresponding to 03/01/2020G)	441,750	One year, automatically renewable
8	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 727 square meters in Al Othaim Mall - Al-Rabwah to open a retail store under the brand name "OVS"	Riyadh	14/12/1438H (corresponding to 05/09/2017G)	1,272,250	Three (3) years, automatically renewable
9	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 1,576 square meters in Al Othaim Mall - Al-Rabwah to open a retail store under the brand name "Kiabi"	Riyadh	09/19/1441H (corresponding to 05/12/2020G)	1,182,000 or 8% of the annual sales value, whichever is higher	One year, automatically renewable
10	Abdullah Al Othaim Fashion Co.	Granada Mall	A retail space with an area of 114 square meters in Granada Mall to open a retail store under the brand name "OVS"	Riyadh	05/17/1442H (corresponding to 01/01/2021G)	250,200 or 10% of the annual sales value, whichever is higher	Two years
11	Abdullah Al Othaim Fashion Co.	Granada Mall	A retail space with an area of 396 square meters in Granada Mall to open a retail store under the brand name "Kiabi Kids"	Riyadh	08/12/1442H (corresponding to 03/25/2021G)	594,000 or 10% of the annual sales value, whichever is higher	Two years

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
12	Abdullah Al Othaim Fashion Co.	Hayat Real Estate Company	A retail space with an area of 13 square meters in Hayat Mall to be used as a warehouse	Riyadh	12/07/1436H (corresponding to 01/05/2015G)	12,000	One year, automatically renewable
13	Abdullah Al Othaim Fashion Co.	Hayat Real Estate Company	A retail space with an area of 73 square meters in Hayat Mall - to open a retail store under the brand name "OVS"	Riyadh	11/14/1442H (corresponding to 07/29/2020G)	160,600	One year
14	Abdullah Al Othaim Fashion Co.	Abdullah Abdulaziz Fawzan Al-Fawzan	Two warehouses in Al-Sulay District	Riyadh	28/12/1439H (corresponding to 09/08/2018G)	160,000	Three (3) years, automatically renewable
15	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 562 square meters in Al Othaim Mall - Buraidah to open a retail store under the brand name "OVS"	Buraidah	30/10/1438H (corresponding to 07/24/2017G)	533,900 or 10% of the annual sales value, whichever is higher	Two years, automatically renewable
16	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 120 square meters in Al Othaim Mall - Buraidah, Al-Iskan District, to open a retail store under the brand name "Parfois"	Buraidah	26/01/1439H (corresponding to 10/16/2017G)	186,000 or 15% of the annual sales value, whichever is higher	Three (3) years, automatically renewable
17	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 165 square meters in Al Othaim Mall - Buraidah to be used as a warehouse	Buraidah	13/06/1439H (corresponding to 04/24/2019G)	15,000	One year, automatically renewable
18	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 1,466 square meters in Al Othaim Mall - Buraidah to open a retail store under the brand name "Kiabi"	Buraidah	26/05/1440H (corresponding to 01/02/2019G)	1,392,700 or 10% of the annual sales value, whichever is higher	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
19	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 140 square meters in Al Othaim Mall - Buraidah, Al-Iskan District, to open a retail store under the brand name "Tally Wejil"	Buraidah	08/17/1441H (corresponding to 04/10/2020G)	259,000	One year, automatically renewable
20	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 563 square meters in Al Othaim Mall - Unaizah to open a retail store under the brand name "OVS"	Unaizah	17/09/1439H (corresponding to 06/01/2018G)	577,075 or 7% of the annual sales value, whichever is higher	Five (5) years
21	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 128 square meters in Al Othaim Mall - Unaizah to open a retail store under the brand name "Tally Wejil"	Unaizah	07/25/1440H (corresponding to 04/01/2019G)	179,200 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
22	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 1,500 square meters in Al Othaim Mall - Unaizah to open a retail store under the brand name "Kiabi"	Unaizah	01/21/1440H (corresponding to 10/01/2018G)	1,537,500 or 7% of the annual sales value, whichever is higher	Five (5) years
23	Abdullah Al Othaim Fashion Co.	The Company	A commercial warehouse with an area of 88 square meters in Al Othaim Mall- Unaizah under the brand name "Kiabi"	Unaizah	21/01/1440H (corresponding to 10/01/2018G)	5,000	Five (5) years
24	Abdullah Al Othaim Fashion Co.	The Company	A commercial warehouse with an area of 50 square meters in Al Othaim Mall- Unaizah	Unaizah	21/01/1440H (corresponding to 10/01/2018G)	10,000	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
25	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A retail space with an area of 419 square meters in Mekkah Mall to open a retail store under the brand name "OVS"	Makkah	08/30/1442H (corresponding to 03/17/2021G)	Year 1: 706,713.33 Year 2: 1,013,980 Year 3: 1,028,959.25 Year 4: 921,800 Year 5: 691,350 or 8% of the annual sales volume, whichever is higher	Five (5) years
26	Abdullah Al Othaim Fashion Co.	Alandalus Property Co.	A retail space with an area of 1,106 square meters in Al Andalus Mall to open a retail store under the brand name "Kiabi"	Jeddah	03/04/1438H (corresponding to 01/01/2017G)	1,327,200	Five (5) years
27	Abdullah Al Othaim Fashion Co.	Alandalus Property Co.	A commercial warehouse with an area of 76 square meters in Al Andalus Mall to open a retail store under the brand name "Kiabi"	Jeddah	03/04/1438H (corresponding to 01/01/2017G)	25,000	Five (5) years
28	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A retail space with an area of 681 square meters in Al Salam Mall to open a retail store under the brand name "OVS"	Jeddah	07/08/1439H- (corresponding to 04/22/2018G)	Year 1: 678,730 Year 2: 973,830 Year 3: 999,736.38 Year 4: 749,100 Year 5: 686,675 or 8% of the annual sales value	Five (5) years
29	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A retail space with an area of 493 square meters in Al Yasmeen Mall to open a retail store under the brand name "OVS"	Jeddah	10/26/1439H (corresponding to 07/09/2018G)	Year 1: 642,543.33 Year 2: 921,910 Year 3: 915,809,13 Year 4: 759,220 Year 5: 569,415 or 8% of the annual sales value	Five (5) years

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
30	Abdullah Al Othaim Fashion Co.	Red Sea Markets Ltd. Co.	A retail space with an area of 1,342.76 square meters in Red Sea Mall to open a retail store under the brand name "Kiabi"	Jeddah	14/02/1440H (corresponding to 10/23/2018G)	First three years: 1,745,588 Last two years: 1,832,867	Five (5) years
31	Abdullah Al Othaim Fashion Co.	Red Sea Markets Ltd. Co.	A retail space with an area of 114.86 square meters in Red Sea Mall to open a retail store under the brand name "Parfois"	Jeddah	11/21/1442 H (corresponding to 07/01/2021G)	455,879	One year
32	Abdullah Al Othaim Fashion Co.	Al Marakez Arabic Ltd. Co.	A retail space with an area of 1,284 square meters in Al Salam Mall to open a retail store under the brand name "Kiabi"	Jeddah	27/05/1443H (corresponding to 31/03/2021G	Year 1: 570.310 Year 2: 918,060 Year 3: 963,963 Year 4: 1,012,164.36 Year 5: 1,062,766.80	Five (5) years
33	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A retail space with an area of 415 square meters in Mall of Dhahran to open a retail store under the brand name "OVS"	Dhahran	07/08/1439H- (corresponding to 04/22/2018G)	Year 1: 54,088.33 Year 2: 776,050 Year 3: 755,491.89 Year 4: 684,957.50 Year 5: 371,939.28 or 8% of the annual sales value	Five (5) years
34	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A retail space with an area of 1,160 square meters in Mall of Dhahran to open a retail store under the brand name "Kiabi"	Dhahran	04/04/1439H (corresponding to 12/22/2017G)	Year 1: 1,192,286.68 Year 2: 1,635,020 Year 3: 1,708,076.8 Year 4: 1,784,776 Year 5: 1,865,314.8 or 8% of the annual sales value	Five (5) years

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
35	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A commercial warehouse with an area of 119 square meters in Mall of Dhahran under the brand name "Kiabi"	Dhahran	12/4/1442H (corresponding to 07/13/2021G)	15,000	Three (3) years, automatically renewable
36	Abdullah Al Othaim Fashion Co.	Arabian Centers Ltd. Co.	A retail space with an area of 319 square meters in Al Nakheel Mall to open a retail store under the brand name "OVS"	Dammam	08/18/1442 H (corresponding to 03/31/2021G)	Year 1: 324,393.33 Year 2: 491,260 Year 3: 515,823 Year 4: 541,614.16 Year 5: 568,697.26 or 10% of the annual sales value	Five (5) years
37	Abdullah Al Othaim Fashion Co.	The Company	A commercial warehouse with an area of 90 square meters in Al Othaim Mall - Dammam to be used as a warehouse under the brand name "Kiabi"	Dammam	01/09/1438H (corresponding to 10/10/2016G)	10,000	One year, automatically renewable
38	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 1,138 square meters in Al Othaim Mall-Dammam "Kiabi"	Dammam	05/06/1440H (corresponding to 10/2/2019G)	1,621,650 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
39	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 130 square meters in Al Othaim Mall – Dammam to open a retail store under the brand name "OVS Kids"	Dammam	06/07/1441H (corresponding to 01/03/2020G)	263,250	One year, automatically renewable
40	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 100 square meters in Al Othaim Mall - Dammam to open a retail store under the brand name "Tally Wejil"	Dammam	17/10/1439H (corresponding to 07/01/2018G)	238,075	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
41	Abdullah Al Othaim Fashion Co.	The Company	A commercial warehouse with an area of 60 square meters in Al Othaim Mall - Dammam to open offices that will be used as a warehouse under the brand name "Kiabi"	Dammam	04/05/1443H (corresponding to 11/10/2021G)	31,500	One year, automatically renewable
42	Abdullah Al Othaim Fashion Co.	The Company	Retail space No. AG3B with an area of 375 square meters in Al Othaim Mall - Al-Ahsa to open a retail store under the brand name "OVS"	Al-Ahsa	22/05/1440H (corresponding to 01/02/2019G)	412,500 or 7% of the annual sales value, whichever is higher	Three years
43	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 121 square meters in Al Othaim Mall - Al-Ahsa to open a retail store under the brand name "Tally Wejil"	Al-Ahsa	08/08/1441H (corresponding to 01/04/2020G)	305,525	One year, automatically renewable
44	Abdullah Al Othaim Fashion Co.	The Company	A retail space with an area of 871 square meters in Al Othaim Mall - Hail to open a retail store under the brand name "OVS"	Hail	24/09/1439H (corresponding to 06/08/2018G)	718,575	Five (5) years
45	Abdullah Al Othaim Fashion Co.	The Company	A commercial warehouse with an area of 209 square meters in Al Othaim Mall - Hail to open a trade a warehouse under the brand name "OVS"	Hail	02/07/1439H (corresponding to 03/18/2018G)	23,137	Five (5) years
46	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A retail space with an area of 1,202.22 square meters in Al Rashed Mall to open a retail store under the brand name "Kiabi"	Aseer	15/08/1439H (corresponding to 05/01/2018G)	First three years: 1,021,887 annually Last two years: 1,130,087 annually	Five (5) years

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
47	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A retail space with an area of 460.57 square meters in Al Rashed Mall to open a retail store under the brand name "OVS"	Aseer	09/20/1442 H (corresponding to 05/01/2021G)	782,969	Three (3) years
48	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A commercial warehouse with an area of 151.88 square meters in Al Rashed Mall to be used as a warehouse under the brand name "Kiabi"	Aseer	26/08/1440H (corresponding to 01/05/2019G)	75,940	One year
49	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A commercial warehouse with an area of 29.46 square meters in Al Rashed Mall to be used as a warehouse under the brand name "OVS"	Aseer	15/07/1439H (corresponding to 04/01/2018G)	Year 1: 13,750 Year 2: 15,000	Valid until 07/04/1441H (corresponding to 02/28/2020G), automatically renewable
50	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A retail space with an area of 101.74 square meters in Al Rashed Mall to open a retail store under the brand name "Tally Wejil"	Aseer	21/10/1442H (corresponding to 06/01/2021G)	156,679.60	Three (3) years
51	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A retail space with an area of 211.60 square meters in Al Rashed Mall to open a retail store under the brand name "OVS"	Aseer	01/25/1439H (corresponding to 10/15/2017G)	First three years: 232,760 annually Last two years: 256,036 annually	Five (5) years
52	Abdullah Al Othaim Fashion Co.	Saudi Bunyan Real Estate Investment Co.	A retail space with an area of 88.35 square meters in Al Rashed Mall to open a retail store under the brand name "Parfois"	Aseer	06/11/1442 H (corresponding to 06/15/2021G)	136,059	Three (3) years

Source: The Company

D. Abdullah Al Othaim Food Co.

Abdullah Al Othaim Food Co. entered into thirty-nine (39) lease contracts as a lessee in relation to Food and Beverages retail outlets, thirty-seven (37) of which are with the Company. They include twenty-nine (29) retail spaces (in addition to a retail space under construction which will replace another retail space currently opened), eight (8) warehouses and one (1) office. The following table shows details of the properties leased by Abdullah Al Othaim Food Co. as of the date of this Prospectus:

Table No. (12.45): Real estate leased by Abdullah Al Othaim Food Co.

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
1	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 75 square meters in Al Othaim Mall to open a café under the brand name "Roti Mum"	Riyadh	24/06/1440H (corresponding to 01/03/2019G)	120,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
2	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 545 square meters in Al Othaim Mall to open offices under the name "Franchise Agency"	Riyadh	25/04/1440H (corresponding to 01/01/2019G)	27,250	One year, automatically renewable
3	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 9 square meters in Al Othaim Mall to open a retail store under the brand name "Just Orange"	Riyadh	03/13/1441H (corresponding to 11/10/2019G)	70,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
4	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 85 square meters in Al Othaim Mall to open a restaurant under the brand name "Kabablaky"	Riyadh	02/16/1441H (corresponding to 10/15/2019G)	250,002 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
5	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 80 square meters in Al Othaim Mall to open a café under the brand name "Dallah Café"	Riyadh	27/09/1440H (corresponding to 01/06/2019G)	200,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
6	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	Retail space No. with an area of 24 square meters in Al Othaim Mall to open a café under the brand name "Moka and More"	Riyadh	25/04/1440H (corresponding to 01/01/2019G)	250,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
7	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 115 square meters in Al Othaim Mall to open a café under the name "Roti Mum"	Riyadh	11/04/1441H (corresponding to 08/12/2019G)	11,500 in addition to 12% of the annual sale value	One year, automatically renewable
8	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 28 square meters in Al Othaim Mall to be used as a warehouse	Riyadh	05/09/1440 H (corresponding to 10/05/2019G)	15,000	One year, automatically renewable
9	Abdullah Al Othaim Food Co.	The Company - Riyadh, Al-Naseem District	A retail space with an area of 91 square meters in Al Othaim Mall to open a café under the name "Oliver Brown"	Riyadh	23/06/1440H (corresponding to 02/28/2019G)	300,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
10	Abdullah Al Othaim Food Co.	Abdullah Ali Al-Habdan	Warehouse No. 89 with an area of 675 square meters in Al-Sulay District to store food supplies	Riyadh	12/11/1439H (corresponding to 09/08/2018G)	80,000	One year, automatically renewable
11	Abdullah Al Othaim Food Co.	Abdullah Bin Abdulaziz Al Fawzan	A warehouse with an area of 496 square meters in Al-Sulay District to store food supplies	Riyadh	09/05/1440H (corresponding to 08/09/2019G)	83,000	One year, automatically renewable
12	Abdullah Al Othaim Food Co.	The Company-Buraidah	A retail space with an area of 25 square meters in Al Othaim Mall to open a café under the brand name "Moka and More"	Buraidah	09/05/1440H (corresponding to 01/15/2019G)	200,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
13	Abdullah Al Othaim Food Co.	The Company-Buraidah	A retail space with an area of 31 square meters in Al Othaim Mall- Al-Iskan District to be used as a warehouse under the brand name "Moka and More"	Buraidah	25/04/1440H (corresponding to 01/01/2019G)	15,000	One year, automatically renewable
14	Abdullah Al Othaim Food Co.	The Company-Buraidah	A retail space with an area of 71,25 square meters in Al Othaim Mall to open a café under the brand name "Dallah Café"	Buraidah	12/05/1440H (corresponding to 01/18/2019G)	120,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
15	Abdullah Al Othaim Food Co.	The Company-Buraidah	A retail space with an area of 16 square meters in Al Othaim Mall to be used as a warehouse under the name "Dallah Café"	Buraidah	15/06/1440H (corresponding to 02/20/2019G)	11,200	One year, automatically renewable
16	Abdullah Al Othaim Food Co.	The Company - Unaizah	Kiosks with an area of 9 square meters in Al Othaim Mall in addition to a seating area, located in Al Othaim Mall under the brand name "Roti Mum"	Unaizah	29/11/1440H (corresponding to 01/08/2019G)	130,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
17	Abdullah Al Othaim Food Co.	The Company - Unaizah	Kiosk with an area of 76 square meters in Al Othaim Mall to open a restaurant under the brand name "Kabablaky"	Unaizah	07/07/1440H (corresponding to 03/14/2019G)	100,000 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
18	Abdullah Al Othaim Food Co.	The Company - Unaizah	Kiosk with an area of 65 square meters in Al Othaim Mall under the brand name "Moka and More"	Unaizah	21/09/1440H (corresponding to 05/26/2019G)	120,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
19	Abdullah Al Othaim Food Co.	The Company -Dammam	A retail space with an area of 120 square meters in Al Othaim Mall to open a café under the name "Oliver Brown"	Dammam	03/18/1441H (corresponding to 11/15/2019G)	200,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
20	Abdullah Al Othaim Food Co.	The Company -Dammam	A retail space with an area of 25 square meters in Al Othaim Mall to open a café under the brand name "Moka and More"	Dammam	23/03/1440H (corresponding to 01/12/2019G)	200,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
21	Abdullah Al Othaim Food Co.	The Company -Dammam	A retail space with an area of 17 square meters in Al Othaim Mall to open a warehouse under the brand name "Moka and More"	Dammam	25/04/1440H (corresponding to 01/01/2019G)	11,900	One year, automatically renewable
22	Abdullah Al Othaim Food Co.	The Company - Al-Ahsa	A retail space with an area of 53 square meters in Al Othaim Mall to open a restaurant under the brand name "Kabablaky"	Al-Ahsa	11/08/1440H (corresponding to 04/16/2019G)	150,000 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
23	Abdullah Al Othaim Food Co.	The Company - Al-Ahsa	A retail space with an area of 27 square meters in Al Othaim Mall to be used as a warehouse	Al-Ahsa	03/18/1441H (corresponding to 11/15/2019G)	15,000	One year, automatically renewable
24	Abdullah Al Othaim Food Co.	The Company - Al-Ahsa	A retail space with an area of 274 square meters in Al Othaim Mall to open a café under the brand name "Oliver Brown"	Al-Ahsa	08/11/1440H (corresponding to 10/30/2020G)	232,900 or 12% of the annual sales value, whichever is higher	Three years
25	Abdullah Al Othaim Food Co.	The ompany - Al-Ahsa	A retail space with an area of 64 square meters in Al Othaim Mall to open a café under the brand name "Dallah Café"	Al-Ahsa	02/01/1441H (corresponding to 09/01/2019G)	220,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
26	Abdullah Al Othaim Food Co.	The Company - Al-Ahsaa	A retail space with an area of 25 square meters in Al Othaim Mall to open a café under the brand name "Moka and More"	Al-Ahsa	03/23/1441H (corresponding to 11/20/2019G)	250,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
27	Abdullah Al Othaim Food Co.	The Company - Arar	Kiosk with an area of 18 square meters in Al Othaim Mall to open a café under the brand name "Roti Mum"	Arar	03/04/1441H (corresponding to 11/01/2019G)	150,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
28	Abdullah Al Othaim Food Co.	The Company - Arar	A retail space with an area of 222 square meters in Al Othaim Mall to open a café under the name "Oliver Brown"	Arar	12/04/1441 H (corresponding to 09/12/2019G)	22,200 in addition to 12% of the annual sale value	One year, automatically renewable
29	Abdullah Al Othaim Food Co.	The Company - Arar	A retail space with an area of 113 square meters in Al Othaim Mall to open a retail store under the brand name "Dallah Café"	Arar	21/12/1440H (corresponding to 08/22/2019G)	150,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
30	Abdullah Al Othaim Food Co.	The Company - Arar	A retail space with an area of 64 square meters in Al Othaim Mall to open a restaurant under the brand name "Kabablaky"	Arar	27/09/1440H (corresponding to 01/06/2019G)	94,815 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
31	Abdullah Al Othaim Food Co.	The Company - Arar	Retail space with an area of 87 square meters in Al Othaim Mall to open a restaurant under the brand name "Chesters"	Arar	01/27/1441H (corresponding to 09/26/2019G)	128,890 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
32	Abdullah Al Othaim Food Co.	The Company - Arar	A retail space with an area of 20 square meters in Al Othaim Mall under the brand name "Moka and More"	Arar	27/09/1440H (corresponding to 01/06/2019G)	120,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
33	Abdullah Al Othaim Food Co.	The Company - Hail	A retail space with an area of 145 square meters in Al Othaim Mall to open a café under the name "Oliver Brown"	Hail	11/08/1440H (corresponding to 04/16/2019G)	14,500 plus 12% of the annual sale value	One year, automatically renewable
34	Abdullah Al Othaim Food Co.	The Company - Hail	A retail space with an area of 73 square meters in Al Othaim Mall to be used as a warehouse	Hail	14/02/1442H (corresponding to 10/01/2022G)	25,000	One year
35	Abdullah Al Othaim Food Co.	The Company - Hail	A retail space with an area of 9 square meters in Al Othaim Mall to open a retail store under the brand name "Just Orange"	Hail	11/01/1441H (corresponding to 10/09/2019G)	70,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
36	Abdullah Al Othaim Food Co.	The Company - Hail	A retail space with an area of 64 square meters in Al Othaim Mall to open a restaurant under the brand name "Kabablaky"	Hail	03/04/1441H (corresponding to 11/01/2019G)	120,000 or 10% of the annual sales value, whichever is higher	One year, automatically renewable
37	Abdullah Al Othaim Food Co.	The Company - Hail	A retail space with an area of 98 square meters in Al Othaim Mall to open a café under the brand name "Moka and More"	Hail	02/01/1441H (corresponding to 09/01/2019G)	120,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable
38	Abdullah Al Othaim Food Co.	The Company - Hail	A retail space with an area of 120 square meters in Al Othaim Mall to open a café under the brand name "Dallah Café"	Hail	02/01/1441H (corresponding to 09/01/2019G)	100,000 or 12% of the annual sales value, whichever is higher	One year, automatically renewable

#	Tenant	Lessor	Location description	City	Lease start date	Rent (SAR)	Lease term
39	Abdullah Al Othaim Food Co. *	The Company - Hail	A retail space with an area of 203 square meters in Al Othaim Mall to open a café under the brand name "Moka and More"	Hail	10/05/1442H (corresponding to 12/25/2020G)	203,000 or 12% of the annual sales value, whichever is higher	3 years

* This site is under construction and municipal licenses have not yet been issued. The opened café in Al Othaim Mall – Hail under the brand name of Moka and More.

Source: The Company

It should be noted that the rentals mentioned in the above table are related to the duration of the current contracts only. Any future renewed periods or previous periods under expired contracts are not counted.

12.9 Intangible Assets

12.9.1 Trademarks

The Company and its Material Subsidiaries have registered a number of trademarks with the Trademarks Department at the Ministry of Commerce (whose authority has been transferred to the Saudi Authority for Intellectual Property). The Company and its Material Subsidiaries depend on these trademarks in their business and marketing of their services,. Therefore, the inability of the Company or its Material Subsidiaries to protect their trademarks or their need to take legal action necessary to protect the trademark may negatively and fundamentally affect their ability to use them, which will affect the course of their business and the outcome of the Company's operations (for further information about these associated risks, please see section 2.1.15 "Risks Related to the Protection of Intellectual Property Rights" of this Prospectus).

As of the date of this Prospectus, the new trademarks that reflect the new name of Abdullah Al Othaim Entertainment Co. and Abdullah Al Othaim Food Co. have not been registered, as the current registered trademark of Abdullah Al Othaim Entertainment reflects its old name, which is Abdullah Al Othaim Tourism and Entertainment Co., and the current registered trademark of Abdullah Al Othaim Food Co. reflects its old name, which is Emteyaz Al-Riyadh Co. The Company operates Dar Al Waha Mall under the trademark "Dar Al Waha Mall". This trademark is not registered, and the Company is currently changing the name of the mall to "Al Othaim Mall". It should also be noted that Abdullah Al Othaim Entertainment Co. has not registered the Haunted House trademark for its entertainment center located in Al Othaim Mall - Al-Rabwah as of the date of this Prospectus. Abdullah Al Othaim Entertainment Co. has applied to register the new trademark that reflects its new name, but it has not obtained a trademark registration certificate yet. Furthermore, the Company has not registered its trademark because it does not consider it material to its business.

The following table shows the main details of all trademarks registered by the Company and its Material Subsidiaries:

Table No. (12.46): Key details of trademarks registered by the Company and its Material Subsidiaries

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
1	1437017453	The Kingdom	The Company	28/07/1437H (corresponding to 05/05/2016G)	07/30/1447H (corresponding to 01/19/2026G)	36	الخفجي مول Al Khafji Mall
2	1437017454	The Kingdom	The Company	28/07/1437H (corresponding to 05/05/2016G)	30/07/1447H (corresponding to 01/19/2026G)	37	الخفجي مول Al Khafji Mall
3	1436022754	The Kingdom	The Company	02/11/1436H (corresponding to 08/17/2015G).	11/03/1446H (corresponding to 01/05/2025G).	36	جراند مول GRAND MALL
4	1436022755	The Kingdom	The Company	02/11/1436H (corresponding to 08/17/2015G).	11/03/1446H (corresponding to 01/05/2025G).	41	جراند مول GRAND MALL

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
5	1437001557	The Kingdom	The Company	20/01/1437H (corresponding to 11/02/2015G).	26/01/1447H (corresponding to 07/21/2025G).	36	حائل مول Hail Mall
6	1437001558	The Kingdom	The Company	20/01/1437H (corresponding to 11/02/2015G).	26/01/1447H (corresponding to 07/21/2025G).	41	حائل مول Hail Mall
7	1437017457	The Kingdom	The Company	28/07/1437H (corresponding to 05/05/2016G)	30/07/1447H (corresponding to 01/19/2026G)	37	حفر الباطن مول Hafr Al Batin Mall
8	1439018472	The Kingdom	The Company	09/08/1439H (corresponding to 04/25/2018G)	08/08/1449H (corresponding to 01/05/2028G).	36	سيتي مول - الخفجي City Mall - Al Khafji
9	1439018475	The Kingdom	The Company	09/08/1439H (corresponding to 04/25/2018G)	08/08/1449H (corresponding to 01/05/2028G).	41	سيتي مول - الخفجي City Mall - Al Khafji
10	1437001555	The Kingdom	The Company	20/01/1437H (corresponding to 11/02/2015G).	26/01/1447H (corresponding to 07/21/2025G).	36	عرعر مول Arar Mall
11	1437001556	The Kingdom	The Company	20/01/1437H (corresponding to 11/02/2015G).	26/01/1447H (corresponding to 07/21/2025G).	41	عرعر مول Arar Mall
12	1440006819	The Kingdom	The Company	12/03/1440H (corresponding to 11/20/2018G)	11/03/1450H (corresponding to 08/02/2028G).	36	المشرق مول almashriq mall
13	1437001719	The Kingdom	The Company	22/01/1437H (corresponding to 11/04/2015G).	26/01/1447H (corresponding to 07/21/2025G).	36	قلب القصيم Al Qassim Heart
14	1437001718	The Kingdom	The Company	22/01/1437H (corresponding to 11/04/2015G).	26/01/1447H (corresponding to 07/21/2025G).	41	قلب القصيم Al Qassim Heart
15	1438005257	The Kingdom	The Company	02/03/1438H (corresponding to 12/01/2016G).	04/03/1448H (corresponding to 08/17/2026G).	41	مرفأ مول Marfa Mall
16	1438005256	The Kingdom	The Company	02/03/1438H (corresponding to 12/01/2016G).	04/03/1448H (corresponding to 08/17/2026G).	36	مرفأ مول Marfa Mall
17	1438014383	The Kingdom	The Company	21/06/1438H (corresponding to 03/20/2017G).	22/06/1448H (corresponding to 12/02/2026G).	41	المشرق مول almashriq mall

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
18	1442018526	The Kingdom	The Company	19/06/1442H (corresponding to 02/01/2021G)	18/06/1452H (corresponding to 10/16/2030G)	41	ريو سكوير Rio Square
19	1442018525	The Kingdom	The Company	19/06/1442H (corresponding to 02/01/2021G)	18/06/1452H (corresponding to 10/16/2030G)	36	ريو سكوير Rio Square
20	1442018476	The Kingdom	The Company	19/06/1442H (corresponding to 02/01/2021G)	18/06/1452H (corresponding to 10/16/2030G)	41	ريو داون تاون Rio Downtown
21	1442028463	The Kingdom	The Company	09/09/1442H (corresponding to 04/21/2021G)	09/08/1452H (corresponding to 01/02/2031G).	36	ريو داون تاون Rio Downtown
22	1441014973	The Kingdom	The Company	26/05/1441H (corresponding to 01/21/2020G)	25/05/1452H (corresponding to 10/04/2029G)	41	Sama Mall سما مول
23	1441014972	The Kingdom	The Company	26/05/1441H (corresponding to 01/21/2020G)	25/05/1452H (corresponding to 10/04/2029G)	36	Sama Mall سما مول
24	1441014971	The Kingdom	The Company	24/05/1441H (corresponding to 01/19/2020G)	23/05/1451H (corresponding to 10/02/2029G).	41	Brand Mall براند مول
25	1441014970	The Kingdom	The Company	24/05/1441H (corresponding to 01/19/2020G)	23/05/1451H (corresponding to 10/02/2029G).	36	Brand Mall براند مول
26	1442022851	The Kingdom	The Company	23/07/1442H (corresponding to 03/07/2021G)	22/07/1452H (corresponding to 11/28/2030G).	36	العثيم فيوز Al-Othaim Views
27	1442022847	The Kingdom	The Company	23/07/1442H (corresponding to 03/07/2021G)	22/07/1452H (corresponding to 11/28/2030G).	36	العثيم جاردن Al-Othaim Garden
28	1442022849	The Kingdom	The Company	20/07/1442H (corresponding to 03/04/2021G)	19/07/1452H (corresponding to 11/15/2030G)	36	العثيم بلاس Al-Othaim Palace
29	189158	UAE	The Company	15/05/1434H (corresponding to 03/27/2013G).	05/09/1444H (corresponding to 03/27/2023G).	41	فابي لاند FABY LAND
30	189159	UAE	The Company	15/05/1434H (corresponding to 03/27/2013G).	05/09/1444H (corresponding to 03/27/2023G).	41	

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
31	235115	UAE	The Company	15/08/1436H (corresponding to 02/06/2015G).	12/06/1446H (corresponding to 06/02/2025G)	41	
32	1435003837	The Kingdom	Abdullah Al Othaim Entertainment Co.	06/03/1435H (corresponding to 07/01/2014G).	11/03/1445H (corresponding to 09/26/2023G)	41	
33	301828	Egypt	Abdullah Al Othaim Entertainment Co.	29/06/1435H (corresponding to 04/29/2014G).	19/10/1445H (corresponding to 04/28/2024G).	41	
34	86960	Qatar	Abdullah Al Othaim Entertainment Co.	13/06/1437H (corresponding to 03/22/2016G).	Unspecified	41	
35	85721	Oman	Abdullah Al Othaim Entertainment Co.	29/03/1435H (corresponding to 01/30/2014G).	17/07/1445H (corresponding to 01/29/2024G).	41	
36	KW1625242	Kuwait	Abdullah Al Othaim Entertainment Co.	03/01/1442H (corresponding to 10/18/2020G)	20/06/1452H (corresponding to 10/18/2030G).	41	
37	129981	Bahrain	Abdullah Al Othaim Entertainment Co.	21/06/1442H (corresponding to 02/03/2021G)	28/05/1452H (corresponding to 09/27/2030G).	41	
38	1438026413	The Kingdom	Abdullah Al Othaim Entertainment Co.	30/11/1438H (corresponding to 09/22/2017G).	01/12/1448H (corresponding to 05/07/2027G)	41	
39	129983	Bahrain	Abdullah Al Othaim Entertainment Co.	21/06/1442H (corresponding to 02/03/2021G)	28/05/1452H (corresponding to 09/27/2030G).	41	
40	313353	Egypt	Abdullah Al Othaim Entertainment Co.	04/09/1437H (corresponding to 06/09/2016G)	22/11/1447H (corresponding to 06/08/2026G)	41	
41	96172	Qatar	Abdullah Al Othaim Entertainment Co.	29/10/1437H (corresponding to 08/03/2016G)	Unspecified	41	
42	94193	Oman	Abdullah Al Othaim Entertainment Co.	06/05/1436H (corresponding to 03/25/2015G).	24/09/1446H (corresponding to 03/24/2025G).	41	

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
43	149131	Kuwait	Abdullah Al Othaim Entertainment Co.	06/05/1436H (corresponding to 03/25/2015G).	25/09/1446H (corresponding to 03/25/2025G)	41	
44	1435009134	The Kingdom	Abdullah Al Othaim Entertainment Co.	16/05/1435H (corresponding to 03/17/2014G).	16/05/1445H (corresponding to 11/30/2023G)	41	
45	210940	UAE	Abdullah Al Othaim Entertainment Co.	01/07/1435H (corresponding to 04/30/2014G).	21/10/1445H (corresponding to 04/30/2024G).	41	
46	301831	Egypt	Abdullah Al Othaim Entertainment Co.	29/06/1435H (corresponding to 04/29/2014G).	19/10/1445H (corresponding to 04/28/2024G).	41	
47	KW 625236	Kuwait	Abdullah Al Othaim Entertainment Co.	03/01/1442H (corresponding to 10/18/2020G)	20/06/1452H (corresponding to 10/18/2030G).	41	
48	92444	Qatar	Abdullah Al Othaim Entertainment Co.	21/04/1438H (corresponding to 01/19/2017G).	Unspecified	41	
49	1435022081	The Kingdom	Abdullah Al Othaim Entertainment Co.	15/12/1435H (corresponding to 10/09/2014G).	17/12/1445H (corresponding to 06/23/2024G).	41	
50	211207	UAE	Abdullah Al Othaim Entertainment Co.	07/06/1435H (corresponding to 05/05/2014G).	26/10/1445H (corresponding to 05/05/2024G).	41	
51	210938	UAE	Abdullah Al Othaim Entertainment Co.	01/07/1435H (corresponding to 04/30/2014G).	21/10/1445H (corresponding to 04/30/2024G).	41	
52	129982	Bahrain	Abdullah Al Othaim Entertainment Co.	21/06/1442H (corresponding to 02/03/2021G)	28/05/1452H (corresponding to 09/27/2030G).	41	
53	110945	Oman	Abdullah Al Othaim Entertainment Co.	20/09/1438H (corresponding to 06/15/2017G).	01/09/1449H (corresponding to 06/14/2027G).	41	
54	1438027372	The Kingdom	Abdullah Al Othaim Entertainment Co.	22/12/1438H (corresponding to 09/13/2017G).	21/12/1448H (corresponding to 05/27/2027G)	41	

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
55	301829	Egypt	Abdullah Al Othaim Entertainment Co.	29/06/1435H (corresponding to 04/29/2014G).	19/10/1445H (corresponding to 04/28/2024G).	41	
56	86959	Qatar	Abdullah Al Othaim Entertainment Co.	13/06/1437H (corresponding to 03/22/2016G).	Unspecified	41	
57	85724	Oman	Abdullah Al Othaim Entertainment Co.	29/03/1435H (corresponding to 01/30/2014G).	17/07/1445H (corresponding to 01/29/2024G).	41	
58	1435013932	The Kingdom	Abdullah Al Othaim Entertainment Co.	16/07/1435H (corresponding to 05/15/2014G).	18/07/1445H (corresponding to 01/30/2024G).	41	
59	219688	UAE	Abdullah Al Othaim Entertainment Co.	12/22/1435H (corresponding to 10/16/2014G).	13/04/1446H (corresponding to 10/16/2024G)	41	
60	301830	Egypt	Abdullah Al Othaim Entertainment Co.	29/06/1435H (corresponding to 04/29/2014G).	19/10/1445H (corresponding to 04/28/2024G).	41	
61	86958	Qatar	Abdullah Al Othaim Entertainment Co.	13/06/1437H (corresponding to 03/22/2016G).	Unspecified	41	
62	85720	Oman	Abdullah Al Othaim Entertainment Co.	29/03/1435H (corresponding to 01/30/2014G).	17/07/1445H (corresponding to 01/29/2024G).	41	
63	129984	Bahrain	Abdullah Al Othaim Entertainment Co.	21/06/1442H (corresponding to 020/3/2021G)	28/05/1452H (corresponding to 9/27/2030G).	41	
64	198949	Kuwait	Abdullah Al Othaim Entertainment Co.	15/06/1437H (corresponding to 01/25/2016G)	08/06/1447H (corresponding to 01/25/2026G).	41	
65	1437005125	The Kingdom	Abdullah Al Othaim Entertainment Co.	03/04/1437H (corresponding to 12/15/2015G).	03/03/1447H (corresponding to 08/26/2025G).	41	
66	1437010038	The Kingdom	Abdullah Al Othaim Entertainment Co.	05/02/1437H (corresponding to 02/11/2016G).	14/05/1447H (corresponding to 11/05/2025G).	41	

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
67	85723	Oman	Abdullah Al Othaim Entertainment Co.	29/03/1435H (corresponding to 01/30/2014G).	17/07/1445H (corresponding to 01/29/2024G).	41	
68	1435002456	The Kingdom	Abdullah Al Othaim Entertainment Co.	02/12/1435H (corresponding to 12/15/2013G).	13/02/1445H (corresponding to 08/29/2023G)	28	
69	1435002469	The Kingdom	Abdullah Al Othaim Entertainment Co.	02/12/1435H (corresponding to 12/15/2013G).	13/02/1445H (corresponding to 08/29/2023G)	41	
70	313351	Egypt	Abdullah Al Othaim Entertainment Co.	04/09/1437H (corresponding to 06/09/2016G)	22/12/1447H (corresponding to 06/08/2026G)	28	
71	313352	Egypt	Abdullah Al Othaim Entertainment Co.	04/09/1437H (corresponding to 06/09/2016G)	22/12/1447H (corresponding to 06/08/2026G)	41	
72	86961	Qatar	Abdullah Al Othaim Entertainment Co.	13/06/1437H (corresponding to 03/22/2016G).	Unspecified	41	
73	85722	Oman	Abdullah Al Othaim Entertainment Co.	29/03/1435H (corresponding to 01/30/2014G).	17/07/1445H (corresponding to 01/29/2024G).	41	
74	1441022633	The Kingdom	Abdullah Al Othaim Fashion Co.	08/07/1441H (corresponding to 03/31/2020G)	08/06/1451H (corresponding to 12/12/2029G).	25	
75	1437009551	The Kingdom	Abdullah Al Othaim Fashion Co.	28/04/1437H (corresponding to 02/07/2016G)	29/04/1447H (corresponding to 10/21/2025G).	25	
76	1437009552	The Kingdom	Abdullah Al Othaim Fashion Co.	04/28/1437H (corresponding to 02/07/2016G)	29/04/1447H (corresponding to 10/21/2025G).	35	
77	1437005394	The Kingdom	Abdullah Al Othaim Fashion Co.	03/06/1437H (corresponding to 12/17/2015G).	03/08/1447H (corresponding to 08/31/2025G).	9	
78	1437003929	The Kingdom	Abdullah Al Othaim Fashion Co.	19/02/1437H (corresponding to 12/01/2015G).	19/02/1447H (corresponding to 08/13/2025G).	35	
79	143411945	The Kingdom	Abdullah Al Othaim Food Co.	15/09/1434H (corresponding to 07/23/2013G).	14/09/1444H (corresponding to 04/05/2023G).	43	

#	Registration No.	Country of Registration	Owner	Protection start date	Protection end date	Category	Logo
80	1436013055	The Kingdom	Abdullah Al Othaim Food Co.	20/06/1436H (corresponding to 04/09/2015G).	19/06/1446H (corresponding to 12/20/2024G)	43	
81	1439017442	The Kingdom	Abdullah Al Othaim Food Co.	03/08/1439H (corresponding to 04/19/2018G)	08/02/1449H (corresponding to 12/30/2027G).	43	
82	143411947	The Kingdom	Abdullah Al Othaim Food Co.	15/09/1434H (corresponding to 07/23/2013G).	14/09/1444H (corresponding to 04/05/2023G).	43	او كافيه
83	1440003396	The Kingdom	Abdullah Al Othaim Food Co.	19/02/1440H (corresponding to 10/28/2018G)	18/02/1450H (corresponding to 07/11/2028G).	43	
84	1441022433	The Kingdom	Abdullah Al Othaim Food Co.	08/05/1441H (corresponding to 03/29/2020G)	08/04/1451H (corresponding to 12/10/2029G).	43	Emteyaz Al-Riyadh Trade امتياز الرياض التجارية
85	1442008382	The Kingdom	Abdullah Al Othaim Food Co.	15/03/1442H (corresponding to 01/11/2020G)	14/03/1452H (corresponding to 07/29/2029G).	35	Roti Mum

Source: The Company

Abdullah Al Othaim Fashion Co. also uses the following trademarks according to the franchise contracts it has with the brand owners (for further information, please see section 12.5.6 "**Abdullah Al Othaim Fashion Co. Franchise Agreements**" of this Prospectus. The table below shows the details of these trademarks:

Table No. (12.47): Trademarks used by Abdullah Al Othaim Fashion Co. Trademarks according to franchise contracts

#	Owner	Registration No.	Category	Country of Registration	Protection start date	Protection end date	Logo
1	Rosefield Luxembourg SA	143305182*	14	The Kingdom	05/02/1433H (corresponding to 03/25/2012G).	05/01/1443H (corresponding to 12/05/2021G)	PARFOIS
2	Rosefield Luxembourg SA	143305180	18	The Kingdom	05/02/1433H (corresponding to 03/25/2012G).	05/01/1443H (corresponding to 12/05/2021G)	PARFOIS
3	Rosefield Luxembourg SA	143305183	25	The Kingdom	05/02/1433H (corresponding to 03/25/2012G).	05/01/1443H (corresponding to 12/05/2021G)	PARFOIS
4	Orchestra Premaman	1435004644	25	The Kingdom	01/29/1436H (corresponding to 11/22/2014G).	03/17/1446H (corresponding to 09/20/2024G)	ORCHESTRA

* Registration certificates have expired and are in the process of renewal

Source: The Company

Abdullah Al Othaim Food Co. uses the following trademarks according to the franchise contracts it has with the brand owners (for further information, please see section 12.5.7 "**Abdullah Al Othaim Food Co. Franchise Agreements**" of this Prospectus). The table below shows the details of these trademarks:

Table No. (12.48): Trademarks used by Abdullah Al Othaim Food Co. Trademarks according to the franchise agreements

#	Owner	Registration No.	Category	Country of Registration	Protection start date	Protection end date	Logo
1	Moka Co.	13686	43	The Kingdom	07/15/1443H (corresponding to 03/27/2013G)	10/30/1449H (corresponding to 03/26/2028G)	moka & more
2	Doutmost	1436006770	43	The Kingdom	04/24/1436H (corresponding to 02/13/2015G).	03/23/1446H (corresponding to 09/26/2024G)	
3	Chester	15907	43	The Kingdom	07/24/1436H (corresponding to 05/13/2015G).	11/26/1445H (corresponding to 03/31/2030G).	CHESTERS

Source: The Company

12.9.2 Al Othaim Mall Trademark

The Company operates all of its malls under the brand "Al Othaim Mall," with the exception of Dar Al Waha Mall. However, the company is currently working on changing the name of the mall to "Al Othaim Mall". The Company does not own "Al Othaim Mall" brand but uses it under a license agreement with Al Othaim Holding Company for some of its malls which are nine (9) operational malls, two (2) of which are located in Riyadh, (Al Othaim Mall - Al-Rabwah and Al Othaim Mall - Khurais), three (3) in Qassim Province (Al Othaim Mall - Buraidah, Al Othaim Mall - Unaizah, and Akirshah Mall - Buraidah), two (2) in the Eastern Province (Al Othaim Mall - Al-Ahsa and Al Othaim Mall - Dammam), one (1) in Hail (Al Othaim Mall - Hail), and one (1) in Arar (Al Othaim Mall - Arar). It should be noted that the Company is not the owner of this trademark, as it is registered in the name of Al Othaim Holding Company under the following details:

Table No. (12.49): Al Othaim Mall Trademark

#	Owner	Registration No.	Category	Country of Registration	Protection start date	Protection end date	Logo
1	Al Othaim Holding Company	142913424	35	The Kingdom	30/12/1439H (corresponding to 09/10/2018G)	12/29/1442H (corresponding to 05/24/2020G)	AL OTHAIM MALL

Source: The Company

The Company uses the brand name of "Al Othaim Mall" under a trademark license contract concluded with Al Othaim Holding Company on 10/18/1429H (corresponding to 10/18/2008G), Whereby Al Othaim Holding Company has exclusively licensed the Company to use the trademark owned by it, inside and outside the Kingdom, in all malls and retail spaces owned and/or rented by the Company. The term of the contract is five (5) Gregorian years, automatically renewable for the same period unless one of the parties notifies the other of its desire not to renew.

The Company pays ten thousand (10,000) Saudi Riyals annually to Al Othaim Holding Company for the use of the trademark. The trademark shall remain owned by Al Othaim Holding Company. The Company covenants not to sell or assign the trademark to any party except upon written notification to Al Othaim Holding Company. The Company under this contract shall have priority in purchasing the trademark. In the event that the Company does not wish to purchase it, the new buyer must abide by this contract. Al Othaim Holding Company shall commit not to use the trademark or to license any third party to use it throughout the term of the contract. The Company shall have the right to dispose of the trademark and may rent it or grant any third party franchise rights thereof or license any third party to use it. Furthermore, the Company may assign all rights licensed thereto or transfer them to any other party without the consent of Al Othaim Holding Company, provided that the assignee abides by the terms and conditions of this contract.

In the event that a contracting party violates any of the contract's provisions, the other party shall officially notify it of the violation. In the event that the violating party fails to rectify the situation within 30 days of being notified, the notifying party shall have the right to terminate the contract.

The contract is subject to the laws of the Kingdom. In the event of any dispute arising from the contract and an amicable solution is not possible, it shall be referred to the competent commercial judiciary in the Kingdom.

12.10 Insurance Policies

The Company and its Material Subsidiaries maintain insurance policies that cover various types of risks associated with its business. The following are the main details of the insurance policies of the Company and its Material Subsidiaries:

Table No. (12.50): Insurance Policies of the Company and its Material Subsidiaries

#	Coverage type	Insurer	Policy No.	Insured	Coverage end date	Insured value/ Maximum compensation (SAR)
1	Medical insurance for employees	Bupa Arabia for Cooperative Insurance Co	45229800	The Company	27/05/1443H (corresponding to 12/31/2021G)	500,000 max. annual per member
2	All-risk property insurance	SABB Takaful Co.	UGTG2021195769	The Company	28/07/1443H (corresponding to 03/01/2022G)	250,785.370
3	All-risk property insurance*	Al Wataniya Insurance	p-02-2020-2-205-038886	The Company	03/04/1444H (corresponding to 09/30/2022G)	1,270,141.000
4	All-risk contractor insurance	Tawuniya Insurance	604743	The Company	16/12/1443H (corresponding to 07/15/2022G)	160,084,534
5	General liability	Al Wataniya Insurance	p-02-2020-6-603-038892	The Company	03/04/1444H (corresponding to 9/30/2022G)	20,000,000
6	Fiduciary liability	Al Wataniya Insurance	p-02-2020-6-607-038900	The Company	03/04/1444H (corresponding to 09/30/2022G)	5,000,000 maximum per employee
7	All-risk vehicle insurance	Al Wataniya Insurance	p-02-2021-4-411-063855	The Company	14/02/1444H (corresponding to 09/10/2022G)	1,903,000
8	Cash insurance	Al Wataniya Insurance	p-02-2020-6-605-039838	The Company	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
9	Marine open cover insurance	Al Wataniya Insurance	p-02-2020-1-112-038827	Abdullah Al Othaim Entertainment Co.	03/04/1444H (corresponding to 09/30/2022G)	3,000,000 per shipment
10	General liability	Al Wataniya Insurance	p-02-2020-6-603-038894	Abdullah Al Othaim Entertainment Co.	03/04/1444H (corresponding to 09/30/2022G)	10,000,000
11	Fiduciary liability	Al Wataniya Insurance	p-02-22-6-607-038898	Abdullah Al Othaim Entertainment Co.	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
12	Cash insurance	Al Wataniya Insurance	P-02-2020-6-605-039898	Abdullah Al Othaim Entertainment Co.	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
13	All-risk vehicle insurance	Al Wataniya Insurance	p-02-2021-4-411-063853	Abdullah Al Othaim Entertainment Co.	14/02/1444H (corresponding to 09/10/2022G)	812,000
14	All-risk property insurance	SABB Takaful Co.	UGTF2021195768	Abdullah Al Othaim Entertainment Co.	28/07/1443H (corresponding to 03/01/2022G)	17,824,998
15	All-risk property insurance	Al Wataniya Insurance	p-02-2020-2-205-038795	Abdullah Al Othaim Entertainment Co.	03/04/1444H (corresponding to 09/30/2022G)	211,261,500

#	Coverage type	Insurer	Policy No.	Insured	Coverage end date	Insured value/ Maximum compensation (SAR)
16	Medical insurance for employees	Bupa Arabia for Cooperative Insurance Co	45232500	Abdullah Al Othaim Entertainment Co.	27/05/1443H (corresponding to 12/31/2021G)	500,000 max. annual per member
17	General liability	Al Wataniya Insurance	p-02-2020-6-603-038897	Abdullah Al Othaim Fashion Co.	03/04/1444H (corresponding to 09/30/2022G)	10,000,000
18	Fiduciary liability	Al Wataniya Insurance	p-02-2020-6-607-038891	Abdullah Al Othaim Fashion Co.	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
19	Marine open cover insurance	Al Wataniya Insurance	p-02-2020-6-607-038891	Abdullah Al Othaim Fashion Co.	03/04/1444H (corresponding to 09/30/2022G)	3,000,000 per shipment
20	Cash insurance	Al Wataniya Insurance	p-02-2020-6-605-039867	Abdullah Al Othaim Fashion Co.	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
21	All-risk vehicle insurance	Al Wataniya Insurance	p-02-2021-4-4111-063992	Abdullah Al Othaim Fashion Co.	14/02/1444H (corresponding to 09/10/2022G)	514.000
22	All-risk property insurance	Al Wataniya Insurance	p-02-2020-2-205-038848	Abdullah Al Othaim Fashion Co.	03/04/1444H (corresponding to 09/30/2022G)	120,439,500
23	Medical insurance for employees	Bupa Arabia for Cooperative Insurance Co	45234800	Abdullah Al Othaim Food Co.	05/27/1443H (corresponding to 12/31/2021G)	500,000 max. annual per member
24	General liability	Al Wataniya Insurance	p-02-2020-6-603-038896	Abdullah Al Othaim Food Co.	03/04/1444H (corresponding to 09/30/2022G)	10,000,000
25	Fiduciary liability	Al Wataniya Insurance	p-02-2020-6-607-038899	Abdullah Al Othaim Food Co.	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
26	Cash insurance	Al Wataniya Insurance	p02-2020-6-6-5-040391	Abdullah Al Othaim Food Co.	03/04/1444H (corresponding to 09/30/2022G)	5,000,000
27	All-risk vehicle insurance	Al Wataniya Insurance	p-02-2021-4-411-063986	Abdullah Al Othaim Food Co.	14/02/1444H (corresponding to 09/10/2022G)	316.000
28	All-risk property insurance	Al Wataniya Insurance	p-02-2020-2-205-038784	Abdullah Al Othaim Food Co.	03/04/1444H (corresponding to 09/30/2022G)	30,417,700

* The insurance policy contains a clause that includes automatic insurance coverage for new sites up to 10% of the insured amount by notifying the insurance company of such acquisition within sixty (60) days of its completion. The Company notified the relevant insurance company on 23/07/1443H (corresponding to 02/24/2022G) of the acquisition of Dar Al Waha Mall under the sale contract concluded on 13/06/1443H (corresponding to 01/16/2022G) (for more information about Dar Al Waha Mall, please refer to Section 4.4.2 (j) "**Dar Al Waha Mall**" of this Prospectus) (for more information on the sale contract, please refer to Section 12.5.10 "**Sale Contract for Dar Al Waha Mall and the Plot Facing It**" of this Prospectus) and it is included in its coverage.

Source: The Company

12.11 Litigation and Claims

With the exception of the following, the Directors confirm that the Company and its Material Subsidiaries are not a party, to the date of this Prospectus, to any lawsuit or claim (including any actual or threatened lawsuit) or any ongoing investigation that may have a material impact on the business or financial position of the Company or its Material Subsidiaries.

12.11.1 Commercial Litigations and Claims

The following table shows a summary of the commercial litigations, claims, and statutory procedures filed by the Company and its Material Subsidiaries or against them, as at September 30, 2021G.

Table No. (12.51): List of commercial litigations, claims, and statutory procedures with the Company and its Material Subsidiaries as a party thereto.

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
Commercial claims by the Company and its Material Subsidiaries					
1	The Company	Aswar Al Bilad Est.	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company, where the defendant failed to pay rent for six years and vacated the rented property without notifying the plaintiff	Under consideration by the court	2,934,939
2	The Company	Malameh Khalijeya Est.	A lawsuit before the General Court in Riyadh where the defendant failed to pay rent for five years	A judgment was issued against the Company and is currently under appeal	287,000
3	The Company	Modern Advertising Co.	A claim for rent for advertisements in Al Othaim Mall - Khurais	The claim was dismissed and has ended	1,060,333
4	The Company	Modern Advertising Co.	A claim for rent for advertisements in Al Othaim Mall - Buraidah	The claim was dismissed and has ended	673,000
5	The Company	Modern Advertising Co.	A claim for rent for advertisements in Al Othaim Mall – Rabwah	The claim was dismissed and has ended	2,035,833
6	The Company	Modern Advertising Co.	A claim for rent for advertisements in Al Othaim Mall – Al-Ahsa	The claim was dismissed and has ended	836,667
7	The Company	Modern Advertising Co.	Rent arrears for stands in Al Othaim Mall - Al-Ahsa	The amount was received and the claim was ended	32,480
8	The Company	Modern Advertising Co.	Rent arrears for stands in Al Othaim Mall - Buraidah	The claim was dismissed and has ended	92,480
9	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	345,793
10	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	A date has been set for the first hearing	1,183,902

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
11	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	No date has been set for the first hearing	709,469
12	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,755,145
13	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	3,580,000
14	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,002,546
15	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,516,973
16	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,216,641
17	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	638,449
18	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,518,489
19	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,212,505
20	The Company	Delta International Fashion Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	1,440,900
21	The Company	Paris Gallery	The defendant leased two retail spaces under a ten-year lease contract, and the first five years are binding on both parties. The defendant paid the rental amount, but it did not open retail spaces under the pretext of the economic crisis	The Court of Appeal upheld the judgment ruling to return the advance payment of SAR 84,550 to the defendant	4,352,100
22	The Company	Nafisa Jamal Al-Layl Al-Kaf Est. (Oriental Concept)	Failure to pay the amounts due based on the lease contract concluded between the two parties	Still under consideration	341,000
23	The Company	Nafisa Jamal Al-Layl Al-Kaf Est. (Oriental Concept)	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	909,874

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
24	The Company	Nafisa Jamal Al-Layl Al-Kaf Est. (Oriental Concept)	Failure to pay the amounts due based on the lease contract concluded between the two parties	Conciliation was conducted and a settlement reached	1,408,241
25	The Company	Ultra Tech for Electromechanical Works	Claim for the payment of the amount due on the contract and the annex to the contract signed for the implementation of electromechanical works in Al Othaim Mall – Arar	A judgment was issued to dismiss the case	2,249,548
26	The Company	Ultra Tech for Electromechanical Works	Claim for the payment of the amount due on the contract and the annex to the contract signed for the implementation of electromechanical works in Al Othaim Mall - Unaizah	Conciliation was conducted and a settlement reached	333,779
27	The Company	Al-Muhalib Company	Claim for the payment of the debt for the works the defendant executed in Al Othaim Mall - Arar, due to non-compliance with the agreements made in the preliminary receipt report, the failure to deliver the project initially or even finally and the failure to respond to communications	Reconciliation was achieved with the defendant, it paid the Company SAR 100,000 and the claim was closed	2,147,356
28	The Company	Al Tawasol Al Raea for Commercial Services	Failure to pay the amounts due based on the lease contract concluded between the two parties	The claim was dismissed due to lack of jurisdiction of the general courts, as the Commercial Court holds jurisdiction	685,884
29	The Company	Al Tawasol Al Raea for Commercial Services	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of a hearing to be set	769,087
30	The Company	Mukhtar Hussain Shuailah Trading Est	Failure to pay the amounts due based on the lease contract concluded between the two parties	Case was dismissed	1,266,556
31	The Company	Al Batool International Trading Co. Ltd. (formerly Azizia Panda)	Claim for rent arrears	Conciliation was conducted and a settlement reached	1,185,375
32	The Company	Ninth Square Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	1,132,673
33	The Company	Socks Box Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid and the claim was closed	523,391
34	The Company	Socks Box Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid and the claim was closed	42,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
35	The Company	Socks Box Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid and the claim was closed	525,803
36	The Company	Socks Collection Trading	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	270,630
37	The Company	Socks Collection Trading	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	332,778
38	The Company	Socks Collection Trading	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	465,750
39	The Company	Socks Collection Trading	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	-
40	The Company	Hayah Lavie Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The claim was suspended	677,859
41	The Company	Hayah Lavie Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The claim was suspended	372,539
42	The Company	Mohamed Al-Thuwaini farm land	Failure to pay the amount due under the promissory note for the farm land	Judgment 46 was issued, banning the judgment debtor from traveling and seizing its properties	1,000,000
43	The Company	Abdul Aziz Rashid Al Humaidhi Trading Est	Failure to pay the amounts due based on the lease contract concluded between the two parties	Informal negotiations were conducted with the defendant and it will pay the required amount	258,791
44	The Company	Abdul Aziz Rashid Al Humaidhi Trading Est	Failure to pay the amounts due based on the lease contract concluded between the two parties	Claim cancelled as the defendant made the payment	559,917
45	The Company	Dar Nadish Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Case was suspended	720,000
46	The Company	Raseed Al Anaqa Trading Company	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	131,406
47	The Company	Raseed Al Anaqa Trading Company	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	265,590

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
48	The Company	Ana Al Jamal Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	642,249
49	The Company	Dar Al Moda Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	637,750
50	The Company	Mutlaq Fahd Al-Otaibi Foundation	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	622,965
51	The Company	Dar Al Moda Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	608,180
52	The Company	Food Security Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Conciliation was conducted and a settlement reached	312,037
53	The Company	Food Security Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Conciliation was conducted and a settlement reached	276,632
54	The Company	Unique Commercial Agencies Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	565,575
55	The Company	Madlin Trading Establishment	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	266,011
56	The Company	Madlin Trading Establishment	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	296,328
57	The Company	Amwaj Catering Trading Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Claim was cancelled as the defendant made the payment	240,192
58	The Company	Amwaj Catering Trading Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Claim was cancelled as the defendant made the payment	272,412
59	The Company	Al Saaj Al Reefi Restaurants	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	131,786
60	The Company	Al Saaj Al Reefi Restaurants	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	377,046
61	The Company	Al Zoman General Trading Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	507,310

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
62	The Company	Ahla Hayat Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	370,487
63	The Company	Ahla Hayat Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	99,999
64	The Company	Omar Abdul Aziz Al Rajhi Watches Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the claim was closed	231,000
65	The Company	Omar Abdul Aziz Al Rajhi Watches Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the claim was closed	222,000
66	The Company	Noran Treasure Trading Est	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	273,312
67	The Company	Torq Trading Establishment	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	432,225
68	The Company	Arba Mall Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	422,520
69	The Company	Tasmim Hadith Fashion Store	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	420,776
70	The Company	Dala Contracting Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	420,000
71	The Company	Mishaan Co. Ltd.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	405,656
72	The Company	Ali Abdel-Rabb Abd -Rabbo Al Musabi Trading and Marketing Center	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	391,311
73	The Company	Oriental Concept Trading Company	Failure to pay the amounts due based on the lease contract concluded between the two parties	Conciliation was conducted and a settlement reached	390,898
74	The Company	Samacom Contracting Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	390,250
75	The Company	Fahad Mohamed Fahad Al-Anazi Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	385,800

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
76	The Company	Naseem Al Rawasi Trading & Contracting Establishment	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	150,086
77	The Company	Naseem Al Rawasi Trading & Contracting Establishment	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	230,000
78	The Company	Barakatain Development and Trading Ltd.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	376,340
79	The Company	Al-Fayzi Watches Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	362,500
80	The Company	Ahmed Mohamed Ali Al Sharhan Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The debt was received and the claim was closed	334,286
81	The Company	Al Zoman General Trading Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	330,000
82	The Company	Tal Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Under consideration by the court	86,550
83	The Company	Tal Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Under consideration by the court	80,950
84	The Company	Tal Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Under consideration by the court	80,950
85	The Company	Tal Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Under consideration by the court	80,950
86	The Company	Arabian Co. for Restaurants & Food	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	317,830
87	The Company	Jadeed Al Tifl Kids Wear Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	317,552
88	The Company	Oqd Al Amira Trading Store	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	314,143
89	The Company	Haya Youssef Hussain Al Jar Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	305,945

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
90	The Company	Alam Al Sahra Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	305,312
91	The Company	Najmat Al Yakoot Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	299,805
92	The Company	Abdullah Ali Muhammad Al-Sahn Trading Est	Failure to pay the amounts due based on the lease contract concluded between the two parties	Conciliation was conducted and a settlement	297,038
93	The Company	Battout Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the claim was cancelled	289,053
94	The Company	Visuals Est.	Some of the contract terms were breached by the defendant	The claim is being considered at the Ministry of Justice	287,000
95	The Company	Fadaa Al Alaab Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	283,197
96	The Company	Galaxy Shoes Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	282,092
97	The Company	Alwan Eyewear Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	281,485
98	The Company	Smart Clothing Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	A settlement was reached	126,875
99	The Company	Smart Clothing Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	A settlement was reached	144,200
100	The Company	Stars Makeup Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	260,647
101	The Company	Bait Roma Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	260,000
102	The Company	Mafaz Al Sharq Trade Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	257,934
103	The Company	Hardware and Electronics Gate Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	254,406

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
104	The Company	Al Khair Regional Company	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	97,126
105	The Company	Al Khair Regional Company	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	156,959
106	The Company	Al Rawae Al Tayyiba Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	250,625
107	The Company	Fahad Suleiman Saeed Al-Marri	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	249,772
108	The Company	Ali Abdulrab Al Masabi Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	248,881
109	The Company	Four Horses Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	248,400
110	The Company	Unified Leadership Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	246,003
111	The Company	Amsha Targash Saad Al Subaiei Contracting Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	235,461
112	The Company	Hind Faris Matar Al Shammari Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The claim was suspended, as a deduction was made for the defendant. The amount of the claim was SAR 162,000 of which SAR 100,000 was paid. The remaining amount of SAR 62,000 shall be paid in instalments.	231,000
113	The Company	Real Estate Technology Contracting Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The amount was paid	228,920
114	The Company	Ahmed Hammoud Haddadi Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	220,062
115	The Company	Al Dhaleez Trading Est., owned by Prince Mutaib bin Thunayan Al Saud	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	211,907

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
116	The Company	Angel Al Kharj Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	201,754
117	The Company	Majed Abdullah Al-Ghunaimi Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	196,620
118	The Company	Farouk Ahmed Khalil Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The payment was made and the lawsuit was cancelled	183,300
119	The Company	Al Dar Al Alia Café Est. for Fast Food	Failure to pay the amounts due based on the lease contract concluded between the two parties	Conciliation was conducted and a settlement reached	182,157
120	The Company	Osama Ahmed Abdullah Al-Mushaiqah Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	180,500
121	The Company	Small Garden Café for Beverages	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	179,695
122	The Company	Rajeh Al Ajmi Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made	169,675
123	The Company	Rayan Suleiman Al-Rakyan Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	A settlement was reached	167,725
124	The Company	Dar Al-Hindam Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Case was dismissed	163,333
125	The Company	Actan Beirut	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	162,173
126	The Company	Ibrahim bin Abdul Rahman bin Mohamed bin Al-Sheikh, owner of Dar Abyan Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made	156,000
127	The Company	Derman for Trade Establishment	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the lawsuit was ended	150,000
128	The Company	Al Sadd Al Kabeer Trading and Contracting Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	The judge ruled to dismiss the claim and resubmit the case, since the commercial register was cancelled	136,532

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
129	The Company	Lana Al Sharq Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	128,542
130	The Company	Sahm Al Riyad Telecommunications Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Under consideration by the court	128,515
131	The Company	Abdul Rahman Al Daham Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the lawsuit was ended	125,000
132	The Company	Al Wandal Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the lawsuit was cancelled	125,000
133	The Company	Fan Al Najm Watches Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Under consideration by the court	119,102
134	The Company	East Foods Co.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	99,375
135	The Company	Ofoq Foreign Trading Co. in Turkey	Claim for the value of a game	A judgment was issued in favor of the Company	67,500
136	The Company	Rounaq Al Almas Est. Mohamed Al-Fifi	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the lawsuit was ended	64,800
137	The Company	Haweiti Advertising Agency	Failure to pay the amounts due based on the lease contract concluded between the two parties	Litigation proceedings have been suspended	33,333
138	The Company	Dalil Al Taaloq Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	26,000
139	The Company	Muslat Asri Al-Subaie Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Registration in process	214,511
140	The Company	Wahet Al Kahraman Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the lawsuit was ended	36,658
141	The Company	Wahet Al Kahraman Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the lawsuit was ended	33,151
142	The Company	Ittehad Al Arkan Co.	A lawsuit before the General Court in Riyadh to claim the rent due to the Company	A judgment was issued requiring the defendant to pay SAR 61,000	61,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
143	The Company	Maha Al Sham Lab	A lawsuit before the Riyadh Execution Court to claim the rent payable to the Company in the amount of 33,887 Saudi Riyals	The judgment issued in favor of the Company is being executed	33,887
144	The Company	Mazaya Retal Est.	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 71,517 Saudi riyal	A judgment was issued obligating the defendant to pay the full amount	71,517
145	The Company	Ittehad Al Salheya Co.	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 112,836 Saudi riyal	Waiting for the date of the hearing to be set	112,836
146	The Company	Ajyal Al Amar Est.	Four (4) checks were written to the Company by the defendant to pay late rents and were bounced by the bank as there was no enough credit.	A judgment with the full amount to the Company was issued, and is awaiting execution	62,384
147	The Company	Jannat Al Safwa Corporation for Hotel Services	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The judgment was issued to pay the full amount to the Company by the Court of First Instance and the judgment was confirmed by the appeal	125,000
148	The Company	Fahmy Al-Saiari Est.	A lawsuit before the Execution Court in Riyadh to claim the rent due to the Company	The judgment was issued to pay the full amount to the Company, and it is currently under execution	33,000
149	The Company	Saad Hussein Farrash Est	A lawsuit before the Execution Court in Riyadh to claim the rent due to the Company	A judgment was issued obligating the defendant to pay SAR 50,000 to the Company, and the Court of Appeal confirmed the judgment	210,000
150	The Company	Enmaa Trading Est.	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 186,800 Saudi Riyals	A judgment was issued in favor of the Company and it is currently under execution	186,800
151	The Company	Aidarous Al-Hamd Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company and it is currently under execution	120,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
152	The Company	Aidarous Al-Hamid Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment with the full amount was issued in favor of the Company, and the judgment was submitted for appeal	65,000
153	The Company	Donut World Est.	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 105,000 Saudi riyal	A final judgment was issued in favor of the Company and it is currently under execution	105,000
154	The Company	Enmaa Trading Est.	Lessor's non-compliance in settling financial dues under the contract between the parties	The case was left on file	150,000
155	The Company	Enmaa Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A first-instance judgment was issued in favor of the Company and is currently under appeal	140,825
156	The Company	Salem Al Jaidi Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	71,995
157	The Company	United Supply Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration before the Court of Appeal	210,000
158	The Company	Mohammed Al Hokair & Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A final judgment was issued in favor of the Company and is currently under execution	180,000
159	The Company	Mohammed Al Hokair & Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A final judgment was issued in favor of the Company and the company received the debt due	150,000
160	The Company	Civil Defense	Civil Defense issued a fine for the lack of fire maintenance systems and the Company filed a claim that the violation is inconsistent with the applicable regulations.	A judgment was issued in favor of the Company and it was appealed	10,000
161	The Company	Al Qabili Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company	335,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
162	The Company	Modern Advertising Co.	A lawsuit before the General Court in Jeddah to claim the rent payable to the Company in the amount of 4,643,666 Saudi riyal	Waiting for the date of the hearing to be set	4,643,666
163	The Company	Shaya Rashid Al Dhaim Est.	The plaintiff made out a check and it was found to be dishonored check	A first-instance judgment was issued in favor of the Company and is currently under appeal	34,668
164	The Company	Al Dorar Al Thameena workshop	Claim for the value of a promissory note	A final judgment was issued in favor of the Company and is currently under execution	320,200
165	The Company	Dokhoon Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The verdict was submitted to the Riyadh Execution Court	226,600
166	The Company	Lakom Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company obligating the defendant to pay part of the amount claimed and is currently under appeal	271,967
167	The Company	Thefof Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company obligating the defendant to pay the amount of 160,000 Saudi Riyals.	240,000
168	The Company	New Seasons Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, obligating the defendant to pay the Company an amount of 121,660 Saudi Riyals. The final judgment deed has been received	290,328
169	The Company	Coffeeshop Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued to dismiss the claim and the judgment is currently under appeal	190,375
170	The Company	Coffeeshop Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company and is under execution	235,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
171	The Company	Coffeeshop Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company obligating the defendant to pay the full amount of the claim, and is currently under execution	159,372
172	The Company	Morni Selections Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Decision 46 was issued, pending enforcement	228,600
173	The Company	Al Rayan Leather Est.	A lawsuit before the Riyadh Execution Court to claim the rent payable to the Company in the amount of 285,000 Saudi Riyals	A final judgment was issued and the case was referred to the Execution Court.	285,000
174	The Company	Al Rayan Leather Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	77,855
175	The Company	Abdulaziz Al-Huwail Est. (Dhul-Qarnayn)	A lawsuit before the Riyadh Execution Court to claim the rent payable to the Company in the amount of 153,477 Saudi Riyals	A judgment was issued in favor of the Company, obligating the defendant to pay the Company an amount 153,477 Saudi Riyals. The judgment is currently under execution	154,907
176	The Company	Abdulaziz Al-Huwail Est. (Dhul-Qarnayn)	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 117,907 Saudi Riyals	A judgment was issued in favor of the Company obligating the defendant to pay the total amount claimed (excluding the electricity bill) and it is currently under execution	117,907
177	The Company	World Markets Co.	A lawsuit before the Riyadh Execution Court to claim the rent payable to the Company in the amount of 253,500 Saudi Riyals	A judgment was issued in favor of the Company obligating the defendant to pay part of the amount claimed and is currently under execution	253,500
178	The Company	Pink Idea Trading Est	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 245,00 Saudi Riyals	A judgment was issued in favor of the Company obligating the defendant to pay the full amount claimed and is currently under execution	245,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
179	The Company	Abdul Mohsen bin Humaidan	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 114,350 Saudi Riyals	Waiting for the date of the hearing to be set	114,350
180	The Company	Hanan Murshid Al-Dossary Center	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 203,734 Saudi Riyals	A final judgment was issued in favor of the Company obligating the defendant to pay the amount of 183,734 Saudi Riyals	203,734
181	The Company	Arous Lebanon Est.	A lawsuit before the Riyadh Execution Court to claim the rent payable to the Company in the amount of 290,000 Saudi Riyals	A judgment was issued in favor of the Company obligating the defendant to pay the full amount claimed, and is currently under execution	290,000
182	The Company	Orange Touch Est.	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 89,400 Saudi Riyals	A final judgment was issued in favor of the Company, obligating the defendant to pay the Company an amount of 63,650 Saudi Riyals. The judgment is under execution	89,400
183	The Company	Best Moment Trading Est	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 140,000 Saudi Riyals	Case was cancelled	140,000
184	The Company	Al Ethraa Al Araby Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A final judgment was issued in favor of the Company requiring the defendant to pay the full amount claimed	30,000
185	The Company	Hassan Abdullah Hassan Al Obaid (Masa Construction Company)	A lawsuit before the Execution Court in Riyadh to claim amounts of checks	A final judgment was issued requiring the defendant to pay the value of the checks	5,282,800
186	The Company	Lakom Trading Est.	A lawsuit before the Riyadh Execution Court to claim the rent payable to the Company in the amount of 181,319 Saudi Riyals	A final judgment was issued in favor of Company and is currently under execution The Court sent a notice that the defendant company had gone bankrupt	181,319
187	The Company	MAF Saudi Fashion Company	A lawsuit before the General Court in Riyadh to claim the rent payable to the Company in the amount of 1,941,867 Saudi Riyals	The suit has been suspended	1,941,867

#	Plaintiff	Defendant	Dispute summary	Status	Company’s Estimate of Expected Financial Impact (SAR)
188	The Company	Al Dorar Al Thameena workshop	A lawsuit before the Execution Court in Riyadh to claim the execution of checks	A final judgment was issued in favor of Company and is currently under execution	957,815
189	The Company	Al-Wafa Tower Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company in the full amount claimed of 160,104 Saudi riyal.	160,104
190	The Company	Sulaiman Saleh Al Mutawa Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	186,000
191	The Company	Lebanon sweets	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A final judgment was issued in favor of Company and is currently under execution	182,502
192	The Company	Leen Al Arab Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	207,539
193	The Company	Dibel Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	191,704
194	The Company	Khass Lak Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company with the full amount.	174,205
195	The Company	Multi Trend International General Trading & Contracting Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	414,932
196	The Company	Enmaa Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A first-instance judgment was issued in favor of the Company, requiring the defendant to pay the amount claimed, and it is currently under appeal	162,500
197	The Company	Antom Zorouna Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	309,945
198	The Company	Fahd Muhammad Al-Muhanna Aba Al-Khail Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	148,553

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
199	The Company	Foot World Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	233,625
200	The Company	Masa Construction Company	A claim for the implementation of the Hafr Al-Batin project	It was decided not to proceed with the claim	1,401,623
201	The Company	Masa Construction Company	A claim for the implementation of the Hafr Al-Batin project	It was decided not to proceed with the claim	764,929
202	The Company	Hassan Abdullah Al Obaid (Masa Construction Company)	A claim for a promissory note amounting to 2,079,925 Saudi Riyals, submitted by Mr. Hassan Abdullah Al Obaid in his capacity as an agent for Masa Construction Company	A final judgment was issued in favor of the Company and is currently under execution	2,079,925
203	The Company	Masa Construction Company	A claim for the implementation of the Hafr Al-Batin project	The defendant's attorney requested a period to respond and the hearing was adjourned	2,057,221
204	The Company	Hassan Abdullah Al Obaid (Masa Construction Company)	A claim for the amount of a promissory note for the defendant's breach of the terms of the contract concluded between the parties	A final decision was issued to execute the note	2,700,000
205	The Company	Al-Wafa Tower Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company obligating the defendant to pay the full amount claimed	292,734
206	The Company	Garment Design Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	278,956
207	The Company	Afaq Retaj chain of restaurants for catering	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	456,356
208	The Company	Farhan Fahat Al Enazi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	226,594
209	The Company	Turath Al Sharq Restaurant	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	310,083

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
210	The Company	Turath Al Sharq Restaurant	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	15,750
211	The Company	Soap Castle Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	106,767
212	The Company	Gulf Steel & Aluminum Manufacturers Workshop	A lawsuit filed with the Execution Court in Riyadh for the execution of a promissory note in the amount of 771,198 Saudi Riyals representing the amount of an advance payment to the defendant to start contracting works that he refused to start.	The promissory note was submitted to the Court of Execution, and decision No. 34 and No. 46 of a travel ban were issued	771,198
213	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	422,568
214	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	34,904
215	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	521,516
216	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	112,475
217	The Company	Anwal United Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	978,064
218	The Company	Anwal United Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	185,602
219	The Company	Anwal United Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	137,445

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
220	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	187,892
221	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	254,880
222	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	93,227
223	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	217,766
224	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	171,457
225	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	279,075
226	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	290,184
227	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	113,190
228	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	103,950
229	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	285,100
230	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	256,297

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
231	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	171,536
232	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	116,900
233	The Company	Rada Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A final judgment was issued in favor of the Company for the full amount and it is under execution	255,001
234	The Company	Rada Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	670,525
235	The Company	MAF Saudi Fashion Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	2,154,600
236	The Company	Heba Food Company Ltd.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A conciliation was made between the two parties	1,301,314
237	The Company	Asma Al Fakhama Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company and enforced	72,664
238	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	355,597
239	The Company	Anwal United Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	61,322
240	The Company	Arab Cells Contracting Est	Claim for the defendants to pay the debts owed by them, amounting to SAR 303,588 as a result of suspending the defendant from their work at Al Othaim Mall - Unaizah	Waiting for the date of the hearing to be set	303,588
241	The Company	Khazaz Contracting Office	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	95,801

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
242	The Company	Salha Al Majzi Wholesale and Retail Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Registration in process	93,229
243	The Company	Adwaa Bashir Trading Est.	Failure to pay the amounts due based on the lease contract concluded between the two parties	Payment was made and the claim was ended	91,653
244	The Company	Mohammed Abdul Rahman Al Arfaj Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	312,648
245	The Company	Taghreed Saud Nuhair Al Ghazi Café for drinks	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The case has been suspended until the previous case filed by the defendant against the Company is adjudicated.	413,772
246	The Company	Ayam Al-Hala Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A first-instance judgment was issued in favor of the Company obligating the defendant to pay the amount of SAR 202,308.	419,965
247	The Company	Ayam Al-Hala Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A first-instance judgment was issued in favor of the Company requiring the defendant to pay the full claim amount and it is under execution	619,961
248	The Company	Morni Selections Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	345,757
249	The Company	Dar Al Sayar Advertising Agency	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgement was issued in favor of the Company and Decision 46 was issued by the Execution Court	86,062
250	The Company	Andi Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Case was dismissed	82,800
251	The Company	Suleiman Ali Al-Waymani Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgement was issued in favor of the Company and Decision 46 was issued by the Execution Court	78,030

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
252	The Company	Arab Entities Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Registration in process	73,350
253	The Company	Silver Kingdom Precious Metals Foundation	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	An initial judgment was issued by the judge in favor of the Company for the amount of SAR 142,271	155,469
254	The Company	Gulf Steel & Aluminum Manufacturers Workshop	A lawsuit filed before the Execution Court in Riyadh for the execution of a promissory note in the amount of SAR 191,620 representing the amount of an advance payment to the defendant to start contracting works, whereas it completed part of the work and left the site	The promissory note was submitted to the Court of Execution, and decision No. 34 and No. 46 of a travel ban were issued	191,620
255	The Company	Morni Selections Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	484,511
256	The Company	Hassan Mohamed Jawad & Partners Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	194,159
257	The Company	Hassan Mohamed Jawad & Partners Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	701,378
258	The Company	Al Kamaleyat al Fareeda Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company in the amound of SAR 167,602	202,036
259	The Company	National Restaurant Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	It was accepted by the circuit	183,330
260	The Company	National Restaurant Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The defendant's attorney requested a period to respond and the hearing was adjourned	12,600
261	The Company	Aswar Perfumes Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	165,805

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
262	The Company	Abdullah Gharib Al-Hajri Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	252,283
263	The Company	Fantastic House of Watches Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	199,500
264	The Company	Fantastic House of Watches Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	253,418
265	The Company	Salem Al Afary Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	161,593
266	The Company	Marsta Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	632,134
267	The Company	Dar Al Dhiyafa Food Services Company, owned by Hamdan Al-Badr	The promissory note was paid for the resulting debt in return for the lease contract concluded between the parties (also with another promissory note)	A judgment was issued in favor of the Company, and is currently under execution	200,000
268	The Company	Dar Al Dhiyafa Food Services Company, owned by Hamdan Al-Badr	The promissory note was paid for the resulting debt in return for the lease contract concluded between the parties (also with another promissory note)	A judgment was issued in favor of the Company, and is currently under execution	200,000
269	The Company	Dar Al Dhiyafa Food Services Company, owned by Hamdan Al-Badr	The promissory note was paid for the resulting debt in return for the lease contract concluded between the parties (also with another promissory note)	A judgment was issued in favor of the Company, and is currently under execution	200,000
270	The Company	Dar Al Dhiyafa Food Services Company, owned by Hamdan Al-Badr	The promissory note was paid for the resulting debt in return for the lease contract concluded between the parties (also with another promissory note)	A judgment was issued in favor of the Company, and is currently under execution	200,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
271	The Company	Hamdan al Badr	The case was filed against Hamdan Al-Badr, in his capacity as the owner of the Dar Al-Dhiyafa Food Services Company, due to the non-compliance of the Dar Al-Dhiyafa Food Services Company with the terms of the settlement contract concluded between the Company and Dar Al-Dhiyafa Food Services Company.	A judgment was issued in favor of the Company, and is currently under execution	15,383,551
272	The Company	Al Pizza Al Raqeya Restaurant	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	162,813
273	The Company	Nojoum Al Olaya Perfumes Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	400,209
274	The Company	Nojoum Al Olaya Perfumes Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	727,263
275	The Company	Nojoum Al Olaya Perfumes Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	552,789
276	The Company	Nojoum Al Olaya Perfumes Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company	74,003
277	The Company	Nojoum Al Olaya Perfumes Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	727,263
278	The Company	Bayarq Dubai Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	199,439
279	The Company	Fantastic House of Watches Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	345,554
280	The Company	Leen Al Arab Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	234,021

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
281	The Company	Ayam Al-Hala Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	3,244,621
282	The Company	Vibera Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	254,261
283	The Company	Vibera Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	An initial judgment was issued in favor of the Company for the full amount	393,750
284	The Company	Vibera Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	254,261
285	The Company	Ice-cream Rolls Est. for Catering Services	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the appointment of the session	475,053
286	The Company	Second Toy Est. for Children's toys	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Decision 46 was issued by the Execution Court	184,735
287	The Company	Second Toy Est. for Children's toys	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	176,813
288	The Company	Abdul Aziz Muhammed Bukanan Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	120,258
289	The Company	Mohammed Sulaiman Al-Hamad & Sons Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	307,411
290	The Company	Al Semat al Faneya Communication Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	126,000
291	The Company	Lilac flower Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	644,441

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
292	The Company	Saeed Yahya Muhammad Al Hadi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The case was referred to the Court of Execution, and decision No. 34 and No. 46 were issued	136,156
293	The Company	Saeed Yahya Muhammad Al Hadi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The case was referred to the Court of Execution, and decision No. 34 and No. 46 were issued	153,848
294	The Company	Saeed Yahya Muhammad Al Hadi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	360,943
295	The Company	Saeed Yahya Muhammad Al Hadi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	275,616
296	The Company	Saeed Yahya Muhammad Al Hadi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	152,741
297	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	554,379
298	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	542,658
299	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	840,481
300	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	209,749
301	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	225,116
302	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	411,620

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
303	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	835,472
304	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	492,132
305	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	257,922
306	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	567,721
307	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	237,085
308	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	881,583
309	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	1,278,150
310	The Company	Anwal Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	444,580
311	The Company	Anwal Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	654,920
312	The Company	Anwal Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	665,836
313	The Company	Anwal Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	873,227

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
314	The Company	Anwal Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	671,293
315	The Company	Anwal Trading	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	383,910
316	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	213,783
317	The Company	AlAjlan Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	515,207
318	The Company	Bazaar International Foundation	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	295,020
319	The Company	Dar Al Sayar Advertising Agency	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	115,500
320	The Company	Dar Al Sayar Advertising Agency	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing	214,753
321	The Company	Hana Marei Saleh Sarhan Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company, and is currently under execution	6,200
322	The Company	Hana Marei Saleh Sarhan Trading Es	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A first-instance judgment has been issued in favor of the Company and waiting the issuance of the final judgment deed	154,200
323	The Company	Hussain Adel Shuaila Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued to dismiss the case. The Company has the right to appeal.	126,042
324	The Company	Al Qaim Al Awal Café for drinks	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	161,585

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
325	The Company	Tabr Alkhlej Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	453,293
326	The Company	Tabr Alkhlej Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	479,151
327	The Company	Tabr Alkhlej Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	356,768
328	The Company	Tabr Alkhlej Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company with the full amount	446,418
329	The Company	Anwal Trading	A lawsuit regarding the failure of Anwal United Company to pay the Company's entitlements under the settlement agreement contract concluded between the two parties	Awaiting the hearing date	20,000,000
330	The Company	Zain Al Khotot Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	472,500
331	The Company	Zain Al Khotot Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	728,262
332	The Company	Zain Al Khotot Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	831,285
333	The Company	Zain Al Khotot Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	920,213
334	The Company	Fifi Modern Ready made Garments Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	1,463,037
335	The Company	Fifi Modern Ready made Garments Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	795,755

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
336	The Company	Fifi Modern Ready made Garments Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	858,282
337	The Company	Fifi Modern Ready made Garments Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	392,401
338	The Company	Fifi Modern Ready made Garments Est	Obligating the defendant to vacate the property subject of the claim, which is a unit in Al Othaim Mall - Al-Ahsa	The claimant's attorney requested a period to attempt conciliation between the claimant and the defendant	-
339	The Company	Liliane for Trade Establishment	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	406,508
340	The Company	Liliane for Trade Establishment	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	424,925
341	The Company	Bano Trading Establishment	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	748,140
342	The Company	National Restaurant Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The defendant's attorney was present and the hearing was postponed due to signs of conciliation	186,138
343	The Company	Food and Beverage Ltd Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	368,021
344	The Company	Roumi Restaurant Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	396,685
345	The Company	Roumi Restaurant Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	17,031
346	The Company	Lamset Ratthath Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	589,912

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
347	The Company	Ali Abu Bakr Al Jaidi Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	110,894
348	The Company	Abdulaziz Bin Mater Al-Rashidi & Co. for Trading and Contracting	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was made in favor of the Company and is under execution	99,478
349	The Company	Abdulaziz Bin Mater Al-Rashidi & Co. for Trading and Contracting	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	265,304
350	The Company	Alyashmac Trading Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	437,400
351	The Company	London Restaurants Company Limited	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting the hearing date	386,885
352	The Company	My fashion trends shop	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	344,593
353	The Company	Noran Treasure Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	450,230
354	The Company	Kholoud Arabia Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	316,162
355	The Company	Al Etesal Al Azrak Trading Shop	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A directive is underway to suspend the claim and to issue a promissory note for the outstanding debt	473,250
356	The Company	Yamam for Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date and the claim to be dropped	170,341
357	The Company	Yamam for Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date and the claim to be dropped	794,401

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
358	The Company	Art Tulane Trading Corporation	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date and the claim to be dropped	358,920
359	The Company	Darville Corner Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company with the full amount.	355,550
360	The Company	Luluwa Nasir Ibrahim Al Hamid Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	408,750
361	The Company	Vibera Trading Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company	100,878
362	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Registration in process	67,774
363	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
364	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
365	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
366	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
367	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
368	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
369	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
370	The Company	Anwal United Company (Evacuation)	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	-
371	The Company	Yamam for Trading Co.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	The amount was paid to the Company	341,053
372	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	269,198
373	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	1,026,795
374	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	424,416
375	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	561,830
376	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	229,025

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
377	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	338,039
378	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	232,978
379	The Company	Anwal United Company (COVID-19)	Failure of the defendant to pay the amounts due to the Company (rent) and its violation of the terms of the contract concluded. However, this period includes the suspension period due to coronavirus from 03/16/2020G	Awaiting the hearing date	307,765
380	The Company	Anwal United Company (COVID-19)	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	1,505,884
381	The Company	Anwal United Company (COVID-19)	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	295,982
382	The Company	Anwal United Company (COVID-19)	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	2,236,539
383	The Company	Anwal United Company (COVID-19)	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	1,130,682
384	The Company	Anwal United Company (COVID-19)	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	377,089
385	The Company	Anwal United Company (COVID-19)	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	181,844
386	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	240,698
387	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	256,088

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
388	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	225,004
389	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	634,496
390	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	133,528
391	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	The claimant and the defendant were present. The judge requested amendment of the power of attorney, as the power of attorney issued by the CEO is invalid because the Memorandum of Association does not contain powers for filing claims before the courts.	444,138
392	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	There are signs of conciliation between the Claimant and the Defendant, and the circuit decided to adjourn the hearing	24,750
393	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	212,231
394	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	414,599
395	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	335,911
396	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Due to the existence of conciliation procedures for all rental claims related to National Restaurants Company, the judge decided to suspend the claim until completion of the conciliation procedures	22,704

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
397	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	The claim was referred to the circuit concerned with claims related to coronavirus pandemic.	1,222,521
398	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	244,996
399	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	401,610
400	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	386,200
401	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	681,107
402	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	493,955
403	The Company	National Restaurant Company	Failure to pay the financial entitlements under the contract concluded between the two parties	The claimant's attorney requested a period of time and the hearing was adjourned	113,785
404	The Company	Ghayath Al-Din Mahdi Al-Qabbani & Partners Food Services Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	216,638.39
405	The Company	Ghayath Al-Din Mahdi Al-Qabbani & Partners Food Services Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	287,947.46
406	The Company	Swiss Dar Holding Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	50,000
407	The Company	Khaliji Perfume Est.	Claim for the value of checks issued on insufficient funds for rent arrears	Payment was made and the claim was ended	50,000
408	The Company	Amina Nawaf Al Anezi Est.	Claim for the value of checks issued on insufficient funds for rent arrears	Payment was made and the claim was ended	48,100
409	The Company	Hebat Allah Ahmed Hamdi Trading Est	Claim for the value of checks issued on insufficient funds for rent arrears	Payment was made and the claim was ended	47,277

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
410	The Company	Rajeh Al Ajmi Est. (Talent Recruitment Office)	The defendant issued two checks to the Company drawn on Al Rajhi Bank which had insufficient funds	Payment was made and the claim was dropped	45,000
411	The Company	Al Ada Al Montazem Est.	Failure to pay the financial entitlements under the contract concluded between the two parties	Registration in process	40,497
412	The Company	Hafr Al-Batin Municipality	Hafr Al-Batin Municipality claim for financial compensation as a result of the damage caused due to closure of the main road and diverting traffic from the main road to a detour that blocked access to Al Othaim Mall	Suspended	-
413	The Company	Al-Ajlan Trading Company (Evacuation)	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	-
414	The Company	Nojoum Al Olaya Perfumes Est.	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	1,160,234
415	The Company	Sky Perfume Trading Est	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	245,419
416	The Company	Bedoon Essm Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	569,250
417	The Company	Bedoon Essm Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	458,154
418	The Company	Bedoon Essm Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	216,484
419	The Company	Bedoon Essm Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	214,630
420	The Company	Safiya Muhammad Omar Basamd Trading Est	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	230,384
421	The Company	Qaddoaa and Botola Café Est. for beverages	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	303,994
422	The Company	Al Zouk al Raqy Perfume Shop	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	255,669

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
423	The Company	Qaddoaa and Botola Café Est. for beverages	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	318,638
424	The Company	Al Hokair Company, Fahd Al Moqbel Company, and Nomu Al Osool Company for Real Estate Development and Investment	Request to prove ownership of the property in dispute	A judgment was issued by the Court of Appeal dismissing the case for the appellant's failure to appear	-
425	The Company	Hamdan Oweid al Badr Est.	Failure to pay the financial entitlements under the contract concluded between the two parties	A judgment was issued in favor of the Company	10,541,431
426	The Company	Raseed Al Anaqa Trading Company	Failure to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	261,500
427	The Company	Saif Al Saadoun Est.	Failure to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	112,067
428	The Company	MAF Saudi Fashion Company	The lease contract concluded between the parties sets the rental value annually, and the term is calculated from the date of the lessee's notice of receiving the rental unit.	The lessee did not notify the Company of receipt of the rental unit and did not comply with the terms of the contract	744,800
429	The Company	Nice Gift Shop for Trading	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	210,638
430	The Company	Al-Maaqeel Trading Est	A lawsuit for non-performance of the terms of the contract concluded between the two parties	Registration in process	792,444
431	The Company	Al-Maaqeel Trading Est	A lawsuit for non-performance of the terms of the contract concluded between the two parties	Waiting for the date of the hearing to be set	861,626
432	The Company	Al-Maaqeel Trading Est	Claim for rent arrears	A judgment was issued to dismiss the case	306,600
433	The Company	Al-Maaqeel Trading Est	Claim for rent arrears	A judgment was issued to dismiss the case	353,400
434	The Company	Hassan Mohamed Jawad & Partners Company	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	832,782
435	The Company	National Restaurant Company	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	134,512

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
436	The Company	Fantastic House of Watches Est.	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	320,442
437	The Company	Nojoum Al Olaya Perfumes Est.	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Registration in process	670,594
438	The Company	Fantastic House of Watches Est.	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Registration in process	287,050
439	The Company	Fatima Abdullah Al-Rashed Trading Est	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Registration in process	267,750
440	The Company	Dubai Store Trading Est	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Registration in process	217,142
441	The Company	Kholoud Arabia Trading Est	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Awaiting the hearing date	128,672
442	The Company	Diwaniyah Shamma Fast Food Café Abdulaziz Alshehri	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Under consideration by the court	582,766
443	The Company	Toot Al-Masif Est.	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Registration in process	755,584
444	The Company	Ideal Food Trading Corporation	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	98,665
445	The Company	Darville Corner Trading Est	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Registration in process	822,000
446	The Company	Fantastic House of Watches Est.	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	1,368,692
447	The Company	Bedoon Essm Company	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Registration in process	264,063
448	The Company	Moodi Ali Al-Toaimi Est.	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Waiting for the date of the hearing to be set	187,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
449	The Company	Corn World Restaurants	Failure to pay the financial entitlements under the lease contract concluded between the two parties	Awaiting the appointment of the session	167,500
450	Abdullah Al Othaim Food Co.	Head of the Internal Trade Development Authority	Claim for the annulment of the decision issued by the defendant to refuse to register the trademark owned by Abdullah Al Othaim Entertainment Co. and a new ruling to register the trademark in the name of Abdullah Al Othaim Entertainment Co.	A judgment was issued in favor of Abdullah Al Othaim Entertainment Co.	-
451	Abdullah Al Othaim Food Co.	Hattan Al Arab Contracting Est	A lawsuit before the Execution Court in Riyadh to claim the amount of a bounced check	A decision 46 was issued to stop services and seize the Defendant's accounts	158,220
452	Abdullah Al Othaim Fashion Co.	Sulaiman Al-Qudaibi Sons Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Waiting for the date of the hearing to be set	23,100
453	Abdullah Al Othaim Fashion Co.	Sulaiman Al-Qudaibi Sons Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	23,100
454	Abdullah Al Othaim Fashion Co.	Sulaiman Al-Qudaibi Sons Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Awaiting the hearing date	21,450
455	Abdullah Al Othaim Fashion Co.	Sulaiman Al-Qudaibi Sons Company	Failure of the lessee to pay the financial entitlements under the contract concluded between the two parties	Under consideration by the court	47,512
Total expected financial impact of commercial claims by the Company and its Material Subsidiaries					**238,995,962**
Commercial claims by the Company and its Material Subsidiaries					
1	Masa Construction Company	The Company	Claim for the value of a final clearance and a guarantee for construction works completed by the plaintiff for the Company in Othaim Mall - Hafr Al-Batin, filed before the Commercial Court in Riyadh with a total claim amount of SAR 1,734,900	The case was dismissed for lack of jurisdiction	1,734,900
2	Hassan Abdullah Hassan Al Obaid (Masa Construction Company)	The Company	Claim to establish insolvency	A judgment was issued dismissing the case	-

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
3	Diwaniyah Shamma Fast Food Café	The Company	The plaintiff's failure to pay the amounts due under the contract concluded between the parties and the plaintiff's request for proof of contract	A judgment was issued dismissing the case	-
4	Sky Rays Est. for the establishment and organization of exhibitions	The Company	Claim for the amount of the invoice for the works and services carried out by the plaintiff owed by the defendant	Awaiting the appointment of the session	161,201
5	Al-Jouf Real Estate Company Ltd.	The Company	Claim for the damage incurred due to the failure of Raidat Al Mojamaat Company to comply with the terms of the contract concluded between the two parties, which stipulates that Raidat Al Mojamaat Company shall operate the mall owned by Al-Jouf Real Estate Co., whereas, Raidat Al Mojamaat Company has been written off. Therefore, a lawsuit was filed against its owners, including the Company	The circuit issued a judgment of lack of jurisdiction	36,966,913
6	Creatival Aluminum Architectural Systems Co.	The Company	The claimant was contracted to carry out aluminum works and filed a claim for the remaining contract dues	The payment was made to the claimant and the claim was ended	1,464,296
7	Visuals Est.	The Company	A contract was concluded between the Company and the defendant to hold entertainment exhibitions, and some terms of the contract were breached by the defendant.	The claim is suspended	1,340,000
8	Ramzi Saleh Thabet Al Dahhan	The Company	Claim for a transfer amount as the claimant accepted to pay the rent on behalf of the Hanan Murshid Al Dossary Center in order to take its place on the leased property	The claim was dismissed and ended	50,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
9	Faek Tech. Company for Electrical and Mechanical Works	The Company	Claim to the recovery of SAR 2,928,206 for a late fee, a claim for payment of SAR 800,000 for unrecognized works and a claim for attorneys' fees based on a project works contract for one of the Company's malls, noting that the project is not ready and is not being used due to several observations on the project that impede receipt	A judgment was issued to dismiss the case	3,728,206
10	Al Zafer Company	The Company	Claim for the remainder of the goods clearance dues	A judgment was issued to dismiss the case	30,345
11	Houl Al-Ahsa Contracting Est.	The Company	Claim for a transfer amount as the claimant accepted to pay the rent on behalf of the Hanan Murshid Al Dossary Center in order to take its place on the leased property	A judgment was issued to dismiss the case	50,000
12	Abdul Aziz Al Quraishi	The Company	Claim for compensation for rent and the closure of the claimant's retail spaces and decor in Al Othaim Mall – Dammam	A judgment was issued to dismiss the case	1,222,600
13	Abdul Aziz Al Quraishi	The Company	Claim for compensation for rent and the closure of the claimant's retail spaces and decor in Al Othaim Mall – Buraidah	The claim was merged with another claim	818,200
14	Masa Construction Company	The Company	Claim for the value of a closing extract and work guarantee	A judgment was issued to dismiss the case	1,292,129
15	Faek Tech. Company for Electrical and Mechanical Works	The Company	Claim to recover SAR 6,202,140 representing a late fee and the value of unrecognized works, based on a project works contract for one of the Company's malls, noting that the project is not ready and is not being used due to many observations on the project that impede receipt	A judgment was issued to dismiss the case	6,202,140
16	Foot World Est.	The Company	Claim for compensation for the closure of the claimant's retail space	Waiting for the date of the hearing to be set	400,000
17	Masa Construction Company	The Company	Claim for the value of works and finishings and recovery of guarantee checks	A judgment was issued to dismiss the case	1,895,538

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
18	Masa Construction Company	The Company	Claim for amounts due and the recovery of guarantee checks	A final judgment was issued for lack of jurisdiction	751,550
19	Taghreed Saud Al Ghazi Café for Beverages	The Company	Claim for the termination of the contract and refund of the advance fee based on not knowing the fee specified	Waiting for the date of the hearing to be set	-
20	Faek Tech. Company for Electrical and Mechanical Works	The Company	Claim to recover SAR 6,202,140 representing a late fee and the value of unrecognized works, based on a project works contract for one of the Company's malls, noting that the project is not ready and is not being used due to many observations on the project that impede receipt	Conciliation was conducted	6,202,140
21	Hassan Abdullah Hassan Al Obaid (Masa Construction Company)	The Company	Claim to establish insolvency	Case was dismissed	-
22	Hamed Al-Aidarous	The Company	Claim to establish insolvency	Waiting for the date of the hearing to be set	-
23	Safia Mohamed Basamd	The Company	Claim to terminate the contract	Case was dismissed	-
24	Hassan Abdullah Hassan Al Obaid (Masa Construction Company)	The Company	A contracting agreement was entered into between the parties and the defendant did not pay the full amount	Waiting for the date of the hearing to be set	451,550
25	Ana Al Jamal Trading Office	The Company	Claim to terminate the contract	Waiting for the date of the hearing to be set	-
26	Kholoud Al Arabia Est. Khaled Abdul Mohsen Al-Otaibi	The Company	Absence of a formal requirement for the bond, its forgery or the denial of signature	Waiting for the date of the hearing to be set	128,672
27	Shawqi Mansour Salman Al Ali Al Pizza Al Raqeya Restaurant	The Company	Claim to establish the defendant's fulfillment of his financial dues	Waiting for the date of the hearing to be set	180,000

#	Plaintiff	Defendant	Dispute summary	Status	Company's Estimate of Expected Financial Impact (SAR)
28	Youssef Saleh Abdulaziz Al-Rajhi	The Company	This claim was filed by one of the heirs of the Al-Rajhi family claiming that the plot was sold at a lower price, noting that the purchase was made through a bidding process in an auction that included all details of the property	Waiting for the date of the hearing to be set	-
29	Masa Construction Company	The Company	Obligating the Defendant to pay an amount of SAR 1,095,538, in return for financial dues for the works performed under a contracting agreement concluded between the two parties.	Waiting for the date of the hearing to be set	1,095,538
30	Masa Construction Company	The Company	Require the Defendant to pay the remaining amount due, including the value of the final extract, the works guarantee and all damages resulting from the delay	Waiting for the date of the hearing to be set	10,292,129
31	Abdul Rahman Suleiman Mohamed Al-Ghunaim	The Company	Requiring the defendant to: 1. Rectify the damage caused to the claimant through: (delivery of goods). 2. Provide compensation for the damage in the amount of SAR 150,000.	Waiting for the date of the hearing to be set	150,000
32	Hatem Mohammed Saud Al-Mutawa	Abdullah Al Othaim Entertainment Co.	Claim for damages caused by the plaintiff's fall on steel placed under the Interplay game located in Othaim Mall - Al-Rabwah	A judgment was issued that the commercial courts lacked the specific jurisdiction, and the session was adjourned	450,000
33	Insurer	Faby Land Entertainment	The Claimant appealed the judgment issued against him, because he is required to pay the awarded amount to the defendant as mentioned in the original claim filed by a visitor, bearing in mind that the claimant accepted to bear the amounts brought a visitor against the defendant	The insurance company's appeal of the judgment issued against it was accepted and the judgment gained final status	210,000
34	Abu Dhabi Public Prosecution	Faby Land Entertainment	Claim for a fine of SAR 80,000 as a result of a child's fall from the play area	A judgment was issued in favor of the plaintiff for the full amount	80,000
35	City Life and Arselect	Fun World Investment Company	Claim for enforcement of the lease contract and requiring the defendant to settle the fines payable thereby	Case was dropped	-
Total expected financial impact of commercial claims against the Company and its Material Subsidiaries					**77,339,047**

Source: The Company

12.11.2 Labor Proceedings and Claims

The following table shows a summary of the labor lawsuits, claims, and statutory procedures filed by or against the Company and its Material Subsidiaries, as at September 30, 2021G.

Table No. (12.52): List of labor lawsuits, claims, and statutory procedures with the Company and its Material Subsidiaries as a party thereto.

#	Plaintiff	Defendant	Dispute summary	Status	Expected financial impact as per the Company's estimation (SAR)
Labor claims by the Company and its Material Subsidiaries					
1	The Company	Muhammed Al Frawen	A lawsuit before the General Court in Badr Al-Janoub to claim the refund of the financial deposit submitted to the defendant in the amount of 71,800 Saudi Riyals	The case is closed with the Badr Al-Janoub Court	71,800
2	Abdullah Al Othaim Fashion Co.	Shahd Al-Anzi	A lawsuit for the exhibition's inventory deficit with the General Court in Unaizah before the Execution Court in Riyadh	An execution judgment was issued in favor of the Company	202,747
3	Abdullah Al Othaim Fashion Co.	Mona Al Otaibi	Claim for the value of a financial deficit resulting from low sales	The claim was canceled by the Company	250,000
4	Abdullah Al Othaim Fashion Co.	Maryam Hassan Atti	Claim for financial deficit caused by the defendant	Under consideration by the Bureau of Investigation and the Public Prosecution	60,963
5	The Company	Metab Al Dhahi	Claim to recover SAR 90,360 that the defendant embezzled from lease proceeds	A judgment was issued in favor of the Company	56,475
6	Abdullah Al Othaim Fashion Co.	Mahmoud Attia Ismail Gabr	Claim for the value of a financial deficit resulting from low sales	A final judgment was issued in favor of the Company for the amount of SAR 4,282	75,344
7	Abdullah Al Othaim Fashion Co.	Abdul Siddiq Khan	Claim for the value of a financial deficit resulting from low sales	Case was canceled	42,999
8	Abdullah Al Othaim Fashion Co.	Amani Abdali	Claim for the value of a promissory note	Payment was made and the claim was dropped	36,815
9	The Company	Khaled Al-Khelaifi	Claim to censure the Defendant for not keeping the trust given to him in his capacity as the Vice President of Projects, as he took advantage of this trust and the powers granted to him for personal gain	A judgment was issued to dismiss the case	-
Total expected financial impact of labor claims against the Company and its Material Subsidiaries					**797,143**
Labor claims against the Company and its Material Subsidiaries					
1	Maryam Hassan Atti	Abdullah Al Othaim Fashion Co.	Claim for a salary and leave allowance	A judgment was issued in favor of the plaintiff	6,757
2	Shady Abdel Halim Atwa	The Company	Claim for the difference in the end-of-service benefit for the years during which he worked for the Company, as he was dismissed based on the basic salary, and to demand the transfer of sponsorship and settlement of his last contract with the Company based on the total last salary received	Awaiting the hearing date	184,000

#	Plaintiff	Defendant	Dispute summary	Status	Expected financial impact as per the Company's estimation (SAR)
3	Khaled Al-Khelaifi	The Company	Claim for end-of-service rights	A judgment was issued in favor of the claimant and the amount was paid	3,955,247
4	Bandar Ahmed Issa	The Company	Claim for compensation for an injury that occurred in Al Othaim Mall - Al-Rabwah	The case was left on file	76,800
5	Abdullah Hawsawi	The Company	Claim for wages, salaries, leave and end of service allowance	Waiting for the date of the hearing to be set	-
6	Wael Abdul Fattah	The Company	Claim for wages, benefits and end of service	Case was dropped	185,468
7	Abdullah Turki Farhan Al-Anazi	The Company	Claim for end of service benefits	A settlement was reached and the claim was closed	-
8	Omar Saud Al-Huwaish	Abdullah Al Othaim Entertainment Co.	Claim for leave and allowances	A judgment was issued in favor of the claimant and the amount was paid	4,760
9	Shammar Dhawaihr Saleh Al-Shamry	The Company	Claim for returning to work after being notified by the Company that he is not fit to work during the first 90 days of his service	A judgment was issued to dismiss the case	-
10	Aisha Mubarrad Al Dhafiri	The Company	Claim for compensation for damages incurred by the claimant as a result of her fall in one of the Company's malls	A judgment was issued to dismiss the case	250,000
11	Falah Abdullah Al-Harbi	Abdullah Al Othaim Entertainment Co.	Claim for compensation for damages caused to the claimant's son from a game	A judgment was issued to dismiss the case	150,000
12	Sultana Saleh Al-Harbi	The Company	Claim for SAR 21,500 and checks as a guarantee in return for leased property that the claimant did not utilize	A judgment was issued to dismiss the case	21,500
13	Fahad Faisal Al-Otaibi	The Company	Claim for the full value of the contract due to arbitrary termination	Waiting for the date of the hearing to be set	-
14	Mohamed Yusuf Al-Zahrani	The Company	Claim for two-month's salary	A judgment was issued to dismiss the case	-
15	Saad Falih Cookez Al-Anzi	Abdullah Al Othaim Entertainment Co.	Claim for compensation for arbitrary termination	The case was left on file	-
16	Nora Abdullah bin Issa Al-Nafeeai	Abdullah Al Othaim Fashion Co.	Claim for amounts due for the service term at Abdullah Al Othaim Fashion Co.	Under consideration by the court	-
17	Rehab Obaid Al-Mutairi	Abdullah Al Othaim Fashion Co.	Claim for amounts due for the service term at Abdullah Al Othaim Fashion Co.	A judgment was issued in favor of the claimant, and an appeal was submitted	26,978
18	Heba Saleh Saad Al-Ghamdi	Abdullah Al Othaim Fashion Co.	Claim for amounts due for the service term at Abdullah Al Othaim Fashion Co.	Under consideration by the court	-

#	Plaintiff	Defendant	Dispute summary	Status	Expected financial impact as per the Company's estimation (SAR)
19	Hamad Abdul Fattah Hamad Suleiman	Abdullah Al Othaim Entertainment Co.	Claim for compensation for arbitrary termination	Case was canceled	11,500
20	Bashaer Mohamed Al Maimoni	Abdullah Al Othaim Fashion Co.	Claim for amounts due for the service term at Abdullah Al Othaim Fashion Co.	Waiting for the date of the hearing to be set	90,300
21	Abdul Majeed Al Rashidi	Abdullah Al Othaim Fashion Co.	Claim for salaries for the remaining contract term and compensation	A judgment was issued in favor of the Company and the case ended	14,265
22	Samah Omar Mabo	Abdullah Al Othaim Fashion Co.	Claim for the application of some terms of the contract	Conciliation was conducted	9,801
23	Rawan Falah Hindi Al Mohammadi	Abdullah Al Othaim Fashion Co.	Claim for settlement based on the total salary and not the basic salary	Waiting for the date of the hearing to be set	7,000
24	Suleiman Fahad Suleiman Al Fahad	Abdullah Al Othaim Fashion Co.	Claim for wages, end of service benefit, salaries and leave allowance	Payment was made and the claim was waived	4,750
25	Reem Rahly Mohamed Al-Aifer	Abdullah Al Othaim Fashion Co.	Claim for financial dues for the period of work with Abdullah Al Othaim Fashion Co.	A judgment was issued in favor of the plaintiff	4,291
26	Maram Mohamed Al-Ahmari	Abdullah Al Othaim Fashion Co.	Claim for amounts due for the service term at Abdullah Al Othaim Fashion Co.	A judgment was issued in favor of the claimant and the amount was paid	4,059
27	Nouf Samir Al-Houty	Abdullah Al Othaim Fashion Co.	Claim for salaries and dues	A judgment was issued to dismiss the case	4,000
28	Amjoud Salem Al-Harbi	Abdullah Al Othaim Fashion Co.	Claim for wages, deductions and overtime	The amount was paid and the claim was closed	477
29	Sarah Yahya Asiri	Abdullah Al Othaim Fashion Co.	Claim for compensation for forcing the claimant to resign	The case was left on file	-
30	Fayza Ali Al Yami	Abdullah Al Othaim Fashion Co.	Claim for amounts due for the service term at Abdullah Al Othaim Fashion Co.	A settlement was reached	-
31	Latifa Youssef Al-Owai	Abdullah Al Othaim Fashion Co.	Claim to allow the claimant to continue to work until the end of the contract, with a salary increase and paid sick leaves	Conciliation was conducted	-
32	Mona Hamed Al Mawlid	Abdullah Al Othaim Fashion Co.	Objection to the termination of services	The case was left on file	-
33	Hawazen Hamed Al Mawlid	Abdullah Al Othaim Fashion Co.	Objection to the termination of services	Transferred to the First Instance Circuit in Jeddah	-
34	Kim Matthew Flex	Faby Land Entertainment	Claim for compensation for a work injury	The judgment of the Court of Appeal in favor of the claimant was challenged	2,300,000
Total expected financial impact of labor claims against the Company and its Material Subsidiaries					**7,311,953**

Source: The Company

12.12 Zakat and Tax

The Company submitted its Zakat returns separately from its incorporation until 2018G. In 2019G, the Company obtained the approval of the Zakat, Tax and Customs Authority on 26/10/1441H (corresponding to 06/18/2020G) to submit its Zakat returns on a consolidated basis. The Company's Zakat returns were filed on a consolidated basis for 2019G and 2020G and the Material Subsidiaries submitted their separate Zakat returns for disclosure purposes during the same period.

The Company and its Material Subsidiaries received final Zakat certificates from the Zakat, Tax and Customs Authority for 2020G. The Company also obtained the final Zakat assessments from the Zakat, Tax and Customs Authority for all Financial Years from its incorporation until the Financial Year ended December 31, 2015G.

As for the Material Subsidiaries, Abdullah Al Othaim Entertainment Co. has obtained the final Zakat assessments for all Financial Years from its incorporation until the Financial Year ended December 31, 2017G. Abdullah Al Othaim Fashion Co. has obtained the final Zakat assessments for all Financial Years from its incorporation until the Financial Year ended December 31, 2018G. Abdullah Al Othaim Food Co. has obtained the final Zakat assessments for all Financial Years from its incorporation until the Financial Year ended December 31, 2017G. Accordingly, the Company did not obtain the final Zakat assessments for the years from 2016G till 2020G and Abdullah Al Othaim Entertainment Co. did not get the final Zakat assessment for 2018G. Abdullah Al Othaim Food Co. did not receive the final Zakat assessment for 2018G.

The Company paid Zakat dues amounting to SAR 6.7 million, SAR 7.9 million and SAR 5.7 million in 2018G, 2019G and 2020G, respectively, representing Zakat claims subsequent to the submission of Zakat returns. The Company did not add several items to the Zakat base included in its Zakat returns for 2018G, which could expose the Company to the risk of incurring Zakat claims from the Zakat, Tax and Customs Authority amounting to SAR 3.8 million. Mistakes were also detected in the Company's Zakat returns, as right-to-use assets in the amount of SAR 516.6 million and 379.4 million were not deducted from the Zakat base for the Zakat returns for the years 2019G and 2020G, respectively. For 2019G, the Company did not deduct financial assets amounting to SAR 11.7 million from the Zakat base for 2019G. In addition, SAR 32.8 million was deducted as advance payments to the Company's contractors, instead of the amount of SAR 72.1 million. Accordingly, mistakes in the returns may cause the Company and its subsidiaries to incur Zakat claims from the Zakat, Tax and Customs Authority for the years for which final Zakat assessments have not been obtained.

The Zakat, Tax and Customs Authority provided the Company with Zakat assessments for the years 2013G, 2014G and 2015G amounting to SAR 233,381, SAR 68,801 and SAR 2,296, respectively. The Company has settled the amounts in full. The Zakat, Tax and Customs Authority provided Abdullah Al Othaim Entertainment Co. with its Zakat assessment for 2017G, amounting to SAR 0.3 million. Abdullah Al Othaim Entertainment Co. has settled the amounts in full. The Zakat, Tax and Customs Authority provided Abdullah Al Othaim Food Co. with its Zakat assessment for 2018G, amounting to SAR 74,433. Abdullah Al Othaim Food Co. has settled the amounts in full.

The Company and its Material Subsidiaries submitted their tax returns separately from their incorporation until June 2020G. The Company and its subsidiaries submitted tax returns on a unified basis from July 2020G till October 2021G, and the Company and its subsidiaries shall submit tax returns on a unified basis in the future. The Zakat, Tax and Customs Authority submitted an assessment in which the Company must pay the amount of SAR 3.4 in tax claims, in addition to other applicable penalties, which have not yet been defined, for the Financial Years ended December 31, 2018G, 2019G and 2020G. The assessment was challenged and the relevant documents were submitted by the Company.

In 2018G, sales listed in the value-added tax returns amounted to SAR 721.1 million, and revenues recorded in the Company's audited financial statements for the same period amounted to SAR 537.1 million. The Company confirms that the difference of SAR 184 million resulted mainly from unrecorded revenues in 2017G, which were recorded in 2018G, and some sales that were not recorded in 2018G, which were reflected in the revenues of 2019G, as well as the difference in the assessment of value-added tax of advance payments received from customers and discounts on sales to Related Parties. The difference between the sales recorded in value-added tax and the revenues recorded in the audited financial statements may incur additional tax claims and penalties from the Zakat, Tax and Customs Authority if it is found that the Company has provided insufficient disclosures in the tax returns.

In addition, income generated from Related Party inputs amounting to SAR 4.7 million, which should have been subject to a value-added tax of 5%, was not recorded in the tax returns, which could cause the Company to incur violations and claims of SAR 0.2 million. The Company has also issued sales invoices and credit notices that are inconsistent with the laws in force in the Kingdom, which may affect the Company's cash flows, as customers may delay payment until the violations made in the invoices are addressed. The issuance of invoices in violation of the applicable value-added tax laws in the Kingdom may cause the Company to incur financial penalties.

Also in 2018G, the Company charged interest on the debit balance of the amount owed to Related Parties and profits collected in the amount of SAR 7.2 million, as it was not recorded in the value-added tax returns. These transactions may be exempted from value-added tax, which may result in the cancellation of part of the value-added tax credit, which would affect tax returns and cause the Company to incur additional payments. The Company purchased goods (cars, balloons, gift cards, etc.) that are distributed free of charge to some of its clients for promotional purposes, in amounts that may exceed SAR 50,000 per year, which is the total limit allowed per year under the value-added tax laws in force in the Kingdom. The increase was not recorded in the value-added tax returns as goods subject to a value-added tax of 5%, which represents a violation of the value-added tax regulations in the Kingdom, which may cause the Company to incur penalties. The Company deducted the input tax from invoices for purchases made on behalf of Related Parties, while the Company did not disclose that such purchases were supplied to the beneficiaries. Also, deducting input tax from invoices issued by the Company for personal and not economic purposes is a violation of the value-added tax laws in force in the Kingdom. It is worth mentioning that the input tax deduction on purchases related to the exempted inputs was not disclosed in the tax returns for 2018G, which is also a violation of the value-added tax laws in the Kingdom. Violations made by the Company regarding tax invoices and input tax deductions may result in violations and claims amounting to SAR 0.2 million.

In 2019G, the sales disclosed in the value-added tax returns were recorded at a value exceeding the revenues recorded in the audited financial statements for the same period by SAR 21.6 million, which may cause the Company to incur penalties from the Zakat, Tax and

Customs Authority equal to 50% on the undisclosed amounts and 5% for each month in which the Company delays payment, which may reach SAR 2.5 million. As for the October 2019G period, the Zakat, Tax and Customs Authority did not complete the audit process for the value-added tax returns of Abdullah Al Othaim Fashion Co., and the input tax of SAR 15,427, which was carried forward for such period by the Zakat, Tax and Customs Authority, was prohibited. Until this prohibition is cancelled, Abdullah Al Othaim Fashion Co. cannot recoup such amount from the value-added tax against its current value-added tax liabilities.

In 2020G, the revenues recorded in the value-added tax returns amounted to SAR 511.2 million, while the revenues recorded in the audited financial statements of the Company for the same period amounted to SAR 515.3 million (including other revenues, which amounted to SAR 18.6 million), including amounts that are not subject to the value-added tax amounting to SAR 26.6 million. The difference of SAR 22.4 million between the revenues recorded in the value-added tax returns and the revenues recorded in the audited financial statements after deducting the amounts that are not subject to the value-added tax, may cause the Company to incur penalties imposed by the Zakat, Tax and Customs Authority. It is also worth noting that sales transactions made in the amount of SAR 117.2 million were recorded in the value-added tax returns for the Financial Year ended December 31, 2020G as being subject to a value-added tax of 5% instead of 15%. The Company issued additional invoices to compensate for the remaining amount, however the Company may be subject to certain penalties and additional tax claims from the Zakat, Tax and Customs Authority. There are certain transactions from which the Company has deducted the input tax, but such purchases were not paid within the relevant 12-month period. The Company did not reduce the deductible input tax for purchases that were not paid within the required period, which could cause the Company to incur penalties of up to SAR 0.1 million.

In 2020G, the Company purchased goods that are distributed free of charge for promotional purposes, in amounts that may exceed SAR 50,000 per year, which is the total limit allowed per year under the value-added tax laws in force in the Kingdom. However, the increase was not recorded in the value-added tax returns as being goods subject to a value-added tax of 5% or 15% (as applicable), which is considered a violation of the value-added tax laws in force in the Kingdom, which in turn may cause the Company to incur penalties. It is also worth noting that the Company imposed input tax on purchase invoices for expenses incurred for non-economic activities in both the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G, which is considered a violation of the value-added tax laws in force in the Kingdom, which in turn may cause the Company to incur penalties imposed by the Zakat, Tax and Customs Authority. In addition, the Company issued tax invoices and credit notices that are inconsistent with the value-added tax laws in force in the Kingdom, by issuing invoices in a language other than Arabic. The recording of tax invoices that are inconsistent with the value-added tax laws in force in the Kingdom may be considered by the Zakat, Tax and Customs Authority to be an inaccurate disclosure of the input tax. Issuing invoices that violate value-added tax laws may cause the Company to incur financial penalties totalling SAR 0.1 million in the Financial Year ended December 31, 2020G and the financial period ended September 30, 2021G.

As of September 30, 2021G, the Company disclosed commercial transactions amounting to SAR 1.2 million in tax returns as being subject to a value-added tax rate of 5% instead of 15%, which may cause the Company to incur a penalty of SAR 0.2. The Company has also issued credit notes that are not compliant with the applicable value-added tax laws in the Kingdom for various reasons, which may cause the Company to incur penalties of SAR 0.6. It is worth noting that the Company issued an invoice in violation of the value-added tax laws in force in the Kingdom, which may result in a penalty against the Company.

The Company sets aside a provision for Zakat in accordance with the regulations and instructions of the Zakat, Tax and Customs Authority. The Zakat provision amounted to SAR 19.2 million, SAR 11.6 million, SAR 8.7 million and SAR 5.6 million for the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The Zakat provision for Abdullah Al Othaim Entertainment Co. amounted to SAR 3.2 million, SAR 2.2 million, SAR 1.2 million and SAR 2.6 million in the Financial Years ended December 31, 2018G, 2019G and 2020G and the financial period ended September 30, 2021G, respectively. The Zakat provision for Abdullah Al Othaim Fashion Co. amounted to SAR 0.4 million, SAR 0.3 million and SAR 0.5 million in the Financial Years ended December 31, 2018G and 2019G and the financial period ended September 30, 2021G, respectively. Abdullah Al Othaim Fashion Co. did not allocate a provision for Zakat in 2020G. The Zakat provision for Abdullah Al Othaim Food Co. amounted to SAR 32,677, SAR 32,677 and SAR 0.1 million in the Financial Years ended December 31, 2018G, 2019G and 2020G, respectively. Abdullah Al Othaim Food Co. did not allocate a provision for Zakat in the financial period ended September 30, 2021G. The Company and its Material Subsidiaries did not allocate any other provisions or a provision for each violation, penalty or assessment that the Company and its subsidiaries may receive separately. Accordingly, if the Zakat provision is not sufficient to meet any additional Zakat obligations that the Zakat, Tax and Customs Authority may impose, this will have an adverse material impact on the Company's business, results of operations, financial position and future prospects.

12.13 Description of Shareholder Rights

12.13.1 Voting Rights

Each Subscriber shall have a vote for every share he represents in the constituent assembly. Votes in the ordinary and Extraordinary General Assemblies are counted on the basis of one vote for each share and cumulative voting shall be used in the election of the Board of Directors.

12.13.2 Rights to Dividends

The Shareholder shall be entitled to his dividends in accordance with the General Assembly resolution issued in this regard. Such resolution shall indicate the maturity and distribution date. Shareholders registered in the Shareholder Register shall be entitled to profits at the end of the maturity date in accordance with the instructions issued by the competent authorities.

12.13.3 Redemption or Repurchase Rights

1. The Company may purchase and mortgage its Shares in accordance with the controls set by the competent authority. The shares purchased by the Company shall not have votes at the Shareholders' General Assembly Meetings.
2. The mortgagee creditor shall have the right to receive profits and use rights related to shares, unless otherwise agreed upon under the mortgage agreement. However, the mortgagee creditor may not attend or vote in the Shareholders' General Assembly meetings.

12.13.4 Rights to Surplus Assets upon Liquidation or Dissolution

Pursuant to the provisions of Article 163 of the Companies Law, unless the company's Bylaws stipulate otherwise, Shares entail equal rights in net profits and in liquidation surplus.

12.13.5 Necessary Approvals to Amend Voting Rights

The Company's Bylaws shall be amended to amend the voting rights and mechanism in the General Assemblies. The Extraordinary General Assembly is concerned with amending the Company's Bylaws, except for matters that it may not, under the law, amend in accordance with provisions of Article (30) of the Company's Bylaws. Resolutions of the Extraordinary General Assembly shall be issued by a two-thirds majority of the shares represented in the meeting, unless the resolution is related to increasing or decreasing the capital, an extension of the Company's term, or the Company's dissolution before the expiry of the term specified in its statutes or its merger with another company. Such resolutions shall be invalid unless issued by a majority of three-quarters of the shares represented at the meeting.

The Extraordinary General Assembly meeting shall not be valid unless it is attended by Shareholders representing at least half of the capital. If such quorum is not met, another meeting shall be called under the same conditions stipulated in the abovementioned invitation for General Assemblies. In all cases, the second meeting shall be deemed valid if attended by Shareholders representing at least a quarter of the capital. If the quorum for the second meeting is not met, a third meeting shall be called under the same conditions set out in the invitation to the abovementioned General Assemblies. The third meeting shall be valid irrespective of the number of shares represented therein after obtaining the approval of the competent authority.

Shareholders' rights related to obtaining a share of the profits to be distributed, the right to obtain a share of the Company's surplus assets upon liquidation, the right to attend general assemblies, participate in its deliberations and vote on its decisions, the right to dispose of shares, the right to request access to the Company's books and documents, to monitor the work of the Company's Board of Directors, file a liability claim against members of the Board and challenge the decisions of the General Assembly for being invalid (with the conditions and restrictions contained in the Companies Law and the Articles of Association) are derived from the Companies Law and therefore cannot be changed. The Articles of Association shall be amended to change the voting mechanism and quorum in the General Assemblies. The Articles of Association may not be amended, except by a decision of the Extraordinary General Assembly.

13. Underwriting of the Offering

The Company, the Selling Shareholders and Underwriters (GIB Capital and Alinma Investment) have entered into an Offering Underwriting Agreement dated [•] (hereinafter referred to as the "**Underwriting Agreement**") under which the Underwriters agreed to underwrite all Offer Shares, amounting to thirty million (30,000,000) Shares, taking into account some of the terms and conditions included in the Underwriting Agreement and the name and address of the Underwriters are as follows:

13.1 Name and Address of the Underwriters

GIB Capital
Eastern Ring Road
Granada Business & Residential Park, Low Rise Building (B1)
P.O. Box 89589, Riyadh 11692, Kingdom of Saudi Arabia
Tel.: +966 11 834 8000
Fax: +966 11 834 8399
Website: www.gibcapital.com
Email: customercare@gibcapital.com

Alinma Investment
Al Anoud Tower 2, King Fahd Road
P.O. Box 55560 Riyadh 11544, Kingdom of Saudi Arabia
Tel.: +966 11 218 5555
Fax: +966 11 218 5970
Website: www.alinmainvestment.com
E-mail: info@alinmainvest.com

13.2 Summary of the Underwriting Agreement

Pursuant to the terms and conditions of the Underwriting Agreement:

a. The Selling Shareholders pledge to the Underwriters to do the following on the first working day following the completion of the allocation of the Offer Shares after the end of the Offering Period:

   1. To sell and allocate the Offer Shares to Retail Subscribers or Participating Entities whose subscription applications have been accepted by the Receiving Entities.
   2. To sell and allocate the Offer Shares that were not purchased by Retail Subscribers or Participating Entities in the Offering to the Underwriters.

b. The Underwriters shall pledge to the Selling Shareholders to purchase any Offer Shares that have not been applied for by the Retail Subscribers or the Participating Entities, as mentioned below:

Table No. (13.1): Shares to be underwritten

Underwriter	Number of Offer Shares to be underwritten	Ratio of Offer Shares to be underwritten
GIB Capital	15,000,000	50%
Alinma Investment	15,000,000	50%

The Company and the Selling Shareholders shall undertake to abide by all provisions of the Underwriting Agreement.

13.3 Underwriting Agreement Costs

Selling Shareholders shall pay to the Underwriters the underwriting fees, based on the total Offering value. In addition, the Selling Shareholders have agreed to pay the expenses and costs of the Offering, on behalf of the Company.

14. Offering Expenses

The Selling Shareholders shall bear all expenses and costs related to the Offering, amounting to approximately forty million (40,000,000) Saudi Riyals and these expenses include the fees of the Financial Advisor, Underwriters, Lead Manager, Institutional Bookrunner and Underwriters, Legal Advisor, and the Legal Advisor of the Underwriter, Auditors, the Market Consultant, and the Financial Due Diligence Advisor, in addition to the fees of the Receiving Entities and marketing, printing, distribution and other related expenses. The Offering expenses shall be deducted from the Offering Proceeds. The Company shall not bear the expenses related to the Offering.

15. Post-Listing Obligations

The Company, after Listing, shall commit to:

- Fill out Form No. 8 related to compliance with the Corporate Governance Regulations. In the event that the Company fails to comply with any of the requirements of the Corporate Governance Regulations, then it shall explain the reasons.
- Notify the CMA of the date of the first General Assembly after acceptance of the Listing, so that any representative can attend.
- Present businesses and contracts in which any of the Directors has a direct or indirect interest to the General Assembly for authorization (in accordance with the Companies Law and the Corporate Governance Regulations), provided that the interested Director shall be prevented from participating in voting on the resolution issued in this regard in the Board of Directors and the General Assembly.
- Comply with all mandatory articles of the Corporate Governance Regulations immediately after Listing.
- Comply with the provisions of the Listing Rules in relation to the Company's continuing obligations immediately after Listing.
- Call for a General Assembly to update the Company's Bylaws immediately after the Listing.

Accordingly, the Directors, after accepting the Listing, shall undertake to:

- Record all resolutions and deliberations in the form of written minutes of meetings signed by the Chairman and the Secretary.
- Disclose the details of any transactions with Related Parties, in accordance with the requirements of the Companies Law and the Corporate Governance Regulations.

16. Exemptions

The Company failed to submit a request to the CMA to be exempted from any of the statutory requirements.

17. Subscription Terms and Conditions

An application for the registration and Offering of securities was submitted to the CMA and a request was submitted to list the Shares to the Exchange, in accordance with each of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules. All Subscribers shall read the terms and conditions of the subscription carefully before completing the Subscription Application Form, whereby signing the subscription application and submitting it to any of the Receiving Entities constitutes an acknowledgment of acceptance and approval of the mentioned subscription terms and conditions.

17.1 Underwriting the Offer Shares

The Offering process consists of thirty million (30,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, at an Offer Price of [•] ([•]) Saudi Riyals, which includes a nominal value of ten Saudi Riyals (SAR 10), paid in full. The Offer Shares represent 30% of the Company's capital. The total value of the Offering is [•] ([•]) Saudi Riyals. Note that the Offering to Retail Subscribers and subsequent Listing of the Company's Shares is subject to the successful subscription by the Participating Entities of all Offer Shares. The Offering shall be cancelled if it is not underwritten during this period. The CMA may suspend the Offering after approval of this Prospectus and before the Shares are registered and accepted for Listing in the Exchange, in the event of a material change that would adversely and materially affect the Company's operations.

The Offering shall be restricted to the following two groups of Investors:

Tranche A - Participating Entities:

This tranche includes the entities that are entitled to participate in building the book in accordance with the book-building instructions (for further information, please see section 1 "**Definitions and Terms**" of this Prospectus). The number of the Offer Shares that will initially be allocated to the Participating Entities shall be thirty million (30,000,000) Offer Shares, representing 100% of the total Offer Shares, noting that in the event of a sufficient demand by Retail Subscribers, the Lead Manager shall have the right to reduce the number of Offer Shares that had been initially allocated to the Participating Entities to twenty-seven million (27,000,000) shares, representing 90% of the total Offer Shares. The number and percentage of the Offer Shares that will be allocated to the participating classes will be determined according to what the Financial Advisor deems appropriate in coordination with the Company and the Selling Shareholders.

Tranche B - Retail Subscribers:

This tranche includes Saudi natural persons, including any divorced or widowed Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her minor children, and GCC natural persons. The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. The subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. A maximum of three million (3,000,000) ordinary shares, representing 10% of the total Offer Shares, shall be allocated to Retail Subscribers. In the event that Retail Subscribers do not subscribe in full to the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Retail Subscribers in proportion to the number of Offer Shares subscribed for by them.

17.2 Book-Building for the Participating Entities

a. The price range shall be determined upon book-building and made available to all Participating Entities by the Company's Financial Advisor.

b. Each of the Participating Entities shall submit bids applications to participate in the book-building process, by filling out the Bid Form and the Participating Entities may change or cancel their bids at any time during the book-building period, provided that the change of such bids shall be by submitting a modified Bid Form or appended Bid Form (where applicable), before the process of determining the Offering Price, which shall take place before the start of the Offering Period. The number of shares in which each of the Participating Entities subscribes shall be no less than one hundred thousand (100,000) shares, and no more than four million, nine hundred ninety-nine thousand, nine hundred ninety-nine (4,999,999) shares, with respect to public funds only, provided the maximum limit is not exceeded for each participating public fund, as determined in accordance with the Book-Building Instructions. The required number of shares shall be allocatable. The Lead Manager shall notify the Participating Entities of the Offer Price and the number of the Offer Shares initially allocated to them. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Retail Subscribers, in accordance with the terms and conditions mentioned in detail in the subscription application Forms.

c. After completing the book-building process for the Participating Entities, the Lead Manager shall announce the underwriting ratios by the Participating Entities.

d. The Lead Manager and the Company will have the power to determine the Offering Price according to supply and demand, provided that it shall not exceed the price specified in the Underwriting Agreement and that the subscription price shall be in accordance with the applicable price change units applied by Tadawul.

17.3 Subscription by Retail Subscribers

Each of the Retail Subscribers shall complete the Subscription Application Form for individuals and subscribe to a number of shares that is a multiple of ten (not less than (10) shares and not more than two hundred fifty thousand (250,000) ordinary shares. It is not allowed to change or withdraw the subscription application after it has been submitted.

Subscription application forms shall be available during the Offering Period at some Receiving Entities branches. Subscription Application Forms shall be completed in accordance with the instructions below. Retail Subscribers who have recently participated in one of the recent subscriptions can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Entities that provide any or all of these services to clients, provided that the following requirements are satisfied:

a. A Retail Subscriber shall have a bank account with the Receiving Entities which provide such services.

b. There shall have been no changes in the information of the Retail Subscriber since he/she last participated in a recent Offering.

The signature of the subscription application by the Retail Subscriber and its submission to the Receiving Entities constitutes a binding agreement between the Selling Shareholders and the Retail Subscriber submitting the application.

Retail Subscribers can obtain copy of this Prospectus and the subscription forms from the branches of the following Receiving Entities (the Prospectus is also available on the website of the CMA, the Financial Advisor and the Company):

Receiving Entities
Saudi National Bank Saudi National Bank Tower – King Abdullah Financial District King Fahad Road P.O. Box 3208, Unit No. 778 Riyadh 6676-13519 Kingdom of Saudi Arabia Tel.: +966 92000 1000 Fax: +966 12 646 4466 Website: www.alahli.com Email: contactus@alahli.com
Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel.: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com
Saudi British Bank (SABB) Prince Abdulaziz Bin Musaed Bin Jelwai St., Al-Muraba District P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 11 440 8440 Fax: +966 11 276 3414 Website: www.sabb.com Email: sabb@sabb.com

Receiving Entities
Banqe Saudi Fransi King Saud Road – Al-Ma'athar P.O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 11 289 9999 Website: www.alfransi.com.sa Email: Communications@AlFransi.com.sa
Alinma Bank Alinma Bank Al-Anoud Tower, King Fahd Road P.O. Box 66674 Riyadh 11586 Kingdom of Saudi Arabia Tel: +966 11 218 8524 Fax: +966 11 218 5000 Website: www.alinma.com Email: IPO_receiving@alinma.com
Meem – Gulf International Bank – Kingdom of Saudi Arabia Low Rise Building, Building 1, Granada Business & Residential Park Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel.: +966 11 511 2200 Fax: +966 11 511 2201 Website: www.meem.com Email: sa@meem.com

The Receiving Entities shall start receiving subscription applications in some of their branches throughout the Kingdom, from Wednesday, 09/11/1443H (corresponding to 08/06/2022G) to Thursday, 10/11/1443H (corresponding to 09/06/2022G), ending at 5 p.m. Kingdom time. Upon signing and delivering the subscription application, the Receiving Entity shall stamp and submit copy of the completed subscription application to the Retail Subscriber. In the event that the information provided in the subscription application is incomplete or incorrect, or if it is not stamped by the Receiving Entity, the subscription application shall be deemed null and void and then, the Retail Subscriber may not claim any compensation for any damage as a result of this nullity.

The Retail Subscriber shall specify the number of shares for which he applies for subscription in the Subscription Application Form, so that the total subscription amount shall be the result of multiplying the number of Offer Shares to be subscribed for by the Offer Price of [•] Saudi Riyals ([•]) per share.

Subscription shall not be accepted for a Retail Subscriber with less than ten (10) shares or fractions of shares. Any subscription to the shares more than that shall be in multiples of this number, while the maximum subscription shall be two hundred fifty thousand (250,000) shares of the Offer Shares.

The subscription application shall be submitted during the Offering Period, with the following documents, as applicable (and the Receiving Entities shall match the copies with the originals and then return the originals to the Retail Subscriber):

a. Original and copy of the national identity card and the identity of the resident (for Retail Subscribers and foreign residents).
b. Original and copy of the national identity card (for Retail Gulf Subscribers).
c. Original and copy of the family record (when the subscription is on behalf of family members).
d. Original and copy of the legal power of attorney (when the subscription is on behalf of third parties).
e. Original and copy of the legal guardianship deed (when the subscription is on behalf of orphans).
f. Original and copy of the divorce certificate (when the subscription is on behalf of the children of a Saudi divorcee).
g. Original and copy of the death certificate (when the subscription is on behalf of the children of a Saudi widow).
h. Original and copy of the birth certificate (when the subscription is on behalf of the children of a Saudi divorcee or widow).

In the event of submitting a Subscription Application Form on behalf of an Retail Subscriber (applicable to parents and children only), the attorney shall write his name and attach the original and copy of a valid power of attorney. The power of attorney shall be issued by a notary public for Retail Subscribers residing within the Kingdom., while with respect to Retail Subscribers residing outside the Kingdom, the power of attorney shall be attested through the Saudi Embassy or Consulate in the respective country. The responsible officer in the Receiving Entity shall match the copies with the original and return the originals to the Subscriber.

It is sufficient to fill out one subscription application for each main Retail Subscriber, subscribing for himself and his family members registered in the family card, if the family members shall subscribe to the same number of shares for which the main Subscriber applies, which results in the following:

a. All shares allocated to the main Retail Subscriber and affiliated Subscribers shall be recorded in the name of the main Retail Subscriber.

b. The amounts in excess of the unallocated shares shall be returned to the main Retail Subscriber, which were paid by him or on behalf of affiliated Subscribers.

c. The main Retail Subscriber shall receive the full dividends distributed to the shares allocated to the main Retail Subscriber and to affiliated Subscribers (in the event that the shares are not sold or transferred).

A separate subscription application shall be used if:

a. The Subscriber wishes to register the Offer Shares that are allocated in a name other than the name of the main Retail Subscriber.

b. The amount of shares that the main Retail Subscriber wishes to subscribe to is different from that of the affiliated Retail Subscribers.

c. If the wife wishes to subscribe in her name and register the allocated Offer Shares to her account (she shall fill out a Subscription Application Form separate from the one that was completed by the main Retail Subscriber) and in this case any Subscription Application Form submitted by her husband on her behalf shall be cancelled. The Receiving Entity shall deal with the separate subscription application submitted by such wife.

A Saudi divorcee or widow who has minor children from a non-Saudi husband shall have the right to subscribe in their names for her interest, provided that a proof of her maternity to them shall be submitted. The subscription of a person who subscribes in the name of his divorced wife is null and shall be subject to the penalties set forth in the law.

During the Offering Period, only valid residence permits shall be accepted, which identify non-Saudi dependents and passports or birth certificates shall not be accepted. Non-Saudi dependents may be included as dependents only with their mothers and they cannot subscribe as main Subscribers. The maximum age of non-Saudi dependents included with their mothers is 18 years. Any documents issued by any foreign government shall be certified by the Embassy or Consulate of the Kingdom in the respective country .

Each Retail Subscriber shall agree to subscribe to the shares specified in the Subscription Application Form submitted by him in purchasing them, against an amount equals the requested number of Offer Shares multiplied by the Offer Price, amounting to [•] Saudi Riyals ([•]) per share. Each Retail Subscriber shall be considered as has possessed the number of Offer Shares allocated to him, upon meeting the following requirements:

a. Submitting the Subscription Application Form to any of the Receiving Entities by the Retail Subscriber.

b. Payment, by the Retail Subscriber, of the full value of the shares he requested to subscribe to, to the Receiving Entities

c. Submitting the allocation letter from the Receiving Entity to the Retail Subscriber, through which the number of shares allocated to him is determined.

The total value of the Offer Shares shall be paid in full to the Receiving Parties by deducting from the Retail Subscriber account with the Receiving Entities in which the subscription application is submitted.

If any Subscription Application Form does not comply with the terms and conditions of the subscription, the Company shall have the right to reject this application, wholly or partially, and the Retail Subscriber shall acknowledge his consent to any number of shares allocated to him, unless the number of shares allocated to him exceeds the number of shares to which he is subscribed.

17.4 Allocations and Refunds

The Lead Manager will open and operate an escrow account for the purpose of depositing and keeping subscription monies collected from Participating Entities and Receiving Entities (on behalf of Individual Investors). Subscription monies will be transferred to the Selling Shareholders only after Listing, and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, and each Receiving Entity shall deposit the amounts it has collected from Retail Subscribers into the said secretariat account.

The Lead Manager or Receiving Entities shall (as appropriate) notify the Subscribers of the final number of their Offer Shares with the recoverable amounts. The underwriting excess (if any) shall be refunded to the Subscribers, without any commissions or deductions and shall be deposited into the Subscriber's account specified in the Subscription Application Form. The final allocation and excess refund process shall be declared no later than on Wednesday, 23/11/1443H (corresponding to 22/06/2022G) (for more details, kindly refer to section "**Key Dates and Subscription Procedures**" on page (xiii) of this Prospectus). The Subscriber shall contact the Lead Manager or the branch of the Receiving Entity to which his Subscription Application Form was submitted (as applicable) in case of wishing to obtain more details.

17.4.1 Allocation of Offer Shares to Participating Entities

The allocation of shares offered to the Participating Entities shall be determined by the Financial Advisor, since the shares can be allocated as he deems fit, in coordination with the Company, using the optional share allocation mechanism, after completion of the allocation of the Offer Shares to Retail Subscribers, provided that the number of Offer Shares allocated to the Participating Entities, shall in principle be not less than thirty million (30,000,000) ordinary shares, representing 100% of the Offer Shares. The final allocation for the Participating Entities shall not be less than twenty-seven million (27,000,000) ordinary shares, representing 90% of the Offer Shares.

17.4.2 Allocation of Offer Shares to Retail Subscribers

A maximum of three million (3,000,000) ordinary shares, representing 10% of the total Offer Shares, shall be allocated to Retail Subscribers. Note that the minimum allocation per Retail Subscriber is ten (10) shares and the maximum allocation per Retail Subscriber is two hundred fifty thousand (250,000) shares, with the remaining Offer Shares, if any, being allocated on a pro-rata basis based on the number of Offer Shares applied for by each Subscriber out of the total number of shares applied for. The Company does not guarantee the minimum allocation if the number of Retail Subscribers exceeds three hundred thousand (300,000). In this case, the allocation shall be made in accordance with the instructions of the Company and Financial Advisor. Excess subscription amounts (if any) will be refunded to Retail Subscribers without any charge or withholding by the related Receiving Entities.

17.5 Cases Where Listing may be Suspended or Canceled

17.5.1 Validity for Suspending or Cancelling the Listing

a. The CMA may suspend the trading of shares or cancel their Listing at any time it deems it fit in any of the following cases:

   1. If it deems it necessary to protect Investors or maintain an orderly market.
   2. If the Company commits a failure deemed by the CMA to be material to comply with the Capital Market Law, its executive regulations, or Market Rules.
   3. If the Company fails to pay any financial consideration due to the CMA or the Exchange ,or any penalties accrued to the CMA on time.
   4. If it deems that the Company, its business, the level of its operations, or its assets are no longer suitable for the continued Listing of shares in the financial market.
   5. Upon announcing a reverse acquisition containing insufficient information regarding the proposed transaction. If the Company announces sufficient information regarding the target entity, and the CMA is satisfied therewith, after the Company's announcement, that sufficient information shall be available to the public about the proposed reverse acquisition transaction, the CMA may take a decision not to suspend trading at this stage.
   6. When information about the proposed reverse acquisition transaction is disclosed, the Company cannot accurately assess its financial position and the Exchange cannot be notified accordingly.
   7. Upon filing a request before the court to commence procedures to reorganize the Company, if its accumulated losses amount to 50% or more of its capital pursuant to the Bankruptcy Law.
   8. Upon filing a request before the court to commence procedures for liquidation or administrative liquidation of the Company pursuant to the Bankruptcy Law.
   9. Upon issuance of a final court ruling to end the Company's financial reorganization procedures and initiate liquidation procedures or administrative liquidation procedures pursuant to the Bankruptcy Law.

b. The capital market shall suspend the trading of the Company's securities in any of the following cases:

   1. When the Company fails to comply with the deadlines set for disclosing its periodic financial information in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations until disclosure thereof.
   2. When the auditor's report in the Company's financial statements includes an opposing opinion or refrains from expressing an opinion until the opposing opinion is removed or abstention from opinion is withdrawn.

3. If the liquidity requirements specified in second and eighth Chapters of the Listing Rules have not been met after the lapse of the period set by the Company's capital market to correct its positions, unless the CMA agrees otherwise.
4. When a resolution is issued by the Company's Extraordinary General Assembly to reduce its capital for the two trading days following the issuance of the resolution.

17.5.2 Voluntary Cancellation of Listing

a. The Company may not cancel the Listing of its securities in the financial market after Listing them, without prior approval from the CMA. In order to obtain the CMA's approval, the Company shall submit a cancellation request to the CMA with simultaneous notice to the Capital Market and the request shall include the following information:
   1. Specific reasons for the request cancellation.
   2. Copy of the disclosure referred to in paragraph (d) below.
   3. Copy of the relevant documents and a copy of each document sent to the Shareholders, if the Listing cancellation is the result of an acquisition or any other procedure taken by the Company.
   4. Names and contact information of the Financial Advisor and Legal Advisor appointed in accordance with the Rules on the Offer of Securities and Continuing Obligations.
b. The CMA may, at its discretion, accept or reject the cancellation request.
c. The Company shall obtain the approval of the Extraordinary General Assembly to cancel the Listing after obtaining the approval of the CMA.
d. When the Listing is cancelled at the Company's request, the Company shall disclose it to the public as soon as possible. The disclosure shall include at least the cancellation reason and the nature of the event that led to it and the extent of its impact on the activities of the issuer.

17.5.3 Temporary Suspension of Trading

a. The Company may request the Exchange to temporarily suspend the trading of its securities when an event takes place during the trading period, that shall be disclosed without delay, under the Capital Market Law, its executive regulations or market rules and the Company cannot secure the confidentiality thereof until the end of the trading period. The Exchange shall suspend the trading of the Company's securities immediately upon receipt of the request.
b. When trading is temporarily suspended upon the Company's request, the Company shall disclose to the public, as soon as possible, the reason for the suspension, its expected duration, the nature of the event that led to it and the extent of its impact on the Company's activities.
c. The CMA may suspend trading temporarily without a request from the Company when it has information or there are circumstances that may affect the Company's activities and considers that these circumstances may affect the activity of the Exchange or prejudice the protection of Investors. The Company, when its securities are subject to a temporary suspension of trading, must continue to abide by the Capital Market Law, Executive Regulations thereof and the market rules.
d. The temporary suspension of trading shall be released upon expiry of the period specified in the disclosure referred to in paragraph (b) above, unless the CMA or the Exchange deems otherwise.

17.5.4 Release of Suspension

The release of trading suspension imposed in accordance with paragraph a of Section 17.5.1 "**Validity for Suspending or Cancelling the Listing**" of this Prospectus, shall be subject to the following considerations:

a. Adequately address the situations that led to the suspension, and there is no need for the continuation of the suspension to protect Investors.
b. Releasing the suspension shall not likely affect the normal activity of the financial market.
c. The Company's commitment to any other conditions set by the CMA.
d. In the event that the suspension is due to the issuer's accumulated losses reaching 50% or more of its capital before the court pursuant to the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling commencing financial reorganization procedures for the issuer in accordance with the law issued by the competent authority regulating the issuer's activities.
e. In the event that the suspension was due to procedures for the liquidation or administrative liquidation of the issuer before the court under the Bankruptcy Law, the suspension shall be lifted upon issuance of the final court ruling rejecting the commencement of liquidation or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.
f. A final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

If the suspension of trading in securities continues for a period of six (6) months, without taking appropriate measures by the Company to rectify such suspension, the CMA may cancel the Listing of the Company's securities.

17.6 Approvals and Resolutions under which the Shares Shall be Offered

The resolutions and approvals under which the Shares shall be offered are as follows:

a. The resolution issued by the Company's Board of Directors to offer the Shares for public subscription on 04/11/1441H (corresponding to 12/08/2019G).

b. The approval of the Offering issued by the General Assembly on 04/18/1441H (corresponding to 12/15/2019G).

c. The CMA's announcement regarding the approval of the Offering, issued on 13/08/1443H (corresponding to 16/03/2022G).

d. The Exchange's conditional approval of the Listing issued on 29/01/1442H (corresponding to 09/08/2020G).

17.7 Lock-up Period

The Substantial Shareholders mentioned on page (ix) of this Prospectus are prohibited from disposing of their shares for a period of six (6) months from the date of commencement of trading the Company's Shares in the financial market. They may dispose of their shares after the end of this period, without obtaining the CMA's prior approval.

17.8 Underwriting Commitments

By filling in and submitting the Subscription Application Form, the Subscriber:

a. Agrees to subscribe to the number of shares mentioned in the subscription application submitted by him.

b. Acknowledges that he has read and examined this Prospectus and all contents thereof carefully and understood its content.

c. Agrees to the Company's Bylaws and all instructions and terms of the Offering and the conditions included in this Prospectus and the Subscription Application Form and subscribes to the shares accordingly.

d. Declares that neither he nor any of his family members included in the subscription application has previously submitted request to subscribe to the Company's Shares and that the Company has the right to reject any or all of his requests in case of repeating the subscription application.

e. Accepts the number of Offer Shares allocated to him (within not more than the limits of the subscription amount) under the subscription application.

f. Undertakes not to cancel or amend the bid after submitting it to the Lead Manager or the Receiving Entity.

For further information about the allocation and excess refund process, please see Section 17.4 "**Allocations and Refunds**" of this Prospectus. For further information about the financial market, please see section 17.10 "**Saudi Exchange**" of this Prospectus.

17.9 Share Register and Transaction Arrangements

Tadawul maintains shareholders record containing their names, nationalities, residence addresses, occupations, shares held by them and the amounts paid out of these shares.

17.10 Saudi Exchange (Tadawul)

The trading of shares in the Kingdom began completely electronically in 1990G and Tadawul system was established in 2001G as an alternative to the Securities Information System. Shares shall be dealt with via "Tadawul" system, through an integrated mechanism that covers the entire trading process, starting from the execution of the transaction and ending with settlement thereof. Trading takes place each Business Day of the week, on one period from 10 a.m. to 3 p.m., from Sunday to Thursday, during which orders are executed. Outside these times, orders are allowed to be entered, modified and cancelled from 9:30 a.m. until 10 a.m. Trading times may be changed in Ramadan as announced by Tadawul. Transactions are made through an automated order matching process. Each valid order created according to the price level, and in general, market orders (orders placed at the best price) shall be executed first, followed by price-limited orders (orders placed at a specific price), taking into account that if several orders are entered at the same price, they shall be executed in order, based on the time of the entry. Tadawul system shall distribute a comprehensive range of information through various channels, most notably "Tadawul" website and the electronic link to "Tadawul" information, which provides capital market data immediately to information supply agencies such as Reuters. Transactions are settled based on the time period (T+2), i.e., the transfer of shares takes place two working days after the execution of the transaction.

Listed companies shall be obliged to disclose all important resolutions and information to Investors through Tadawul, and Tadawul shall be responsible for monitoring the Exchange in its capacity as an operator of the mechanism through which the Exchange operates, in order to ensure fair trading and smooth shares trading operations.

17.11 Trading of Company Shares

It is expected that the Company's Shares shall be traded after the final allocation of such Shares and announcement by Tadawul of the Company's Shares trading date. Following the start of trading on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in Saudi Arabia, Saudi and Gulf companies, banks and mutual funds as well as GCC nationals will be permitted to trade the Offer Shares. Qualified Foreign Investors will be permitted to trade the shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom are also entitled to acquire economic benefits in the shares by entering into Swap Agreements with a person authorized by the CMA, and to acquire and trade shares on the Exchange on behalf of a Foreign Investor Note that under such Swap Agreements, the Authorized Persons shall be considered as the registered legal owner of such shares.

It is not possible to trade in the Offer Shares except after approving the allocation of shares in the accounts of the Subscribers in Tadawul and after registering the Company and Listing its Shares in the Exchange. Trading in the Company's Shares is strictly prohibited before official trading and the Subscribers who deal in such activities shall be fully responsible for them and neither the Company nor the Selling Shareholders assume any legal liability in this regard.

17.12 Miscellaneous Provisions

The subscription application and all relevant terms, conditions and undertakings shall be binding and for the benefit of the subscription parties, their successors, assigns, executors of wills, estate administrators and heirs. The subscription application or any rights, interests or obligations arising therefrom may not be assigned or delegated by the parties to the subscription without the prior written approval of the other party.

These instructions and terms and any receipt of Subscription Application Forms or contracts resulting from them shall be subject to the laws of the Kingdom and shall be construed and executed in accordance with them.

This Prospectus was issued both in Arabic and English and the Arabic version shall be the only one approved by the CMA. In the event of any contradiction between the Arabic and English texts, the Arabic shall be adopted and applied.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for subscribing foreign institutions, taking into account the relevant rules and instructions. All recipients of this Prospectus must inform themselves of regulatory restrictions on the Offering and the sale of the Offer Shares and observe all such restrictions.

18. Documents Available for Inspection

The following documents shall be available for inspection at the Company's headquarters at King Fahd Road, between 9:00 am and 5:00 pm, from Tuesday 09/10/1443H (corresponding to 10/05/2022G) to Thursday 10/11/1443H (corresponding to 09/06/2022G), provided that such period shall not be less than twenty (20) days before expiry of the Offering Period.

a. Declaration of the CMA's approval of the Offering.

b. The approval of the Offering issued by the General Assembly on 04/18/1441H (corresponding to 12/15/2019G).

c. The Company's Bylaws as amended

d. The Company's Articles of Association and the amendments thereto

e. Certificate of the Company's commercial register issued by the Ministry of Commerce.

f. Audited consolidated financial statements of the Company for the fiscal years ended December 31, 2018G, 2019G, 2020G and 2021G and the reviewed financial statements of the Company for the financial period ended September 30, 2021G and the financial period ended March 31, 2022G.

g. Market report prepared by the Market Consultant.

h. All reports, letters and other documents, along with the value estimations and statements prepared by any expert and ensures any part thereof or reference thereto in this Prospectus.

i. Contracts and agreements disclosed in section 12.6 "**Material Contracts with Related Parties**" of this Prospectus.

j. Acceptance letters from:

   1. The Financial Advisor, Lead Manager, Institutional Bookrunner and Principal Underwriter (GIB Capital) to cite their names and logos in this Prospectus.
   2. The Auditors Baker Tilly MKM & Co. Certified Public Accountants for the inclusion in this Prospectus of its name, logo and audit report on the audited consolidated financial statements for the FY ended December 31, 2018G.
   3. The Auditors Ernst & Young & Co. Certified Public Accountants for the inclusion in this Prospectus of its name, logo and audit report on the audited consolidated financial statements for the FY ended December 31, 2019G.
   4. The Auditors Dr. Mohamed Al-Amri & Co. for the inclusion in this Prospectus of its name, logo and audit report on the audited consolidated financial statements for the FY ended December 31, 2020G and the reviewed financial statements for the financial period ended September 30, 2021G.
   5. Financial Due Diligence Advisor (KPMG Advisory Professionals) to include their name, logo and statements, if any, in this Prospectus.
   6. Market Consultant (Euromonitor International PLC.) to include their name, logo and statements in this Prospectus.
   7. Legal Advisor (Law Office of Salman M. Al-Sudairi) to include his name, logo and statements in this Prospectus.
   8. Participating Underwriter (Alinma Investment) to include his name and logo in this Prospectus.

k. Underwriting Agreement

19. The Auditor's Report

This Section contains:

a. The audited consolidated financial statements for the Financial Year ended December 31, 2018G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

b. The audited consolidated financial statements prepared for the Financial Year ended December 31, 2019G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

c. The audited consolidated financial statements prepared for the Financial Year ended December 31, 2020G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

d. The audited consolidated financial statements prepared for the Financial Year ended December 31, 2021G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

e. The reviewed consolidated financial statements prepared for the financial period ended September 30, 2021G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

f. The reviewed consolidated financial statements prepared for the financial period ended March 31, 2022G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

Abdullah Al Othaim for Investment Company

(A Closed Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021G

AND INDEPENDENT AUDITOR'S REVIEW REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of Abullah Al Othaim for Investment Company

(A Closed Joint Stock Company)

Riyadh –Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of **Abullah Al Othaim for Investment Company** – (A Closed Joint Stock company) ("the Company") and its subsidiaries (together "the Group"), as of 30 September 2021, and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month periods then ended., and notes to the interim financial information, including a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (2410), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2021, and of its consolidated financial performance and its cash flows for the nine month period then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh on: 19 Jumada 'I 1443 (H)
Corresponding to: 23 December 2021 (G)

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021G
(All amounts are presented in Saudi Riyals)

	Notes	Balance As at	
		30 September 2021G	31 December 2020G
		(UNAUDITED)	(AUDITED)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	395,481,610	427,692,296
Investment properties	7	2,922,693,733	2,320,238,057
Intangible assets	8	2,588,671	3,030,952
Right of use assets	9	327,764,154	379,372,147
Investments in associate	12	2,671,485	1,419,676
Advances to contractors	11	44,920,752	74,138,765
TOTAL NON-CURRENT ASSETS		3,696,120,405	3,205,891,893
CURRENT ASSETS			
Inventories	13	52,903,820	51,392,704
Lease receivables	14	156,655,577	186,708,209
Prepayments and other current assets	10	34,998,794	31,217,443
Amounts due from related parties	16	39,673,463	38,996,341
Cash and cash equivalents	17	80,923,477	103,274,241
TOTAL CURRENT ASSETS		365,155,131	411,588,938
TOTAL ASSETS		4,061,275,536	3,617,480,831
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	22	1,000,000,000	1,000,000,000
Statutory reserve	23	133,896,940	133,896,940
Retained earnings		659,724,481	485,659,124
Foreign currency translation difference		(1,082,744)	(1,066,526)
TOTAL SHAREHOLDERS' EQUITY		1,792,538,677	1,618,489,538
Non-controlling interest		-	-
TOTAL EQUITY		1,792,538,677	1,618,489,538

The attached notes form (1) to (36) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 September 2021G
(All amounts are presented in Saudi Riyals)

	Notes	Balance As at	
		30 September 2021G	31 December 2020G
		(UNAUDITED)	(AUDITED)
NON-CURRENT LIABILITIES			
Loans	18	1,449,699,278	1,153,804,350
Lease liability	15	288,183,554	349,374,249
Deferred tax	21	2,015,332	2,013,004
Employees' end-of service benefits	19	21,353,849	22,526,090
TOTAL NON-CURRENT LIABILITIES		1,761,252,013	1,527,717,693
CURRENT LIABILITIES			
Current portion of Financial facilities	18	240,853,986	212,862,320
Trade payables		44,694,246	58,745,749
Contract liabilities		6,021,759	7,964,047
Accruals and other current liabilities	20	128,359,578	93,772,348
Current portion of lease liability	15	68,001,384	73,881,666
Amounts due to related parties	16	13,930,943	15,393,000
Provision for zakat	21	5,622,950	8,654,470
TOTAL CURRENT LIABILITIES		507,484,846	471,273,600
TOTAL LIABILITIES		2,268,736,859	1,998,991,293
TOTAL EQUITY AND LIABILITIES		4,061,275,536	3,617,480,831

The attached notes form (1) to (36) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (UNAUDITED)
For the nine month ended 30 September 2021G
(All amounts are presented in Saudi Riyals)

	Notes	For the nine-month period ended 30 September	
		2021G	2020G
Revenues	24	608,738,922	485,240,794
Cost of revenues	25	(322,126,132)	(270,342,563)
GROSS PROFIT		286,612,790	214,898,231
Selling and distribution expenses	26	(52,722,295)	(53,539,019)
General and administrative expenses	27	(43,349,051)	(37,487,016)
Other income / (Expenses)	29	13,635,320	(2,883,634)
OPERATING PROFIT		204,176,764	120,988,562
Finance cost	28	(29,894,299)	(50,747,726)
Share of profit in associates		1,251,809	-
PROFIT BEFORE ZAKAT AND TAX		175,534,274	70,240,836
Zakat and Tax	21	(2,480,315)	1,571,555
PROFIT FOR THE PERIOD		173,053,959	71,812,391
OTHER COMPREHENSIVE INCOME:			
Items that will be reclassified subsequent to profit or loss:			
Exchange differences on translation of foreign operations		(16,218)	33,768
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period			
Actuarial gain on re-measurement of end of service benefits		1,011,398	-
TOTAL OTHER COMPREHENSIVE INCOME		995,180	33,768
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		174,049,139	71,846,159
Earnings per share			
Basic and diluted earnings per share from the net income attributable to the shareholders of the Company	34	1,73	0,71

The attached notes form (1) to (36) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month ended 30 September 2021G
(All amounts are presented in Saudi Riyals)

	Attributable to equity holders of the Parent					
	Share Capital	Statutory reserve	Retained earnings	Foreign currency translation difference	Revaluation reserve for Fair Value through Other Comprehensive Income	Total
	SR	SR	SR	SR	SR	SR
For the period ended 30 September 2021G						
Balance as at 1 January 2021G (Audited)	1,000,000,000	133,896,940	485,659,124	(1,066,526)	-	1,618,489,538
Net profit for the period	-	-	173,053,959	-	-	173,053,959
Other comprehensive income for the period	-	-	1,011,398	(16,218)	-	995,180
Total comprehensive income	-	-	174,065,357	(16,218)	-	174,049,139
Balance as at 30 September 2021G(Unaudited)	1,000,000,000	133,896,940	659,724,481	(1,082,744)	-	1,792,538,677
For the period ended 30 September 2020G						
Balance at 1 January 2020G (Audited)	1,000,000,000	122,270,758	480,168,828	(483,446)	1,081,070	1,603,037,210
Net profit for the period	-	-	71,812,391	-	-	71,812,391
Other comprehensive loss for the period	-	-	-	33,768	-	33,768
Total comprehensive income	-	-	71,812,391	33,768	-	71,846,159
Financial assets designated at fair value through other comprehensive income disposed	-	-	-	-	(1,081,070)	(1,081,070)
Dividends (Note 32)	-	-	(100,000,000)	-	-	(100,000,000)
Balance as at 30 September 2020G (Unaudited)	1,000,000,000	122,270,758	451,981,219	(449,678)	-	1,573,802,299

The attached notes form (1) to (36) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
For the nine months ended 30 September 2021G
(All amounts are presented in Saudi Riyals)

	Notes	For the nine-month period ended 30 September	
		2021G SR	2020G SR
Operating activities			
Net profit for the period before zakat and tax		175,534,274	70,240,836
Adjustments:			
Depreciation and amortization	6,7,8	91,530,170	95,453,630
Depreciation – right of use assets	9	44,142,948	54,127,331
Provision for lease receivables	14	111,488	5,000,000
Provision for employees' defined benefit liabilities	19	3,804,360	3,371,225
Write-off for slow moving inventory	13	(1,077,203)	(962,013)
Gain from sale of investment property	29	(20,641,894)	-
Share of result of associates	12	(1,251,809)	-
Loss from sale of investment property	29	1,094,956	1,839,637
Finance cost	28	29,894,299	50,747,726
		323,141,589	279,818,372
Working capital adjustment:			
Inventories		(433,913)	11,695,413
Lease receivables		29,941,144	(41,165,374)
Prepayments and other current assets		(5,705,659)	(16,420,009)
Advance to contractors		29,217,321	(1,210,192)
Trade payable		(14,051,503)	(13,452,208)
Contract Liabilities		(1,942,288)	(20,682,312)
Accruals and other current liabilities		37,204,970	(68,893,163)
Changes in related parties balances		(2,139,179)	20,202,752
Cash from operation		395,232,482	149,893,279
Zakat and taxes paid	21	(5,514,163)	(8,171,438)
Employees' defined benefit liability paid	19	(3,965,203)	(2,634,364)
Finance costs paid		(32,512,085)	(62,924,922)
Net cash flows generated from operating activities		353,241,031	76,162,555

The attached notes form (1) to (36) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) (continued)
For the nine months ended 30 September 2021G
(All amounts are presented in Saudi Riyals)

	Notes	For the nine-month period ended 30 September	
		2021G SR	2020G SR
INVESTING ACTIVITIES			
Purchase of investment property	7	(644,586,933)	(26,904,344)
Purchase of property and equipment	6	(24,270,335)	(14,170,494)
Proceeds from disposal work in progress	6	569,995	
Proceeds from disposal of investment property	29	25,574,517	12,534,000
Proceeds from sale of property and equipment		915,299	(55,745)
Proceeds from disposal of financial assets at Fair Value through Other Comprehensive Income		-	10,644,384
Net cash flows used in investing activities		(641,797,457)	(17,952,199)
Financing activities			
Receipt of loans		325,811,594	97,894,107
Dividends paid			(100,000,000)
Payment of lease liability	15	(59,605,932)	(66,628,275)
Net cash flows generated from / (used in) financing activities		266,205,662	(68,734,168)
Net change in cash and cash equivalents		(22,350,764)	(10,523,812)
Cash and cash equivalents at the beginning of the period		103,274,241	84,574,175
Cash and cash equivalents at the end of the period	17	80,923,477	74,050,363

The attached notes form (1) to (36) as a part of these financial statements.

(All amounts are presented in Saudi Riyals)

1. INFORMATION ABOUT THE COMPANY AND ITS ACTIVITIES

1.1 Activities

Abdullah Al Othaim Investment Company (the "Company" or the "Parent Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010213454 and dated 19 Ramadan 1426H (corresponding to 22 October 2005). The registered office is located at Al Rabwah District, P.O. Box 85289, Riyadh 12821, KSA.

The Company and its subsidiaries (collectively referred to as the "Group") principal business activities include general constructions of residential and non-residential buildings, rental of investment properties, establishment and management of games and entertainment parks, wholesale retail trading in readymade garments, operate and manage restaurants and cafes.

The Company's offices address is 2351 Al Mashriqah, Ar Rawabi, Riyadh 14215, Riyadh - Kingdom of Saudi Arabia.

The company's fiscal year begins on the first of January and ends at the end of December of each year.

The interim consolidated financial statements include the assets, liabilities and result of operations of the Company and its subsidiaries (the "Group") set out below:

Subsidiary	Country of registration	2021G	2020G
		%	%
Abdullah Al Othaim for Entertainment Company (*)	Kingdom of Saudi Arabia	100%	100%
Abdullah Al Othaim Fashion Company	Kingdom of Saudi Arabia	100%	100%
Emtyiaz Al Riyadh for Trading	Kingdom of Saudi Arabia	100%	100%
Raeeda Complex Limited Company	Kingdom of Saudi Arabia	100%	100%
Nemar for Investment and Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%
Ethraa Al Hayat for Property Management	Kingdom of Saudi Arabia	100%	100%
Riyadh Al Waed for Property Management	Kingdom of Saudi Arabia	100%	100%
Elham Al mostaqbel for Property Management	Kingdom of Saudi Arabia	100%	100%
Takamul Al Aziziye for Property Management	Kingdom of Saudi Arabia	100%	100%
Othaim for Trading Malls Company	Kingdom of Saudi Arabia	100%	100%
Behar International for Investment Company	Kingdom of Saudi Arabia	100%	100%
Asasat Transportation for Operation and Maintenance Company	Kingdom of Saudi Arabia	100%	100%

(*) The following are the subsidiaries of Abdullah Al Othaim for Entertainment Company:

Subsidiary	Country of registration	2021G	2020G
		%	%
Fun World for Entertainment and Tourism	Egypt	100%	100%
Cairo For Operation and Maintenance	Egypt	100%	100%
Fun World Entertainment LLC – UAE	United Arab Emirates	100%	100%
International Leisure Company LLC	United Kingdom	100%	100%
Fun World Investments LLC – Qatar	Qatar	100%	100%
Fun World Entertainment LLC – Oman	Oman	100%	100%

1. INFORMATION ABOUT THE COMPANY AND ITS ACTIVITIES

1.2 Impact of COVID-19 (Corona Virus)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 20, 2020G, the government in the Kingdom of Saudi Arabia announced a temporary lock down as a measure to reduce the spread of the COVID–19.

Malls

As a consequence of the COVID 19 pandemic, the malls were closed from 16th March 2020G to 28th April 2020G. The company was obliged to grant rental discounts to tenants for the period of the closure of the malls and for extended periods to tenants, whose operations remained closed for longer periods due to restrictions imposed by the local authorities. Further, the closure of malls affected trade for the tenants and their ability to settle rental dues. This resulted in an increase in the trade receivable days as also provisions for expected credit losses. The company also benefited from the support granted by the authorities by way of reduced utility bills and payroll costs support and rental discount from certain landlords.

During the year 2021G, the government-imposed restrictions on the operation of entertainment centers and restaurants during the period 7th February to 6th March 2021G. Also, customers visiting malls were required to provide proof of their health status. Consequently, the company was obliged to grant rental discounts to tenants operating entertainment centers and restaurants in the malls for this period.

Fashion

As a consequence of the COVID 19 pandemic, the fashion stores were closed for trading from 16th March 2020G to 28th April 2020G. The closure of stores and subsequent restrictions on access to stores affected revenues of the company significantly and resulted in increased inventory buildup, which had to be sold at higher discounts affecting gross margins. The company benefited from the support granted by the authorities by way of payroll cost support and discounts granted by landlords.

During the year 2021G, the government-imposed restrictions on the operation of entertainment centers and restaurants during the period 7th February to 6th March 2021G.Also, customers visiting malls were required to provide proof of their health status. This impacted footfall in malls as also the revenues in the fashion stores, during this period

Entertainment

As a consequence of the COVID 19 pandemic, the entertainment centers in Saudi Arabia were closed from 16th March 2020G to 20 September 2020G and for varying periods in United Arab Emirates, Qatar, Oman and Egypt. The closure of the centers and subsequent restrictions on access to the centers affected revenues of the company significantly. The company benefited from the support granted by the authorities by way of payroll cost support and discounts granted by landlords.

During the year 2021G, the government-imposed restrictions on the operation of entertainment centers and restaurants during the period 7th February to 6th March 2021G.Also, customers visiting malls were required to provide proof of their health status. The entertainment centers in Saudi Arabia did not have any revenues during the period but were granted full rental discounts by the landlords for the same period. Entertainment centers in Qatar and Oman were closed and subject to restrictions for extended periods during the period January to September 2021G which affected revenues.

Restaurants.

As a consequence of the COVID 19 pandemic, the restaurants were closed were closed from 16th March 2020G to 30 September 2020G. The closure of the restaurants affected revenues significantly. The company benefited from the support granted by the authorities by way of payroll cost support and discounts granted by landlords.

During the year 2021G, the government-imposed restrictions on the operation of entertainment centers and restaurants during the period 7th February to 6th March 2021G.Also, customers visiting malls were required to provide proof of their health status. This impacted footfall in malls as also the revenues in the restaurants. The landlords granted full rental discounts to the restaurants for this period.

Due to this, management has assessed the accounting implications of these developments on these interim consolidated financial statements, including but not limited to the following areas:

- Expected credit losses under IFRS 9, 'Financial Instruments';
- Impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- Net realizable value of inventory under IAS 2, 'Inventories';
- Provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these interim consolidated financial statements.

(All amounts are presented in Saudi Riyals)

2. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO APPLYING IFRS AND NEW INTERPRETATIONS:

2.1 2.1 New standards, interpretations and amendments not yet effective

Following are the new standards and amendments to standards issued by the International Accounting Standards Board and which are effective for future accounting periods; however, the Group has not early adopted them in preparing these interim consolidated Financial Statements.

Standard	Description	Application Date
(IAS 37) Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 1st 2022G
(IAS 16) Property, Plant and Equipment	The amendment prohibits deducting proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of an item of PPE. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1st 2022G
(IFRS 1) First-time Adoption	Annual Improvements to IFRS Standards 2018G–2020G	January 1st 2022G
(IFRS 4) Insurance Contracts	Amendment related to the expiration date of the deferment	January 1st 2023G
(IFRS 16) Financial Statements Presentation	Amendments regarding Liabilities classification.	January 1st 2023G
(IFRS 9) Financial Instruments	Amendments relating to the linkage between IFRS 4 and IFRS 9	January 1st 2023G
(IFRS 17) Insurance Contracts	Amendments to address uncertainties and implementation challenges identified after IFRS 17	January 1st 2023G

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the interim consolidated financial statements in conformity with the International Financial Reporting Standards" IFRS" that are applied in Kingdom of Saudi Arabia, according to requires the use of critical judgment and estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the notes besides the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities that might be affected in the future.

The key assumptions concerning the future and other key sources of uncertainty estimation at the interim consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below. In making its assumptions and estimates, the Company relies on standards available when preparing the interim consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are stated when they occur.

In view of the Corona pandemic outbreak (Covid-19), the management has reviewed the uncertainties about the main sources of the estimates that have been disclosed and taking into consideration the potential impact of the new Corona pandemic (Covid-19).

In preparing the interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

The implicit rate of return for lease contracts

The Group cannot easily determine the implicit rate of return for all lease contracts, and therefore it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the borrowing rate that the group must pay to borrow for a similar period, with similar guarantees to obtain an asset of value similar to the right of use leased asset in a similar environment.

The Group estimates the incremental borrowing rate using obtainable inputs (such as market rates of returns).

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

Determining whether the Group is acting as an agent or principal

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified goods and services before they are transferred to its customers, as well as other indicators such as the party primarily responsible for fulfilment of the service and discretion in establishing price. The Group has concluded that it is a principal in all revenue arrangements.

Determination of performance obligation

In relation to the services provided to tenants of investment properties as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group.

Allocating the transaction price between performance obligations:

The Group has numerous schemes for customers under which on recharge of the specified card balances by the customers, customers get the bonus balance along with the recharged balance. The Group allocates the overall transaction price considering the overall balance that includes recharged amount plus the bonus balance and accordingly revenue is recognised when the performance obligation is satisfied that is the card balance is used.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determination of control

Subsidiaries are all investees over which the Group has control. Management considers that it controls an entity when the Group us exposed to or has the rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

Going concern

The Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the interim consolidated financial statements continue to be prepared on a going concern basis.

Components of investment properties and property and equipment

The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their estimated useful lives. When determining the useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group used its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow model ("DCF"). The cash flows are derived from the budget for the next five and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, considering legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits

Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type).

The provision matrix is initially based on the Groups' historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in specific sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Groups' historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Estimate of useful lives and residual values

The useful lives of property and equipment and investment properties are estimated based on the economic lives and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Employee defined benefit liability

The present value of the employees' defined benefits liabilities is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the Employees' terminal benefits liabilities.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary rate and future pension increase

Estimates of future salary increase, considers inflation, seniority, promotion and past history. Further details about employees' terminal benefits liabilities are provided in Note 19.

4. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to thereafter as "IFRS as endorsed in KSA").

Basis of measurement and functional currency

These interim consolidated financial statements have been prepared under the historical cost convention, except for investments classified as 'Fair value through other comprehensive income' and derivative financial instruments, which are measured at fair value, and defined benefit obligation, which is recognised at the present value of future obligations under the projected unit credit method.

These interim consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of these interim consolidated financial statements are set out below:

Foreign currencies

Transactions and balances

Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income. Translation of non-monetary items depends on whether they are recognised at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of comprehensive income).

Group companies

Assets and liabilities of foreign operations are translated into SR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights to the 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:

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

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

- The contractual arrangement (s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group 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 interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the shareholders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's

Accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If a Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other component of equity, while any resultant gain or loss is recognized in income. Any investment retained is recognised at fair value.

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquire. For each business combination, the Group elects whether to measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9- "Financial Instruments: Recognition and Measurement", is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in statement of comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of assets and liabilities into current and non-current

The Group presents assets and liabilities in the interim consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve month after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve month after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve month after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve month after the reporting period.

The Group classifies all other liabilities as non-current.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of the assets is mentioned as below:

	Useful life
Lease hold improvements	10 years or lease term whichever is less
Machinery and equipment	10 years
Games	5-10 years
Vehicles	5-7 years
Computer and IT equipment	5-7 years
Furnitures and fixtures	3-8 years

Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property comprises completed property and property under construction or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. Investment property is stated at cost less accumulated depreciation and any impairment provision. Investment property (except for Land and investment property under construction) is depreciated using the straight–line method over the useful life of the properties as follow:

	Useful life
Buildings	50 years
Machinery and equipment	10 years
Furniture and fixtures	3-8 years
Leasehold improvements	10 years or lease term whichever is less

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, cost of replacing parts of the investment property and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income in the period in which the expenditure is incurred.

Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

The estimated useful life for current and comparative periods is as follows:

	Number of years
Franchise fees	Agreement term
Computer software	3 years

Intangible assets are amortised on straight line basis.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of noncurrent-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a period of five years.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of noncurrent-financial assets (continued)

Impairment losses of continuing operations is recognised in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in income.

Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs, lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Financial assets are classified at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through profit or loss ("FVOCI")

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost ("AC")

This category is the most relevant to the Group. The Group measures financial assets at AC if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes lease receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its investment in unquoted equity instruments under this category.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the interim consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL.

For lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL, loans, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs. The Group's financial liabilities includes loans, trade payable, amounts due to related parties, accrual and other current liabilities, and Loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans

This is the category most relevant to the Group. After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gain and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities at FVTPL

Financial liabilities at FVTPL or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the interim consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of investment properties for the purpose of disclosure. The involvement of external valuers is decided by the Group after discussion and approval by the Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of Interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 month or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method.

Net realisable value comprises estimated selling price less selling and distribution costs. Allowance is made, where necessary, for obsolete and slow-moving items.

Inventories are written down to net realisable value where the cost may not be recoverable owing to damage, obsolescence, or if the selling prices of the items of inventory have declined.

Cash and cash equivalents

For the purpose of the statement of cash flows, Cash and cash equivalents include cash, bank balances and short-term deposits with original maturities of three month, which are subject to an insignificant risk of changes in value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as financial charges.

Employees' benefits

Employees' defined benefit liabilities

The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the interim consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurements recognised in OCI are reflected immediately in retained earnings and will not be reclassified to income in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in income in relevant line items.

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve month after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Employees' defined contribution scheme

The Group has defined contribution plan with General Organisation for Social Insurance ("GOSI") where the Group contributes fixed percentage of the employees' salary towards the retirement of its employees, which qualify as defined contribution plan. Contribution payable to the defined contribution plan is recognised as an expense in the profit or loss.

Retirement benefits made to defined contribution plans are expensed when incurred.

Zakat and tax

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and tax (continued)

Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in other comprehensive income is also recognised in OCI and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets are reviewed at reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. Deferred tax assets are disclosed under non-current assets as deferred tax assets.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and tax (continued)

Deferred tax (continued)

Current and deferred tax is recognised as an expense or benefit in the statement of profit or loss and other comprehensive income except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in the statement of changes in shareholders' equity

Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Accrued revenue is recognised to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of comprehensive income when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of comprehensive income, since the management considers that the Group acts as an agent in this respect.

Sale of game cards

Group sells rechargeable magnetic game cards to the customers for cash. The magnetic cards entitle the card holders gaming and riding services. Cash received at the time of sale of the cards is recorded as an unearned games revenue (contract liability) and revenue is recognised once the customer starts utilising the card. So, revenue is recorded on the basis of when service is passed to the customers.

The Group usually awards customers additional "Bonus Points", which are utilised in the same manner as regular purchased points. These Bonus Points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to Bonus Points awarded to customers based on relative stand-alone selling price and is recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer or upon expiry.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of game cards (continued)

Sale of garments and other accessories

Revenue from sale of garments and other accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on completion and delivery of the orders. All sales are made on cash only or via electronic payments channel which are deposited into Group's bank account subsequently by the respective banks.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of meals, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. As the Group's sales of garments and other accessories are on cash basis only, the effects of variable considerations (for example, discounts, buy one get one free, etc.) are reduced from gross sales and revenue is recorded net of variable considerations. Some contracts for the sale of products provide customers with a right of return.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Determining the method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of garments and related accessories include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of its products with rights of return, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Other income

All other income is recognised on an accrual basis when the Group's right to earn the income is established.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the capital. This reserve is not available for distribution.

Value added tax "VAT"

Revenue Expenses and assets are recognised net of the amount of VAT, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable and
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the interim consolidated statement of financial position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group's contract liability mainly represents the unutilised portion of magnetic cards balances or unused loyalty coupons.

(All amounts are presented in Saudi Riyals)

6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Machinery and equipment	Games	Vehicles	Computer and IT equipment	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance as at 1 January 2020G	247,152,957	93,985,482	326,519,016	8,099,314	40,221,377	75,433,296	11,651,660	803,063,102
Additions during the year	13,007,834	2,385,164	16,069,176	508,300	1,065,070	1,211,090	15,642,846	49,889,480
Disposal during the year	(1,809,958)	(634,006)	(850,641)	(378,200)	(121,696)	(6,717,199)	(19,052,277)	(29,563,977)
Balance as at 31 December 2020G	258,350,833	95,736,640	341,737,551	8,229,414	41,164,751	69,927,187	8,242,229	823,388,605
Additions during the period	12,386,464	873,709	6,933,679		1,772,169	2,016,746	287,568	24,270,335
Disposal during the period	(3,124,326)	(63,680)	(2,971,219)	(732,930)	(591,520)	(2,096,331)	(569,995)	(10,150,001)
Balance as at 30 September 2021G	267,612,971	96,546,669	345,700,011	7,496,484	42,345,400	69,847,602	7,959,802	837,508,939
Accumulated depreciation:								
Balance as at 1 January 2020G	76,852,792	33,072,323	150,571,072	5,688,718	22,154,011	40,144,738	-	328,483,654
Charge for the year	18,218,135	10,803,649	30,240,014	1,091,306	6,799,590	7,874,378	-	75,027,072
Disposal	-	(385,616)	(780,770)	(297,675)	(98,049)	(6,252,307)	-	(7,814,417)
Balance as at 31 December 2020G	95,070,927	43,490,356	180,030,316	6,482,349	28,855,552	41,766,809	-	395,696,309
Depreciation for the period	17,552,691	4,876,002	20,356,293	529,503	5,489,123	5,097,159	-	53,900,771
Disposal for the period	(2,487,414)	(38,887)	(2,427,215)	(628,067)	(515,516)	(1,472,652)	-	(7,569,751)
Balance as at 30 September 2021G	110,136,204	48,327,471	197,959,394	6,383,785	33,829,159	45,391,316	-	442,027,329
Net book value								
As at 30 September 2021G	157,476,767	48,219,198	147,740,617	1,112,699	8,516,241	24,456,286	7,959,802	395,481,610
As at 31 December 2020G	163,279,906	52,246,284	161,707,235	1,747,065	12,309,199	28,160,378	8,242,229	427,692,296

(All amounts are presented in Saudi Riyals)

Depreciation is allocated as follow:	For the nine-month period ended 30 September	
	2021G	2020G
Cost of revenue (Note 25)	45,714,163	45,901,372
General and administrative expenses (Note 27)	2,705,357	3,738,967
Selling and distribution expenses (Note 26)	5,481,251	6,957,077
	53,900,771	56,597,416

(All amounts are presented in Saudi Riyals)

7. INVESTMENT PROPERTIES

	Lands	Buildings	Machinery and equipment	Furniture and Fixtures	Lease hold improvement	Construction work in progress	Total
Cost:							
Balance as at 1 January 2020G	747,236,395	1,515,361,656	242,886,678	9,627,439	14,239,664	382,750,415	2,912,102,247
Additions during the year	5,207,062	8,505,397	-	-	575,427	38,314,703	52,602,589
Disposal during the year	-	-	-	-	-	(20,389,079)	(20,389,079)
Balance as at 31 December 2020G	752,443,457	1,523,867,053	242,886,678	9,627,439	14,815,091	400,676,039	2,944,315,757
Additions during the period	598,030,000	4,305,715	420,014		1,109,797	40,721,407	644,586,933
Disposal during the period	(4,922,336)*	(10,353)	(10,437)				(4,943,126)
Balance as at 30 September 2021G	1,345,551,121	1,528,162,415	243,296,255	9,627,439	15,924,888	441,397,446	441,397,446
Accumulated depreciation:							
Balance as at 1 January 2020G	-	376,376,706	185,260,514	8,911,030	4,109,733	-	574,657,983
Charge for the year	-	38,979,701	8,605,137	359,049	1,475,830	-	49,419,717
Balance as at 31 December 2020G	-	415,356,407	193,865,651	9,270,079	5,585,563	-	624,077,700
Charge for the period	-	29,102,177	6,340,664	176,473	1,579,320	-	37,198,634
Disposal for the period	-	(10,353)	(150)	-	-	-	(10,503)
Balance as at 30 September 2021G	-	444,448,231	200,206,165	9,446,552	7,164,883	-	661,265,831
Net book value							
As at 30 September 2021G	1,345,551,121	1,083,714,184	43,090,090	180,887	8,760,005	441,397,446	2,922,693,733
As at 31 December 2020G	752,443,457	1,108,510,646	49,021,027	357,360	9,229,528	400,676,039	2,320,238,057

(*) The land disposed is Abha land which was sold to State Properties General Authority for SR 23,058,689 and resulted in capital gain of SR 20,652,181 (Note 29).

(All amounts are presented in Saudi Riyals)

7. INVESTMENT PROPERTIES (continued)

Fair value of the investment properties as at 30 September 2021G amounted to SR 5,721,137,234 (31 December 2020G: SR 5,005,744,000). An independent third party, Colliers International ("Valuer") license number 1220001784 has performed the valuation of the investment properties using the income discounted cash flow approach (31 December 2020G: income discounted cash flow approach). The Valuer has appropriate qualifications and experience in the valuation of properties.

The fair value hierarchy for the investment properties for disclosure purpose is grouped in level 3, with significant inputs being directly or indirectly observable.

Certain lands and buildings with an aggregate book value of SR 1,438 million (31 December 2020G: SR 849.2 million) are pledged with local banks

Following is a description of valuation technique used and key inputs to valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		30 September 2021G	31 December 2020G
DCF method	Estimated rental value per sqm per month	SR 99.73	SR 97
	Rent growth per annum	2.25%	2.25%
	Long-term vacancy rate	15%	13.50%
	Discount rate	12%	13%

	As at 30 September 2021G	As at 30 September 2020G
Rental income derived from investment properties (Note 24)	342,837,402	346,980,959
Direct costs generating rental income	(93,478,528)	(79,583,281)
	249,358,874	267,397,678

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct, and develop or sale investment properties or for repairs, maintenance and enhancements except for construction work in progress.

(All amounts are presented in Saudi Riyals)

8. INTANGIBLE ASSETS

Intangibles assets represent mainly software and franchise fees.

	As at 30 September 2021G	As at 31 December 2020G
Cost:		
At the beginning of the period/year	8,827,506	8,827,506
Disposal	(17,785)	-
At end of the period/year	8,809,721	8,827,506
Accumulated amortisation:		
At the beginning of the period/year	5,796,554	5,108,471
Charge for the period / year	430,765	688,083
Disposal	(6,269)	-
At end of the period/year	6,221,050	5,796,554
Net Book Value	2,588,671	3,030,952

During prior years, the Group entered into franchise agreements with franchisors. Under these agreements, the Group obtained the right to operate retail shops under the respective obtained brand name. Useful life of the obtained franchises is determined to be 4 to 5 years. Management amortise franchise fees on a straight-line basis based on the terms of the agreement.

9. RIGHT OF USE ASSETS

	As at 30 September 2021G	As at 31 December 2020G
Cost:		
At the beginning of the period/year	650,230,515	735,559,367
Additions	14,702,034	3,979,941
Disposals	(183,743,787)	(893,098,793)
At end of the period/year	481,188,762	650,230,515
Accumulated depreciation:		
At the beginning of the period/year	270,858,368	218,912,920
Charge for the period /year	44,142,948	59,709,086
Disposals	(161,576,708)	(7,763,638)
At end of the period/year	(153,424,608)	270,858,368
Net book value		
At end of the period / year	327,764,154	379,371,147

(All amounts are presented in Saudi Riyals)

10. PREPAYMENTS AND OTHER current assets

	As at 30 September 2021G	As at 31 December 2020G
Refundable deposits	9,284,833	10,197,062
Prepayments	9,202,277	4,502,394
Prepaid rent	4,066,851	201,666
Employees' receivables	1,147,579	805,711
Prepaid expenses	8,724,535	8,493,464
Other	2,572,719	7,017,146
	34,998,794	31,217,443

11. ADVANCE PAYMENT TO CONTRACTORS AND SUPPLIERS

	As at 30 September 2021G	As at 31 December 2020G
Advance payment to contractors and suppliers *	46,921,508	50,979,286
Advance payment to owner	-	25,160,235
	46,921,508	76,139,521
Less: Provision against advances to contractors and suppliers	(2,000,756)	(2,000,756)
	44,920,752	74,138,765

(*) This amount represents the advance payment related to construction work for ongoing projects : Hafr Al-Batin Mall, Al-Khafji Mall, Khurais Mall and few others. The works are expected to be completed by 2023G.

12. INVESTMENTS IN ASSOCIATES

	As at 30 September 2021G	As at 31 December 2020G
Investment in Associate	2,671,485	1,419,676
	2,671,485	1,419,676

Company	% Shareholding	As at 31 December 2020G	Share in results	As at 30 September 2021G
Wamdah for cinema-Closed Joint Stock *	55%	610,260	144,350	754,610
Saudi Pillar Contracting Company **	70%	809,416	1,107,459	1,916,875
	-	1,419,676	1,251,809	2,671,485

(*) Wamdah for cinema company is managed and controlled by bright mind for education who has 45% of equity and the company did not start operation yet.

(**) Saudi Pillar contracting company is managed and controlled by Youssef Al-Hassoun who has 20% of equity.

(All amounts are presented in Saudi Riyals)

13. INVENTORIES

	As at 30 September 2021G	As at 31 December 2020G
Goods ready for resale	45,828,410	42,658,686
Consumables and other materials	3,310,781	6,695,207
Spare parts	6,980,391	6,331,776
	56,119,582	55,685,669
Less: provision for slow moving items	(3,215,762)	(4,292,965)
	52,903,820	51,392,704

Following is the movement of provision for slow moving items:

	As at 30 September 2021G	As at 31 December 2020G
At the beginning of the period /year	4,292,965	9,822,056
Provided during the period /year	-	1,308,423
Used during the period / year	(1,077,203)	(6,837,514)
At end of the period /year	3,215,762	4,292,965

14. LEASE RECEIVABLES

	As at 30 September 2021G	As at 31 December 2020G
Lease receivables	348,151,990	397,865,620
Less: Discount provision for tenant	(30,509)	(19,802,995)
Less: provision for expected credit losses	(191,465,904)	(191,354,416)
	156,655,577	186,708,209

Following is the movement for provision of expected credit losses:

At beginning of the period /year	191,354,416	88,738,632
Provided during the period/year	13,218,216	101,297,964
Write off - adjustments	(13,106,728)	1,317,820
At end of the period /year	191,465,904	191,354,416

- The balance of lease receivables as on September 30, 2021G includes an amount of SAR 1.808.096 (494.093, as of December 31, 2020G) as a balance due from Wamda Cinema (a related party) in accordance with the contract concluded with Abdullah Al Othaim Investment Company, and revenues were generated during the year in accordance with the contract. The mentioned amount is 1,877,128 Saudi riyals (Zero as on September 30, 2020G).

(All amounts are presented in Saudi Riyals)

15. LEASE LIABILITY

	As at 30 September 2021G	As at 31 December 2020G
At the beginning of the period / year	423,255,915	561,877,910
Additions	14,702,034	3,979,941
Finance cost (Note 28)	8,919,845	14,030,409
Termination of lease contracts	(22,167,079)	(86,292,264)
Lease payment	(68,525,777)	(70,340,081)
At end of the period / year	356,184,938	423,255,915
Current lease liabilities	68,001,384	73,881,666
Non-current lease liabilities	288,183,554	349,374,249
	356,184,938	423,255,915

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Group's management.

Following is a list of related parties of the Group:

Related party	Nature of relationship
Othaim Market Company	Shareholder
Al Othaim Holding Company	Shareholder
Qyol for Real Estate Investment	Affiliate
Promissing Riyadh Real Estate Company	Subsidiary
International Leisure Company Ltd.	Subsidiary
Fun World For Amusement Parks	Subsidiary
Premium Retail Company	Affiliate
Global Enterprise Team Limited Company	Affiliate
Euro Enterprise Team Limited Company	Affiliate
World of Adventure Limited Company	Affiliate
Ledar for Real Estate Investment	Affiliate
Lilyan Company	Affiliate
Orion Holding Limited Company	Affiliate
Fun World International Investment Company	Subsidiary

(All amounts are presented in Saudi Riyals)

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

16.1 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	For the nine-month period ended 30 September	
	2021G	2020G
Salaries and short-term benefits	3,793,500	2,111,793
End-of-service benefits	1,338,880	1,286,830
Total key management compensation	5,132,380	3,398,623

16.2 Related party transactions

During the year, the Group transacted with its related parties. The terms of those transactions are approved by management in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related parties	Nature of transaction	For the nine-month period ended 30 September	
		2021G	2020G
Othaim Holding Company	Expenses paid on behalf	153,456	8,066,589
	Dividend paid	-	60,346,150
	Net Funding	-	16,189,023
Othaim Market Company	Net rental revenue	13,007,077	9,878,949
	Rental expense	26,755,875	17,472,576
	Payments on behalf of the affiliated company	264,216	634,985
	Intercompany charges expense	231,215	520,245

(All amounts are presented in Saudi Riyals)

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

16.3 Related party balances

The following table summarizes related parties' balances:

1) Amounts due from related parties

	As at 30 September 2021G	As at 31 December 2020G
Wamdah for Cinema (Closed Joined Company)	35,421,035	34,832,378
Othaim Market Company	821,755	3,495,538
Liliane for Trade Establishment	20,081	-
Qyol for Real Estate Investment	668,425	668,425
Saudi Pillar	2,692,198	-
Nimar Real Estate Investment & Development Company	49,969	-
	39,673,463	38,996,341

Management conducted an impairment review as required under IFRS 9 for amounts due from related parties, based on such assessment, management believe that there is no significant impairment against the carrying value the outstanding balances of amounts due from related parties.

2) Amounts due to related parties:

	As at 30 September 2021G	As at 31 December 2020G
Orion Holding Limited Company	391,383	393,000
FAW International Company	12,903,900	15,000,000
Al Othaim Holding Company – Bahrain	635,660	-
	13,930,943	15,393,000

(All amounts are presented in Saudi Riyals)

17. CASH AND CASH EQUIVALENTS

	As at 30 September 2021G	As at 31 December 2020G
Bank balances	37,813,911	17,685,135
Time deposits (*)	39,500,001	84,028,701
Cash at hand	3,609,565	1,560,405
	80,923,477	103,274,241

(*) Time deposits have original maturity of 3 month or less and interest bearing at their respective short-term deposit rates.

18. LOANS

The loans outstanding balance is sub-divided into current and Non-Current as follows:

	As at 30 September 2021G	As at 31 December 2020G
LOANS	1,692,478,264	1,366,666,670
Deferred expenses	(1,925,000)	-
	1,690,553,264	1,366,666,670
Current portion of loans	240,853,986	212,862,320
Non-current portion of loans	1,449,699,278	1,153,804,350
	1,690,553,264	1,366,666,670

And we can summarize the following

- Loans bear financing charges at market rates, which are generally based on Saudi Inter Bank Offer Rate ("SIBOR") plus 1.00% - 1.75%. and that changed according to the new deals to be (SAIBOR +0.85%)
- The company added 2 additional loans from local commercial Bank with the same rate as a part of the deal.
- The company added a short-Term loan from local commercial bank to cover shortfall in working capital requirements,
- These facilities are secured by corporate and promissory notes issued by the shareholders, acknowledgement of assignment of project proceeds, mortgage over lands and building, with carrying value of SR 1,438 million (2020G: SR 849.2 million)
- These loans are repayable on installments according to the terms of the agreements up to year 2028G.
- The total installments paid to loans during the nine month period is amounted to SR 163.813.405.

(All amounts are presented in Saudi Riyals)

19. EMPLOYEES' DEFINED BENEFITS LIABILITY

	As at 30 September 2021G	As at 31 December 2020G
Current service cost	3,503,196	4,470,987
Interest cost on benefit liabilities	301,164	625,166
	3,804,360	5,096,153

Movement of present value of employees' terminal benefits liabilities

	As at 30 September 2021G	As at 31 December 2020G
At beginning of the period/year	22,526,090	22,421,356
Total benefit expense	3,804,360	5,095,784
Remeasurement gain on employees' benefit liabilities	(1,011,398)	(854,656)
Benefits paid	(3,965,203)	(4,136,394)
At the end of the period/year	21,353,849	22,526,090

The significant actuarial assumptions used in benefits liabilities computation:

	As at 30 September 2021G	As at 31 December 2020G
Discount rate	2.5% - 3%	2.5% - 2.75%
Salary growth rate	3%	3%
Retirement age	60 years	60 years

Employees' terminal benefits liabilities sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2020G and 30 September 2021G is shown below:

As at 30 September 2021G	Change in Assumption	Base value	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	20,235,878	19,823,682	23,039,667
Salary growth rate	+/-1%	20,235,878	23,011,146	19,818,837
As at 31 December 2020G	**Change in Assumption**	**Base value**	**Impact on defined benefit obligation**	
			Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	22,526,090	20,918,043	24,294,143
Salary growth rate	+/-1%	22,526,090	24,355,351	20,919,087

(All amounts are presented in Saudi Riyals)

20. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 September 2021G	As at 31 December 2020G
Retention payable	45,574,400	54,596,785
Accrued expenses	23,393,619	6,766,934
Unearned rental income	43,660,115	4,418,133
Employees' accruals	4,780,377	5,869,654
Advance from customers	366,234	5,699,847
Accrued finance cost	497,049	3,114,834
Accrued construction work	192,621	192,620
Value-added tax	1,041,796	2,685,154
Other accruals	8,853,367	10,428,387
	128,359,578	93,772,348

(All amounts are presented in Saudi Riyals)

21. ZAKAT AND TAX

1) Movements in zakat provision during the period/ year

The movement in the provision for zakat for the year ended 30 September was as follows:

	As at 30 September 2021G	As at 31 December 2020G
At the beginning of the period/year	8,654,470	11,641,605
Zakat provision for the period /year	2,480,315	4,907,999
Tax provision for the period /year	-	271,826
Paid during the period /year	(5,511,835)	(8,166,960)
At the end of the period/year	5,622,950	8,654,470

2) Deferred tax

	As at 30 September 2021G	As at 31 December 2020G
Tax value of property and equipment and intangible assets	20,566,452	22,664,129
Less:		
Accounting value of property and equipment and intangible assets	(11,609,421)	(13,717,446)
Taxable (deductible) temporary difference	8,957,031	8,946,683
Deferred tax at rate of 22.5%	2,015,332	2,013,004

The charge during the period can be shown on the income statement as follows:

	As at 30 September 2021G	As at 31 December 2020G
Deferred tax on 1 January	2,013,004	1,705,666
Deferred tax at 22.5%	-	271,826
Differences and adjustments resulting from the translation and consolidation of the financial statements	2,328	35,512
Differed tax at the end of the period/year	2,015,332	2,013,004

Status of assessments

Abdullah Al Othaim for Investments Company

The company has submitted its zakat returns to the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2018G. Zakat assessments have been raised by the GAZT from 2013 to 2015.

Subsidiaries located in the Kingdom of Saudi Arabia

The subsidiaries have submitted their zakat returns to the GAZT for the years up to 31 December 2020G. No zakat assessments have been performed by GAZT from inception.

Subsidiaries located in Gulf Cooperation Council countries

Subsidiary companies located in United Arab Emirates and Qatar are not subject to income tax. In Oman the first return of income for the year 2019G will be filed with the respective tax authority.

Other subsidiaries

Other subsidiary companies have submitted their tax returns. No assessments have been raised by relevant authorities.

(All amounts are presented in Saudi Riyals)

22. SHARE CAPITAL

The Company's share capital at 30September 2021G and 31-December-2021G amounted to SR 1,000,000,000 consisting of 100,000,000 fully paid and issued shares of SR 10 each.

23. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the share capital. This reserve is not available for dividend distribution.

24. REVENUE

We can divide the revenue as per it's segments as per follow

Segment	For the nine-month period ended 30 September	
	2021G	2020G
Rent revenue (*)	342,837,402	364,980,959
Entertainment revenue	185,066,731	120,444,687
Retail revenue	107,240,535	80,910,375
Services revenue	37,126,767	37,568,940
Restaurants revenue	12,002,365	9,954,895
Advertisement revenue	5,764,925	5,445,638
Discount	(65,314,051)	(59,850,183)
COVID-19 discount	(15,985,752)	(74,214,517)
	608,738,922	485,240,794

(*) The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms of between 1 to 2 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

(All amounts are presented in Saudi Riyals)

24. REVENUE (continued)

Future minimum rentals receivable under non-cancellable operating leases as at 30 September are, as follows:

	For the nine-month period ended 30 September	
	2021G	2020G
Within 1 year	352,842,616	498,542,570
After 1 year but not more than five years	326,920,553	640,006,087
More than five years	110,858,653	85,063,391
	790,621,822	1,223,612,048

In the following table, revenue is disaggregated by type of sector, customer, and duration of contracts and timing of revenue recognition as shown below:

Type of sector	For the nine-month period ended 30 September	
	2021G	2020G
Private sector	608,738,922	485,240,794

Duration of contracts	For the nine-month period ended 30 September	
	2021G	2020G
More than one year	277,523,351	305,130,776
Less than one year	331,215,571	180,110,018
	608,738,922	485,240,794

25. COST OF REVENUE

	For the nine-month period ended 30 September	
	2021G	2020G
Cost of goods sold	67,040,340	45,172,012
Depreciation (Note 6,7)	82,912,797	83,233,264
Employees' salaries and other benefits	57,089,022	48,952,624
Utilities	49,772,644	38,295,550
Amortization – intangible assets	197,758	197,758
Depreciation – right of use assets	35,688,614	44,098,969
Outsource services	11,745,013	10,143,810
Maintenance	3,992,720	3,314,783
Rent- Rent discounts	4,762,059	(16,706,323)
Other	8,925,165	13,640,116
	322,126,132	270,342,563

(All amounts are presented in Saudi Riyals)

26. SELLING AND DISTRIBUTION EXPENSES

	For the nine-month period ended 30 September	
	2021G	2020G
Employees' salaries and other benefits	18,962,359	17,376,765
Advertisement	6,559,461	7,789,785
Depreciation – right of use assets	8,300,119	9,792,839
Depreciation (Note 6)	5,481,251	6,957,077
Rent, net of concessions	5,732,474	3,536,127
Utilities	1,339,805	1,350,101
Amortization - intangible assets	78,793	82,783
Others	6,268,033	6,653,542
	52,722,295	53,539,019

27. GENERAL AND ADMINISTRATION EXPENSES

	For the nine-month period ended 30 September	
	2021G	2020G
Employees' salaries and other benefits	26,291,976	23,489,057
Depreciation (Note 6)	2,705,357	3,738,967
Insurance	137,087	264,024
Amortization - intangible assets	874,867	1,243,781
Depreciation – right of use assets	154,214	235,523
License	1,264,388	1,184,253
Rent	194,587	110,661
Utilities	612,694	458,064
Professional fees	4,912,059	1,241,775
Maintenance	372,234	568,469
Others	5,829,588	4,952,442
	43,349,051	37,487,016

28. FINANCE COST

	For the nine-month period ended 30 September	
	2021G	2020G
Finance charges	20,673,290	39,269,623
Finance cost – leases (Note 15)	8,919,845	11,478,103
Interest cost on benefit liabilities (Note 19)	301,164	-
	29,894,299	50,747,726

(All amounts are presented in Saudi Riyals)

29. OTHER INCOME (EXPENSES)

	For the nine-month period ended 30 September	
	2021G	2020G
Gain from sale of investment property *	20,652,181	-
Loss from sale of investment property (Note 7)	(980,331)	(1,839,678)
Provision for expected credit losses (Note 14)	(13,218,215)	(5,000,000)
Gain (loss) on foreign currency translation	1,243,101	(1,571,452)
Reversal of provision for claims	2,072,403	1,261,240
Other	3,866,181	4,266,256
	13,635,320	(2,883,634)

(*) The land disposed is Abha land with cost of SR 2,406,508 which was sold to State Properties General Authority for SR 23,058,689 and resulted in capital gain of SR 20,652,181 (Note 7).

30. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments by category

Financial instruments for the period ending 30 September 2021G have been categorised as follows:

	Carrying value			
	Financial assets at Fair Value through Other Comprehensive Income	Amortized cost	Total	Fair value
	SR	SR	SR	SR
Financial assets				
Cash and cash equivalents	-	80,923,477	80,923,477	80,923,477
Amounts due from related parties	-	39,673,463	39,673,463	39,673,463
Lease receivables	-	156,655,577	156,655,577	156,655,577
	-	277,252,517	277,252,517	277,252,517
Financial liabilities				
Lease liabilities	-	356,184,938	356,184,938	356,184,938
Trade payables	-	44,694,246	44,694,246	44,694,246
Retentions Payable	-	45,574,400	45,574,400	45,574,400
Accrued finance Cost	-	497,049	497,049	497,049
Amounts due to related parties	-	13,930,943	13,930,943	13,930,943
Loans	-	1,690,553,264	1,690,553,264	1,690,553,264
	-	2,151,434,840	2,151,434,840	2,151,434,840

(All amounts are presented in Saudi Riyals)

30. FAIR VALUE MEASUREMENT of FINANCIAL assets and liabilities (continued)

Financial instruments by category

Financial instruments for the year 31 December 2020G have been categorised as follows:

	Carrying value			
	Financial assets at Fair Value through Other Comprehensive Income	Amortized cost	Total	Fair value
	SR	SR	SR	SR
Financial assets				
Cash and cash equivalents	-	103,274,241	103,274,241	103,274,241
Amounts due from related parties	-	38,996,341	38,996,341	38,996,341
Lease receivables	-	186,708,209	186,708,209	186,708,209
	-	**328,978,791**	**328,978,791**	**328,978,791**
Financial liabilities				
Lease liabilities	-	423,225,915	423,225,915	423,225,915
Trade payables	-	58,745,749	58,745,749	58,745,749
Retentions Payable	-	54,596,782	54,596,782	54,596,782
Accrued finance Cost	-	3,114,834	3,114,834	3,114,834
Amounts due to related parties	-	15,393,000	15,393,000	15,393,000
Loans	-	1,366,666,670	1,366,666,670	1,366,666,670
	-	**1,921,742,950**	**1,921,742,950**	**1,921,742,950**

(All amounts are presented in Saudi Riyals)

31. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks, market risk, credit risk, and liquidity risk.

Financial instruments in the Company's statement of financial position include investments at fair value through profit or loss and other comprehensive income, cash and cash equivalents, other assets, account receivable, and other liabilities.

a) Market risk

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

Commission rate risk

Commission rate Risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD") and Euro.

The fluctuation in exchange rates against USD and EUR are monitored on a continuous basis.

b) Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the financial instruments as follows:

	As at 30 September 2021G	As at 31 December 2020G
Bank balances and time deposits	77,313,912	101,713,836
Amounts due from related parties	39,673,463	38,996,341
Lease receivable	156,655,577	186,708,209
	273,642,952	327,418,386

(All amounts are presented in Saudi Riyals)

31. Financial instruments and risk management (continued)

b) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure.

The Company manages credit risk relating to trade receivables in accordance with the specified policies and procedures. The Company limits credit risk relating to trade receivables by setting credit limits for each customer and continuously monitoring outstanding trade receivables.

The movement on the provision of expected credit losses related to the trade receivables is as follows:

As at 30 September 2021G	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	10%	26,231,128	2,623,113
93 to 185 days	18%	32,763,044	5,914,457
186 to 277days	25%	54,461,466	13,396,398
278 to 366 days	40%	52,552,226	21,020,890
367 to 459 days	60 %	36,009,628	21,605,777
460 to 551 days	64%	53,660,985	34,431,756
More than 552 days	100%	92,473,513	92,473,513
		348,151,990	191,465,904

As on 30 September 2021G the amount includes SR 1,808,096 receivable from Wamdah for Cinema, a related party to the Company, from whom there is a revenue of SR 1,877,128 during the 09 months period ended 30-Septembert-2021G.

As at 31 December 2020G	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	10%	62,186,577	6,218,901
93 to 185 days	20%	129,806,385	25,961,277
186 to 277days	50%	61,738,012	30,578,781
278 to 366 days	60%	44,455,036	29,300,314
367 to 459 days	85%	24,407,694	24,023,358
460 to 551 days	100%	15,983,095	15,982,964
More than 552 days	100%	59,288,821	59,288,821
		397,865,620	191,354,416

(All amounts are presented in Saudi Riyals)

31. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

30 September 2021G	On demand	Less than 6 month	Between 6 and 12 month	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR	SR
Lease liabilities	-	31,486,167	36,515,217	60,539,688	157,760,297	69,883,569	356,184,938
Loans	-	109,347,826	131,506,160	266,862,318	800,586,960	382,250,000	1,690,553,264
Retentions payable	-	-	45,574,400	-	-	-	45,574,400
Accrued finance Cost	-	-	497,049	-	-	-	497,049
Trade payables	-	-	44,694,246	-	-	-	44,694,246
Amounts due to related parties	-	-	13,930,943	-	-	-	13,930,943
Total	-	140,833,993	272,718,015	327,402,006	958,347,257	452,133,569	2,151,434,840

31 December 2020G	On demand	Less than 6 month	Between 6 and 12 month	Between 1 and 2 years	Between 1 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR	SR
Lease liabilities	-	-	73,881,666	-	349,374,249	-	423,255,915
Loans	-	106,431,159	106,431,161	212,862,317	425,724,638	515,217,395	1,366,666,670
Retentions payable	-	-	54,596,785	-	-	-	54,596,785
Accrued finance Cost	-	-	3,114,834	-	-	-	3,114,834
Trade payables	-	-	58,745,749	-	-	-	58,745,749
Amounts due to related parties	-	-	15,393,000	-	-	-	15,393,000
Total	-	106,431,159	312,163,195	212,862,317	775,098,887	515,217,395	1,921,772,953

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. The Company's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis.

(All amounts are presented in Saudi Riyals)

32. DIVIDENDS

	As at 30 September 2021G	As at 31 December 2020G
As at 1 January	-	-
Dividends declared	-	100,000,000
Dividends paid	-	(100,000,000)
	-	-

Shareholders of the Company, in their annual general assembly meeting held on 30 September 2020G, approved dividends distribution for the year ended 31 December 2020G amounted to SR 100 million (SR 10 per share).

33. COMMITMENTS AND CONTINGENCIES

Commitments	As at 30 September 2021G	As at 31 December 2020G
Commitments for projects under construction	63,400,811	635,300,000
Letter of credit and guarantee	31,669,145	40,099,519

Contingent claims

The company is being sued by mall owner with total claim of SR 36 million and the management believes that no liability will be resulted from this legal suite based on the opinion of the legal advisor and the case was dismissed in favour of the Company in the first degree court resolution, the court issued a ruling that it lacked jurisdiction in this case.

34. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

Earnings per share for the ordinary shareholders' for the period ended 30 September 2021G, 2020G, are calculated based on the weighted average number of shares outstanding during those periods. Diluted earnings per share is the same as the basic earnings per share because the company does not have any issued dilutive instruments.

	As at 30 September 2021G	As at 30 September 2020G
Profit	173,053,959	71,812,391
Average number of shares	100,000,000	100,000,000
	1,73	0,71

35. THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS APPROVAL

The interim consolidated financial statements were approved by the board of directors of the Company on 11 Jumada 'I 1443 (H) corresponding to 15 December 2021G.

(All amounts are presented in Saudi Riyals)

36. COMMERCIAL REGISTER AND SUB-REGISTERY

The Company operates through the main register and the following sub-registers;

Location	Expiry Date (H)	Branch commercial registration number	Location	Expiry Date (H)	Branch commercial registration number
Riyadh	1446-09-16	1010213454	Arar - Othaim Mall	1445-06-01	3450174729
Riyadh - Al-Rabwah District	1443-03-19	1010218374	Hail - Al-Nugra District	1444-03-10	3350146276
Riyadh - Khurais Commercial Complex	1445-03-03	1010263310	Riyadh	1443-02-06	1010228886
Riyadh - Eastern Ring Road, Exit 16	1446-06-23	1010289509	Onaizah	1444-12-25	1128181067
Buraydah - Al-Iskan district	1444-05-21	1131026422	Buraydah	1444-06-19	1131048409
Hail - King Saud Road	1443-06-10	3350044573	Dammam - Abdullah Fuad District - Prince Muhammad Street	1444-03-03	2050088399
Riyadh - Al-Rabwah District	1445-02-28	1010263061	Dhahran - Dhahran Complex - Prince Muhammad Road	1445-01-20	2052002328
Dammam	1443-04-11	2050075153	Al-Ahsa - Mubarraz - Othaim Mall	1445-01-17	2252055036
Rabwah District - Eastern Ring	1444-10-18	1010452601	Hail - Grand Mall	1442-10-29	3350044265
Arar - Jawhara District - Prince Majed Road	1446-02-23	3450174266	Jeddah - Al-Andalus Mall Complex	1444-06-19	4030245640
Riyadh	1444-06-07	1010371062	Mecca	1444-12-25	4031216746
Riyadh - Al-Rabwah District - Eastern Ring	1442-09-22	1010435711	Asir - Abha	1444-11-05	5850068872
Al-Qassim - Buraydah - Housing District - Ali Road	1445-09-04	1131299797	Jizan	1444-11-05	5900032818
Dammam - Abdullah Fuad District - Prince Muhammad Road	1444-05-07	2050104905	Riyadh	1444-11-18	1010212789
Hail Al Othaim Mall	1443-03-24	3350141554	Riyadh	1444-06-07	1010371064
Arar Othaim Mall	1443-03-24	3450172387	Riyadh	1443-04-03	1010929505
Tabuk - Morouj Al Amir District - Street 6	1444-02-29	3550130886	Riyadh	1443-04-03	1010929500
Abha - King Fahd Road - Al Murooj District, Al Rashid Mall	1444-02-29	5850125638	Riyadh	1443-04-03	1010929502
Riyadh	1443-02-06	1010228837	Riyadh	1443-03-08	1010491120
Buraydah	1443-08-29	1131299650	Riyadh	1443-01-03	1010327710
Dammam - Othaim Mall	1443-07-01	2050112197	Riyadh	1442-09-07	1010634889
Dammam	1443-08-29	2050125378	Riyadh	1443-02-14	1010657593

Abdullah Al Othaim for Investment Company

and its Subsidiaries

(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

AND INDEPENDENT AUDITOR'S REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

P.O. Box 8736, Riyadh 11492
Tel. : +966 11 278 0608
Fax : +966 11 278 2883
riyadh@bdoalamri.com

Independent auditor's report

To the shareholders of
Abdullah Al Othaim for Investment Company
(Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Abdullah Al Othaim for Investment Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our 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.

Other Matter

The financial statements for the fiscal year ended 31 December 2019 were audited by another auditor who issued an unmodified audit report dated 26 Shawwal 1441 H (18 June 2020).

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) and Regulations for Companies and the Company's Article of Association 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, in particular the Board of Directors are responsible for overseeing the Group's financial reporting process.

P.O. Box 8736, Riyadh 11492
Tel. : +966 11 278 0608
Fax : +966 11 278 2883
riyadh@bdoalamri.com

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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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.
- 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 a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our 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.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Dr. Mohamed Al-Amri & Co.
Riyadh
Certified Public Accountants

14 Dhul Qa'adah 1442 (H)
24 June 2021 (G)

Abdullah Al Othaim for InvestmentCompany and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts are presented in Saudi Riyals)

	Notes	As at 31 December 2020	As at 31 December 2019 (Restated)	As at 1 January 2019 (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	427,692,296	474,579,448	461,210,719
Investment properties	7	2,320,238,057	2,337,444,264	2,328,851,230
Intangible assets	8	3,030,952	3,719,035	3,984,415
Right of use assets	9	379,372,147	516,646,446	-
Investments at fair value through other comprehensive income	12	-	11,725,454	8,577,465
Investment in Associate	13	1,419,676	-	-
Advances to contractors	11	72,138,009	62,183,870	72,816,605
TOTAL NON-CURRENT ASSETS		3,203,891,137	3,406,298,517	2,875,440,434
CURRENT ASSETS				
Inventories	14	51,392,704	61,950,596	61,977,623
Lease receivables	15	206,511,204	128,652,742	89,389,413
Prepayments and other current assets	10	33,218,199	21,384,624	46,649,499
Amounts due from related parties	17	38,996,341	107,637,194	26,875,537
Cash and cash equivalents	18	103,274,241	86,295,134	158,931,222
TOTAL CURRENT ASSETS		433,392,689	405,920,290	383,823,294
TOTAL ASSETS		3,637,283,826	3,812,218,807	3,259,263,728
EQUITY AND LIABILITIES				
EQUITY				
Share capital	24	1,000,000,000	1,000,000,000	1,000,000,000
Statutory reserve	25	133,896,940	122,270,758	99,034,636
Retained earnings		485,659,124	480,168,828	436,285,078
Foreign currency translation difference		(1,066,526)	(483,446)	360,096
Revaluation reserve for fair value through other comprehensive income		-	1,081,070	(1,991,046)
TOTAL Shareholders' EQUITY		1,618,489,538	1,603,037,210	1,533,688,764
Non-controlling interest	1	-	-	-
TOTAL EQUITY		1,618,489,538	1,603,037,210	1,533,688,764

The attached notes (1) to (41) form part of these consolidated financial statements.

Abdullah Al Othaim for InvestmentCompany and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
(All amounts are presented in Saudi Riyals)

	Notes	As at 31 December 2020	As at 31 December 2019 (Restated)	As at 1 January 2019 (Restated)
NON-CURRENT LIABILITIES				
Loans	19	1,153,804,350	335,866,668	270,833,335
Sukuk	21	-	-	995,185,045
Lease liability	16	340,090,950	358,739,631	-
Deferred tax	23	2,013,004	1,705,667	-
Employees' defined benefit liability	20	22,526,090	22,421,356	17,323,624
TOTAL NON-CURRENT LIABILITIES		1,518,434,394	718,733,322	1,283,342,004
CURRENT LIABILITIES				
Current portion of loans	19	212,862,320	133,966,668	136,166,668
Current portion of Sukuk	21	-	848,939,226	-
Trade payables		58,745,749	70,873,304	64,532,281
Contract liabilities		7,964,047	25,269,720	22,449,161
Accruals and other current liabilities	22	122,858,642	196,574,729	199,795,825
Current portion of lease liability	16	73,881,666	203,138,279	-
Amounts due to related parties	17	15,393,000	44,744	46,501
Zakat provision	23	8,654,470	11,641,605	19,242,524
TOTAL CURRENT LIABILITIES		500,359,894	1,490,448,275	442,232,960
TOTAL LIABILITIES		2,018,794,288	2,209,181,597	1,725,574,964
TOTAL EQUITY AND LIABILITIES		3,637,283,826	3,812,218,807	3,259,263,728

The attached notes (1) to (41) form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts are presented in Saudi Riyals)

	Notes	For the year ended 31 December	
		2020	2019 (Restated)
Revenue	26	761,855,538	1,008,690,037
Cost of revenue	27	(375,458,797)	(470,989,266)
GROSS PROFIT		386,396,741	537,700,771
Selling and distribution expenses	28	(68,568,343)	(112,777,518)
General and administrative expenses	29	(151,581,310)	(131,508,469)
OPERATING PROFIT		166,247,088	293,414,784
Finance cost	30	(60,291,839)	(65,828,450)
Other income (expenses)	31	14,852,374	17,728,355
Share of profit in associates		634,024	-
PROFIT BEFORE ZAKAT AND TAX		121,441,647	245,314,689
Zakat and Tax	23	(5,179,825)	(12,702,480)
PROFIT FOR THE YEAR		116,261,822	232,612,209
OTHER COMPREHENSIVE INCOME:			
Items that will be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations		(583,080)	(851,146)
Other comprehensive income that will be reclassified to profit or loss in subsequent period		(583,080)	(851,146)
Items that will not be reclassified to profit or loss in subsequent period:			
Change in financial assets at fair value through other comprehensive income	12	-	1,081,070
Re-measurement (gain) / loss on employees' defined benefit		854,656	(669,994)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period		854,656	411,076
TOTAL OTHER COMPREHENSIVE INCOME		271,576	(440,070)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		116,533,398	232,172,139

The attached notes (1) to (41) form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts are presented in Saudi Riyals)

	Attributable to equity holders of the Parent					
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation difference	Revaluation reserve for fair value through other comprehensive income	Total
For the year ended 31 December 2019						
Balance at 31 December 2018 previously issued	1,000,000,000	99,034,636	418,842,152	360,096	(1,991,046)	1,516,245,838
Adjustment – (Note 36)	-	-	17,442,926	-	-	17,442,926
Balance 31 December 2018 – restated	1,000,000,000	99,034,636	436,285,078	360,096	(1,991,046)	1,533,688,764
IFRS 16 first implementation	-	-	(62,831,297)	-	-	(62,831,297)
Reclassification of revaluation reserve to income	-	-	(1,991,046)	-	1,991,046	-
Net income for the year	-	-	232,612,209	-	-	232,612,209
Other comprehensive income for the year	-	-	(669,994)	(851,146)	1,081,070	(440,070)
Total comprehensive income	-	-	231,942,215	(851,146)	1,081,070	232,172,139
Transfer to statutory reserve	-	23,236,122	(23,236,122)	-	-	-
Dividends (Note 34)	-	-	(100,000,000)	-	-	(100,000,000)
Foreign currency translation difference	-	-	-	7,604	-	7,604
Balance at 31 December 2019	1,000,000,000	122,270,758	480,168,828	(483,446)	1,081,070	1,603,037,210
For the year ended 31 December 2020						
Net income for the year	-	-	116,261,822	-	-	116,261,822
Other comprehensive income for the year	-	-	854,656	(583,080)	-	271,576
Total comprehensive income	-	-	117,116,478	(583,080)	-	116,533,398
Disposed during the year	-	-	-	-	(1,081,070)	(1,081,070)
Transfer to statutory reserve	-	11,626,182	(11,626,182)	-	-	-
Dividends (Note 34)	-	-	(100,000,000)	-	-	(100,000,000)
Balance at 31 December 2020	1,000,000,000	133,896,940	485,659,124	(1,066,526)	-	1,618,489,538

The attached notes (1) to (41) form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
(All amounts are presented in Saudi Riyals)

Operating activities	Notes	For the year ended 31 December	
		2020	2019 (Restated)
Profit before zakat and tax		121,441,647	245,314,689
Adjustments:			
Depreciation and amortization	6,7,8	125,134,872	129,278,765
Depreciation – right of use assets	9	59,709,086	55,322,184
Provision for lease receivables	15	102,615,784	60,344,045
Loss from sale of financial assets at fair value through other comprehensive income		-	(1,499,051)
Provision for employees' defined benefit liabilities	20	5,095,784	5,982,601
Provision for slow moving inventory		-	5,368,859
Reversal of provision for slow moving inventory		(3,044,044)	-
Loss from sale of property and equipment		3,674,296	-
Share of result of associates	13	(644,676)	-
Write off of PPE and intangible assets		-	683,619
Finance cost	30	60,291,839	65,828,450
		474,274,588	566,624,161
Working capital adjustment			
Inventories		13,601,936	(5,341,832)
Lease receivables		(180,474,246)	(99,607,374)
Prepayments and other current assets		(21,787,714)	35,897,610
Trade payable		(12,127,555)	6,341,023
Contract Liabilities		(17,305,673)	2,820,559
Accruals and other current liabilities		(73,716,087)	15,948,604
Changes in related parties balances		75,968,231	(66,814,830)
		258,433,480	455,867,921
Zakat paid	23	(8,166,990)	(20,303,399)
Employees' defined benefit liability paid	20	(4,136,394)	(1,554,862)
Finance costs paid		(52,546,674)	(69,638,633)
Net cash flows from operating activities		193,583,422	364,371,027

The attached notes (1) to (41) form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
(All amounts are presented in Saudi Riyals)

Operating activities	Notes	For the year ended 31 December	
		2020	2019 (Restated)
Investing activities			
Purchase of property and equipment and intangible assets	6,8	(49,889,480)	(104,659,226)
Proceeds from disposal of property and equipment		18,075,264	2,025,866
Purchase of investment properties	7	(32,213,510)	(62,966,387)
Addition to Investments in associate	13	(775,000)	-
Acquisition of financial assets at fair value through other comprehensive income		-	(10,644,384)
Proceeds from disposal of financial assets at fair value through other comprehensive income		10,644,384	10,076,516
Net cash flows used in investing activities		(54,158,342)	(166,167,615)
Financing activities			
Receipt of / Proceeds from, loans, net		47,894,108	(83,412,486)
Dividends paid		(100,000,000)	(113,653,850)
Payment of lease liability		(70,340,081)	(73,773,164)
Net cash flows used in financing activities		(122,445,973)	(270,839,500)
Changes in cash and cash equivalents		16,979,107	(72,636,088)
Cash and cash equivalents at the beginning of the year		86,295,134	158,931,222
Cash and cash equivalents at the end of the year	18	103,274,241	86,295,134
Significant non-cash transactions:			
Right-of-use of asset		85,328,851	495,650,077
Lease liability		9,977,227	540,091,396
Net change in fair value for financial assets at fair value through other comprehensive income	12	-	1,081,070
Transfer of work in progress to a related party	17	17,990,367	13,940,981
Lease receivable written off	15	1,317,820	35,582,495
Re-measurement on employees' defined benefit	20	854,656	(669,994)

The attached notes (1) to (41) form part of these consolidated financial statements.

(All amounts are presented in Saudi riyals unless otherwise indicated)

1. INFORMATION ABOUT THE COMPANY AND ITS ACTIVITIES

1.1 Activities

Abdullah Al Othaim Investment Company (the "Company" or the "Parent Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010213454 and dated 19 Ramadan 1426H (corresponding to 22 October 2005). The registered office is located at Al Rabwah District, P.O. Box 85289, Riyadh 12821, KSA.

The Company and its subsidiaries (collectively referred to as the "Group") principal business activities include general constructions of residential and non-residential buildings, rental of investment properties, establishment and management of games and entertainment parks, wholesale retail trading in readymade garments, operate and manage restaurants and cafes.

The Company's offices address is 2351 Al Mashriqah, Ar Rawabi, Riyadh 14215, Riyadh - Kingdom of Saudi Arabia.

The consolidated financial statements include the assets, liabilities and result of operations of the Company and its subsidiaries (the "Group") set out below:

Subsidiary	Country of registration	2020	2019
		%	%
Abdullah Al Othaim for Entertainment Company (*)	Kingdom of Saudi Arabia	100%	100%
Abdullah Al Othaim Fashion Company	Kingdom of Saudi Arabia	100%	100%
Emtyiaz Al Riyadh for Trading	Kingdom of Saudi Arabia	100%	100%
Raeeda Complex Limited Company	Kingdom of Saudi Arabia	100%	100%
Nemar for Investment and Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%
Ethraa Al Hayat for Property Management	Kingdom of Saudi Arabia	100%	100%
Riyadh Al Waed for Property Management	Kingdom of Saudi Arabia	100%	100%
Elham Al mostaqbel for Property Management	Kingdom of Saudi Arabia	100%	100%
Takamul Al Aziziye for Property Management	Kingdom of Saudi Arabia	100%	100%
Othaim for Trading Malls Company	Kingdom of Saudi Arabia	100%	100%
Orion Holding Limited Company	United Kingdom	-	100%
Behar International for Investment Company	Kingdom of Saudi Arabia	100%	100%
Asasat Transportation for Operation and Maintenance Company	Kingdom of Saudi Arabia	100%	100%

(*) The following are the subsidiaries of Abdullah Al Othaim for Entertainment Company:

		2020	2019
Subsidiary	Country of registration	%	%
Fun World for Entertainment and Tourism	Egypt	100%	100%
Cairo For Operation and Maintenance	Egypt	100%	100%
Fun World Entertainment LLC – UAE	United Arab Emirates	100%	100%
International Leisure Company LLC	United Kingdom	100%	100%
Fun World Investments LLC – Qatar	Qatar	100%	100%
Fun World Entertainment LLC – Oman	Oman	100%	100%

1. INFORMATION ABOUT THE COMPANY AND ITS ACTIVITIES

1.2 Impact of COVID-19 (Corona Virus)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 20, 2020, the government in the Kingdom of Saudi Arabia announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Group temporarily suspended its operations from March 23, 2020.

The lockdown was subsequently relaxed from end of May, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- Expected credit losses under IFRS 9, 'Financial Instruments';
- Impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- Net realizable value of inventory under IAS 2, 'Inventories';
- Provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these financial statements.

2. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO APPLYING IFRS AND NEW INTERPRETATIONS:

2.1 New Standards, applied by the group:

The Group has applied the following standards and amendments for the first time starting from 1 January 2020.

2.1.1 The effect of Amendment to IFRS 16: COVID-19 related rent concessions

In May 2020, the IASB had issued an amendment on IFRS 16 (COVID-19 related rent concessions), which provide a practical expedient for rent concessions that arise as a direct consequence of the COVID-19 pandemic allowing a lessee not to assess whether a rent concession that meets certain criteria is a lease modification and account for such rent concession as if it was not lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
c. There is no substantive change to other terms and conditions of the lease.

The amendment is effective for annual periods beginning on or after June 1, 2020, however, earlier application is permitted. The Group has elected to early adopt the amendment of the IFRS 16 (is issued by the ISAB in May 2020) before it becomes effective.

2. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO APPLYING IFRS AND NEW INTERPRETATIONS : (continued)

2.1 New Standards, applied by the group: (continued)

2.1.1 The effect of Amendment to IFRS 16: COVID-19 related rent concessions (continued)

The accounting impact of changes in rent payments by applying the exemption

The application of the practical expedient rent concession, that meets certain criteria, in the amendments of IFRS 16 has resulted in the reduction of lease contracts liabilities.

2.1.2 Amendments to IFRS 3 – Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020. These amendments did not have any impact on consolidated financial statements of the Group.

2.1.3 Amendments to IAS 1 and IAS 8 on the definition of material

These amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other IFRSs:

i. use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
ii. clarify the definition of material; and
iii. incorporate some of the guidance in IAS 1 about immaterial information.

2.1.4 Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally, cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the Consolidated Statement of Profit or Loss.

The adoption of above amendments do not have any material impact on the Consolidated Financial Statements of the Group.

2. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO APPLYING IFRS AND NEW INTERPRETATIONS : (continued)

2.2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for reporting periods beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

2.2.1 Amendments to IAS 1,"Presentation of financial statements" on classification of liabilities

These narrow-scope amendments to IAS 1, "Presentation of financial statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.

2.2.2 Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, "Business combinations" updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, «Property, plant and equipment» prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- IAS 37, "Provisions, contingent liabilities and contingent assets" specify which costs a company includes when assessing whether a contract will be loss-making.

2.2.3 Annual Improvements to IFRSs 2018–2020 Cycle

These improvements are effective on or after 1 January 2021.

- IFRS 9, "Financial Instruments" - Clarify the fees a company includes in performing the "10 per cent test" in order to assess whether to derecognize a financial liability.
- IFRS 16, "Leases" - Remove the potential for confusion regarding lease incentives by amending an Illustrative Example 13 accompanying IFRS 16.
- IAS 41, "Agriculture" – Align the fair value measurement requirements in IAS 41 with those in other IFRSs.

The standards, interpretations and amendments mentioned above do not have any material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with the International Financial Reporting Standards" IFRS" that are applied in Kingdom of Saudi Arabia, according to requires the use of critical judgment and estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the notes besides the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities that might be affected in the future.

The key assumptions concerning the future and other key sources of uncertainty estimation at the consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below. In making its assumptions and estimates, the Company relies on standards available when preparing the consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are stated when they occur.

In view of the Corona pandemic outbreak (Covid-19), the management has reviewed the uncertainties about the main sources of the estimates that have been disclosed and taking into consideration the potential impact of the new Corona pandemic (Covid-19).

In preparing the consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

The implicit rate of return for lease contracts

The Group cannot easily determine the implicit rate of return for all lease contracts, and therefore it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the borrowing rate that the group must pay to borrow for a similar period, with similar guarantees to obtain an asset of value similar to the right of use leased asset in a similar environment.

The Group estimates the incremental borrowing rate using obtainable inputs (such as market rates of returns).

Revenue from contracts with customers

Determining whether the Group is acting as an agent or principal

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified goods and services before they are transferred to its customers, as well as other indicators such as the party primarily responsible for fulfilment of the service and discretion in establishing price. The Group has concluded that it is a principal in all revenue arrangements.

Determination of performance obligation

In relation to the services provided to tenants of investment properties as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

Allocating the transaction price between performance obligations:

The Group has numerous schemes for customers under which on recharge of the specified card balances by the customers, customers get the bonus balance along with the recharged balance. The Group allocates the overall transaction price taking into account the overall balance that includes recharged amount plus the bonus balance and accordingly revenue is recognised when the performance obligation is satisfied that is the card balance is used.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determination of control

Subsidiaries are all investees over which the Group has control. Management considers that it controls an entity when the Group us exposed to or has the rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an invests, including any contractual and other such arrangements which may affect the activities which impact investees' return.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Components of investment properties and property and equipment

The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their estimated useful lives. When determining the useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group used its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow model ("DCF"). The cash flows are derived from the budget for the next five and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits

Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type).

The provision matrix is initially based on the Groups' historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in specific sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Groups' historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Estimate of useful lives and residual values

The useful lives of property and equipment and investment properties are estimated based on the economic lives and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Employee defined benefit liability

The present value of the employees' defined benefits liabilities is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the Employees' terminal benefits liabilities.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary rate and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history. Further details about employees' terminal benefits liabilities are provided in note 20.

4. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to thereafter as "IFRS as endorsed in KSA").

Basis of measurement and functional currency

These consolidated financial statements have been prepared under the historical cost convention, except for investments classified as 'Fair value through other comprehensive income' and derivative financial instruments, which are measured at fair value, and defined benefit obligation, which is recognised at the present value of future obligations under the projected unit credit method.

These consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below:

Foreign currencies

Transactions and balances

Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income. Translation of non-monetary items depends on whether they are recognised at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of comprehensive income).

Group companies

Assets and liabilities of foreign operations are translated into SR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights to the 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:

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

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

- The contractual arrangement (s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group 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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the shareholders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If a Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, and other component of equity, while any resultant gain or loss is recognized in income. Any investment retained is recognized at fair value.

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquire. For each business combination, the Group elects whether to measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9- "Financial Instruments: Recognition and Measurement", is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in statement of comprehensive income.

Classification of assets and liabilities into ccurrent / non-current

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of comprehensive income as incurred.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of the assets is mentioned as below:

	Useful life
Lease hold improvements	10 years or lease term whichever is less
Machinery and equipment	10 years
Games	5-10 years
Vehicles	5-7 years
Computer and IT equipment	5-7 years
Furnitures and fixtures	years

Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property comprises completed property and property under construction or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is stated at cost less accumulated depreciation and any impairment provision. Investment property (except for Land and investment property under construction) is depreciated using the straight–line method over the useful life of the properties as follow:

	Useful life
Buildings	50 years
Machinery and equipment	10 years
Furniture and fixtures	3-8 years
Leasehold improvements	10 years or lease term whichever is less

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, cost of replacing parts of the investment property and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income in the period in which the expenditure is incurred.

Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

The estimated useful life for current and comparative periods is as follows:

	Number of years
Franchise fees	Agreement term
Computer software	3 years

Intangible assets are amortised on straight line basis.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of noncurrent-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations is recognised in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in income.

Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs, lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Financial assets are classified at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through profit or loss ("FVOCI")

Financial assets at amortised cost ("AC")

This category is the most relevant to the Group. The Group measures financial assets at AC if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes lease receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its investment in unquoted equity instruments under this category.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL.

For lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL, loans and sukuk, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and sukuk and payables, net of directly attributable transaction costs. The Group's financial liabilities includes loans and sukuk, trade payable, amounts due to related parties, accrual and other current liabilities, Sukuk and Loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and sukuk

This is the category most relevant to the Group. After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gain and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of investment properties for the purpose of disclosure. The involvement of external valuers is decided by the Group after discussion and approval by the Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of assets and liabilities and the hierarchy of levels of fair value measurements mentioned above.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method.

Net realisable value comprises estimated selling price less selling and distribution costs. Allowance is made, where necessary, for obsolete and slow-moving items.

Inventories are written down to net realisable value where the cost may not be recoverable owing to damage, obsolescence, or if the selling prices of the items of inventory have declined.

Cash and cash equivalents

For the purpose of the statement of cash flows, Cash and cash equivalents include cash, bank balances and short term deposits with original maturities of three months, which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as financial charges.

Employees' benefits

Employees' defined benefit liabilities

The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurements recognised in OCI are reflected immediately in retained earnings and will not be reclassified to income in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' benefits (continued)

Employees' defined benefit liabilities (continued)

The Group presents the first two components of defined benefit costs in income in relevant line items.

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Employees' defined contribution scheme

The Group has defined contribution plan with General Organisation for Social Insurance ("GOSI") where the Group contributes fixed percentage of the employees' salary towards the retirement of its employees, which qualify as defined contribution plan. Contribution payable to the defined contribution plan is recognised as an expense in the profit or loss.

Retirement benefits made to defined contribution plans are expensed when incurred.

Zakat and tax

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in other comprehensive income is also recognised in OCI and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets are reviewed at reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. Deferred tax assets are disclosed under non-current assets as deferred tax assets.

Current and deferred tax is recognised as an expense or benefit in the statement of profit or loss and other comprehensive income except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in the statement of changes in shareholders' equity

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Accrued revenue is recognised to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of comprehensive income when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of “commission income on provisions for utilities for heavy users, net” under revenue in the consolidated statement of comprehensive income, since the management considers that the Group acts as an agent in this respect.

Sale of game cards

Group sells rechargeable magnetic game cards to the customers for cash. The magnetic cards entitle the card holders gaming and riding services. Cash received at the time of sale of the cards is recorded as an unearned games revenue (contract liability) and revenue is recognised once the customer starts utilising the card. So, revenue is recorded on the basis of when service is passed to the customers.

The Group usually awards customers additional “Bonus Points”, which are utilised in the same manner as regular purchased points. These Bonus Points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to Bonus Points awarded to customers based on relative stand-alone selling price and is recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer or upon expiry.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Sale of garments and other accessories

Revenue from sale of garments and other accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on completion and delivery of the orders. All sales are made on cash only or via electronic payments channel which are deposited into Group's bank account subsequently by the respective banks.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of meals, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. As the Group's sales of garments and other accessories are on cash basis only, the effects of variable considerations (for example, discounts, buy one get one free, etc.) are reduced from gross sales and revenue is recorded net of variable considerations. Some contracts for the sale of products provide customers with a right of return.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Determining the method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of garments and related accessories include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of its products with rights of return, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Other income

All other income are recognised on an accrual basis when the Group's right to earn the income is established.

Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the capital. This reserve is not available for distribution.

Value added tax "VAT"

Revenue Expenses and assets are recognised net of the amount of VAT, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable and
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group's contract liability mainly represents the unutilised portion of magnetic cards balances or unused loyalty coupons.

(All amounts are presented in Saudi riyals unless otherwise indicated)

6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Machinery and equipment	Games	Vehicles	Computer and IT equipment	Furnitures and fixtures	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost:								
Balance as at 31 December 2018 – previously issued	198,764,374	83,671,671	269,444,594	7,324,477	32,079,501	71,414,924	49,651,700	712,351,241
Adjustment (Note 36)	-	-	7,703,183	-	-	-	-	7,703,183
Balance as at 31 December 2018 – restated	198,764,374	83,671,671	277,147,777	7,324,477	32,079,501	71,414,924	49,651,700	720,054,424
Additions	40,836,292	7,226,842	30,135,993	831,337	6,488,427	5,946,963	12,608,477	104,074,331
Transfer from intangible assets	-	-	-	-	28,000	-	-	28,000
Transfer	25,557,263	3,867,671	19,372,027	-	1,654,099	274,946	(50,726,006)	-
Disposal	(2,430,241)	(780,703)	(76,582)	(56,500)	(28,650)	(2,228,135)	-	(5,600,811)
Balance as at 31 December 2019	262,727,688	93,985,481	326,579,215	8,099,314	40,221,377	75,408,698	11,534,171	818,555,944
Reclassified from intangible assets	(51,515)	1	(60,199)	-	-	24,598	117,489	30,374
Reclassified to investment properties	(15,523,216)	-	-	-	-	-	-	(15,523,216)
Balance as at 31 December 2019 - restated	247,152,957	93,985,482	326,519,016	8,099,314	40,221,377	75,433,296	11,651,660	803,063,102
Additions	13,007,834	2,385,164	16,069,176	508,300	1,065,070	1,211,090	15,642,846	49,889,480
Disposal	(1,809,958)	(634,006)	(850,641)	(378,200)	(121,696)	(6,717,199)	(19,052,277)	(29,563,977)
Balance as at 31 December 2020	258,350,833	95,736,640	341,737,551	8,229,414	41,164,751	69,927,187	8,242,229	823,388,605

(All amounts are presented in Saudi riyals unless otherwise indicated)

6. PROPERTY AND EQUIPMENT (continued)

	Leasehold improve-ments	Machinery and equipment	Games	Vehicles	Computer and IT equipment	Furnitures and fixtures	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Accumulated depreciation:								
Balance as at 31 December 2018	56,217,666	21,940,856	125,894,556	4,551,461	17,489,986	32,749,180	-	258,843,705
Charge for the year	24,676,778	11,533,568	24,723,103	1,193,758	4,665,219	8,791,794	-	75,584,220
Disposal	(962,737)	(402,103)	(46,587)	(56,499)	(1,194)	(1,396,235)	-	(2,865,355)
Balance as at 31 December 2019 – previously issued	79,931,707	33,072,321	150,571,072	5,688,720	22,154,011	40,144,739	-	331,562,570
Reclassified to Investment properties	(3,078,915)	2	-	(2)		(1)	-	(3,078,916)
Balance as at 31 December 2019 - restated	76,852,792	33,072,323	150,571,072	5,688,718	22,154,011	40,144,738	-	328,483,654
Charge for the year	18,218,135	10,803,649	30,240,014	1,091,306	6,799,590	7,874,378	-	75,027,072
Disposal	-	(385,616)	(780,770)	(297,675)	(98,049)	(6,252,307)	-	(7,814,417)
Balance as at 31 December 2020	95,070,927	43,490,356	180,030,316	6,482,349	28,855,552	41,766,809	-	395,696,309
Net book value								
As at 31 December 2020	163,279,906	52,246,284	161,707,235	1,747,065	12,309,199	28,160,378	8,242,229	427,692,296
As at 31 December 2019	170,300,165	60,913,159	175,947,944	2,410,596	18,067,366	35,288,558	11,651,660	474,579,448
As at 1 January 2019	142,546,708	61,730,815	151,253,221	2,773,016	14,589,515	38,665,744	49,651,700	461,210,719

Depreciation is allocated as follow:	2020	2019
	SR	SR
Cost of revenue (note 27)	60,739,563	60,253,035
General and administrative expenses (note 29)	5,237,193	5,470,872
Selling and distribution expenses (note 28)	9,050,316	9,860,313
	75,027,072	75,584,220

(All amounts are presented in Saudi riyals unless otherwise indicated)

7. INVESTMENT PROPERTIES

	Lands	Buildings	Machinery and equipment	Furniture and Fixtures	Lease hold improvement	Construction work in progress	Total
	SR	SR	SR	SR	SR	SR	SR
Cost:							
Balance as at 31 December 2018	747,236,395	1,513,319,062	242,780,877	9,652,037	8,000	334,557,254	2,847,553,625
Additions	-	639,327	105,801	-	-	62,221,259	62,966,387
Disposal	-	-	-	-	-	(13,940,981)	(13,940,981)
Reclassification	-	(1,403,267)	-	-	1,403,267	-	-
Balance as at 31 December 2019 – previously issued	**747,236,395**	**1,512,555,122**	**242,886,678**	**9,652,037**	**1,411,267**	**382,837,532**	**2,896,579,031**
Reclassified to/ from property and equipment	-	2,806,534	-	(24,598)	12,828,397	(87,117)	15,523,216
Balance as at 31 December 2019 - restated	**747,236,395**	**1,515,361,656**	**242,886,678**	**9,627,439**	**14,239,664**	**382,750,415**	**2,912,102,247**
Additions	5,207,062	8,505,397	-	-	575,427	38,314,703	52,602,589
Transfer	-	-	-	-	-	(20,389,079)	(20,389,079)
Balance as at 31 December 2020	**752,443,457**	**1,523,867,053**	**242,886,678**	**9,627,439**	**14,815,091**	**400,676,039**	**2,944,315,757**
Accumulated depreciation:							
Balance as at 31 December 2018	-	336,623,180	173,560,641	8,516,032	2,542	-	518,702,395
Charge for the year	-	40,781,548	11,699,873	394,998	253	-	52,876,672
Balance as at 31 December 2019 – previously issued	-	377,404,728	185,260,514	8,911,030	2,795	-	571,579,067
Reclassified to /from property and equipment	-	(1,028,022)	-	-	4,106,938	-	3,078,916
Balance as at 31 December 2019 - restated	-	**376,376,706**	**185,260,514**	**8,911,030**	**4,109,733**	-	**574,657,983**
Charge for the year	-	38,979,701	8,605,137	359,049	1,475,830	-	49,419,717
Balance as at 31 December 2020	-	**415,356,407**	**193,865,651**	**9,270,079**	**5,585,563**	-	**624,077,700**
Net book value							
As at 31 December 2020	**752,443,457**	**1,108,510,646**	**49,021,027**	**357,360**	**9,229,528**	**400,676,039**	**2,320,238,057**
As at 31 December 2019	747,236,395	1,138,984,950	57,626,164	716,409	10,129,931	382,750,415	2,337,444,264
As at 1 January 2019	747,236,395	1,176,695,882	69,220,236	1,136,005	5,458	334,557,254	2,328,851,230

.

(All amounts are presented in Saudi riyals unless otherwise indicated)

7. INVESTMENT PROPERTIES (continued)

Fair value of the investment properties as at 31 December 2020 amounted to SR 4,876,400,000 (31 December 2019: SR 4,612,381,000). An independent third party, Colliers International ("Valuer") license number 1220001784 has performed the valuation of the investment properties using the income discounted cash flow approach (31 December 2019: income discounted cash flow approach). The Valuer has appropriate qualifications and experience in the valuation of properties.

The fair value hierarchy for the investment properties for disclosure purpose is grouped in level 3, with significant inputs being directly or indirectly observable.

Certain lands and buildings with an aggregate book value of SR 849.2 million (2019: SR 618.8 million) are pledged with local banks

Following is a description of valuation technique used and key inputs to valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		2020	2019
DCF method	Estimated rental value per sqm per month	SR 97	SR 100
	Rent growth p.a.	2.25%	2.25%
	Long-term vacancy rate	13.50%	8.00%
	Discount rate	13%	12.15%

	2020	2019
	SR	SR
Rental income derived from investment properties	479,602,070	469,889,436
Direct costs generating rental income	(170,083,418)	(203,907,512)
	309,518,652	265,981,924

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct, and develop or sale investment properties or for repairs, maintenance and enhancements except for construction work in progress.

(All amounts are presented in Saudi riyals unless otherwise indicated)

8. INTANGIBLE ASSETS

Intangibles assets represent mainly software and franchise fees.

	As at		
	At 31 December 2020	At 31 December 2019	1 January 2019
Cost:			
Balance as at 1 January	8,827,506	8,377,130	7,082,414
Additions	-	584,895	42,188
Adjustments	-	-	8,913,437
Transfer to property and equipment (Note 6)	-	(28,000)	-
Disposals	-	(106,519)	(7,660,909)
Balance as at 31 December	8,827,506	8,827,506	8,377,130
Accumulated amortisation:			
Balance as at 1 January	5,108,471	4,392,710	3,106,399
Charge for the year	688,083	817,872	1,283,720
Additions	-	-	3,379,118
Reclass from investment proprieties		30,374	-
Transfer to property and equipment (Note 6)	-	(25,966)	-
Disposals	-	(106,519)	(3,376,522)
Balance as at 31 December	5,796,554	5,108,471	4,392,710
Net Book Value as at 31 December	3,030,952	3,719,035	3,984,415

During prior years, the Group entered into franchise agreements with franchisors. Under these agreements, the Group obtained the right to operate retail shops under the respective obtained brand name. Useful life of the obtained franchises is determined to be 4 to 5 years. Management amortise franchise fees on a straight-line basis based on the terms of the agreement.

(All amounts are presented in Saudi riyals unless otherwise indicated)

9. RIGHT OF USE ASSETS

	As at		
	At 31 December 2020	At 31 December 2019	1 January 2019
Cost:			
Balance as at 1 January	735,559,367	659,240,813	-
Additions	3,979,941	77,158,719	-
Disposals	(89,309,793)	(840,165)	-
Balance as at 31 December	650,230,515	735,559,367	-
Accumulated depreciation:			
Balance as at 1 January	218,912,920	163,590,736	-
Charge for the year	59,709,086	55,322,184	-
Disposals	(7,763,638)	-	-
Balance as at 31 December	270,858,368	218,912,920	-
Net Book Value as at 31 December	379,372,147	516,646,446	-

(All amounts are presented in Saudi riyals unless otherwise indicated)

10. PREPAYMENTS AND OTHER current assets

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
Advance payment to contractors and suppliers	2,000,756	944,902	944,902
Refundable deposits	10,197,062	8,007,848	6,560,245
Prepayments	4,502,394	4,288,524	21,114,426
Employees' receivables	805,711	1,609,986	2,467,165
Prepaid rent	201,666	428,747	7,210,073
VAT receivable	-	1,544,358	-
Prepaid expenses	8,493,464	3,953,568	-
Derivative instrument at FVTPL	-	-	6,651,052
Other	7,017,146	606,691	1,701,636
	33,218,199	21,384,624	46,649,499

11. ADVANCE PAYMENT TO CONTRACTORS AND SUPPLIERS

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
Advance payment to contractors and suppliers (*)	46,977,774	62,183,870	72,816,605
Advance payment – to Owner (**)	25,160,235	-	-
	72,138,009	62,183,870	72,816,605

(*) This amount represents the advance payment related to construction works for Hafr Al-Batin Mall and Al-Khafji Mall. The works are expected to be completed in full during 2023.

(**) This amount represents the advance payment for the purchase of investment property in Saudi Arabia. The balance amount to be paid for this property is disclosed in note 35 for purchasing an investment property.

(All amounts are presented in Saudi riyals unless otherwise indicated)

12. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments classified as fair value through other comprehensive income "FVOCI" include financial assets that are invested in quoted and unquoted equity shares.

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
Listed equity instruments at fair value through other comprehensive income	-	11,725,454	8,577,465
	-	**11,725,454**	**8,577,465**

Un listed equity instruments at fair value through other comprehensive income	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
Saudi Arabian Oil Company ("Saudi Aramco")	-	11,725,454	-
Al-Mabani Company	-	-	8,577,465
	-	**11,725,454**	**8,577,465**

Following is the movement of the Fair value reserve of financial assets designated at fair value through other comprehensive income during the year:

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
At the beginning of the year	1,081,070	(1,991,046)	(250,094)
Reclassified to retained earning	(1,081,070)	1,991,046	-
Movement during the year	-	1,081,070	(1,665,296)
Transferred to a related party	-	-	(75,656)
At the end of the year	-	1,081,070	(1,991,046)

(All amounts are presented in Saudi riyals unless otherwise indicated)

13. Investments IN ASSOCIATE

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
Investment in Associate	1,419,676	-	-
	1,419,676	-	-

Company	% shareholding	At 31 December 2019	Additions	Share in results	At 31 December 2020
Wamdah for cinema-Closed Joint Stock	55%	-	550,000	60,260	610,260
Saudi Pillar Contracting Company	70%	-	225,000	584,416	809,416
	-	-	775,000	644,676	1,419,676

14. INVENTORIES

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
	SR	SR	SR
Goods ready for resale	45,143,733	44,028,032	35,071,257
Consumables and other materials	6,695,207	19,879,577	23,835,471
Spare parts	6,331,776	7,865,043	7,524,092
Less: provision for slow moving items	(6,778,012)	(9,822,056)	(4,453,197)
	51,392,704	61,950,596	61,977,623

Following is the movement of provision for slow moving items:

	SR	SR	SR
At the beginning of the year	9,822,056	4,453,197	5,182,312
Provided during the year	1,308,423	5,368,859	270,885
Write off	(4,352,467)	-	(1,000,000)
At end of the year	6,778,012	9,822,056	4,453,197

(All amounts are presented in Saudi riyals unless otherwise indicated)

15. LEASE RECEIVABLES

	As At		
	At 31 December 2020	At 31 December 2019	1 January 2019
	SR	SR	SR
Lease receivables	397,865,620	217,391,374	153,366,495
Less: provision for expected credit losses	(191,354,416)	(88,738,632)	(63,977,082)
	206,511,204	128,652,742	89,389,413

Following is the movement for provision of expected credit losses:

At the beginning of the year	88,738,632	63,977,082	41,894,922
Provided during the year	101,297,964	60,344,045	22,082,160
Other adjustment/ (Write off)	1,317,820	(35,582,495)	-
At end of the year	191,354,416	88,738,632	63,977,082

16. LEASE LIABILITY

	As At		
	31 December 2020	31 December 2019	1 January 2019
At the beginning of the year	561,877,910	540,091,396	-
Additions	3,979,941	77,156,728	-
Finance cost (Note 30)	14,030,409	16,102,981	-
Others	(95,575,563)	-	-
Lease payment	(70,340,081)	(71,473,195)	-
	413,972,616	561,877,910	-
Current lease liabilities	73,881,666	203,138,279	-
Non-current lease liabilities	340,090,950	358,739,631	-
	413,972,616	561,877,910	-

(All amounts are presented in Saudi riyals unless otherwise indicated)

17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Group's management.

Following is a list of related parties of the Group:

Related party	Nature of relationship
Othaim Market Company	Shareholder
Al Othaim Holding Company	Shareholder
Qyol for Real Estate Investment	Subsidiary
Promissing Riyadh Real Estate Company	Subsidiary
International Leisure Company Ltd.	Subsidiary
Fun World For Amusement Parks	Subsidiary
Premium Retail Company	Subsidiary
Global Enterprise Team Limited Company	Subsidiary
Euro Enterprise Team Limited Company	Subsidiary
World of Adventure Limited Company	Subsidiary
Ledar for Real Estate Investment	Subsidiary
Lilyan Company	Subsidiary
Orion Holding Limited Company	Affiliate
Fun World International Investment Company	Subsidiary

17.1 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Salaries and short-term benefits	6,058,000	5,020,742	4,730,381
End-of-service benefits	533,975	498,383	1,602,798
Total key management compensation	6,591,975	5,519,125	6,333,179

(All amounts are presented in Saudi riyals unless otherwise indicated)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.2 Related party transactions

During the year, the Group transacted with its related parties. The terms of those transactions are approved by management in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related parties	Nature of transaction	2020 SR	2019 SR	1 January 2019 SR
Othaim Market Company	Rental revenue	14,149,063	18,001,280	26,734,756
	Rental Expense	26,391,201	-	-
	Payments on behalf of the affiliated company	824,301	2,446,021	-
	Other revenue	7,358,700	15,148,102	-
	Intercompany charges	424,465	263,996	-
Al Othaim Holding Company	Transfer of construction work in progress	17,990,367	13,940,981	-
	Expenses paid on behalf	676,161	-	-
	Intercompany charges	2,109,396	509,083	-
	Transfer of FVOCI to the related party	-	-	2,632,189
	Transfer of investment to the related party	-	-	544,164
	Acquisition of a subsidiary	-	-	81,962,572
Premium Retail Company	Financing to the affiliated company	-	1,485,296	1,479,569
International Leisure Company Ltd.	Financing	-	624,464	-
Fun World For Amusement Parks	Financing	-	28,002	-
Global Enterprise Team Limited Company	(Settlement) financing	-	(291,323)	291,323
Euro Enterprise Team Limited Company	(Settlement) financing	-	(291,001)	291,001
World of Adventure Limited Company	Financing	-	(262,968)	262,968
Ledar for Real Estate Investment	Financing	-	178,226	-
Lilyan Company	Financing	-	95,935	4,441,014

During the year, the Group transacted with related parties. The terms of these transactions are approved by management in the normal course of business.

(All amounts are presented in Saudi riyals unless otherwise indicated)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.3 Related party balances

The following table summarizes related parties' balances:

1) Amounts due from related parties

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Wamdah for Cinema (Closed Joined Company)	34,832,378	-	-
Othaim Market Company	3,495,538	19,301,705	-
Qyol for Real Estate Investment	668,425	668,425	668,425
Al Othaim Holding Company	-	75,876,880	11,378,104
Premium Retail Company	-	11,137,719	10,448,677
International Leisure Company Ltd.	-	624,464	-
Fun World For Amusement Parks	-	28,001	-
Global Enterprise Team Limited Company	-	-	316,416
Euro Enterprise Team Limited Company	-	-	291,001
World of Adventure Limited Company	-	-	262,968
Ledar for Real Estate Investment	-	-	126,395
Lilyan Company	-	-	3,383,551
	38,996,341	107,637,194	26,875,537

Management conducted an impairment review as required under IFRS 9 for amounts due from related parties, based on such assessment, management believe that there is no significant impairment against the carrying value the outstanding balances of amounts due from related parties.

2) Amounts due to related parties:

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Orion Holding Limited Company	393,000	44,744	-
Fun World International Investment Company	-	-	46,501
FAW International Company	15,000,000	-	-
	15,393,000	44,744	46,501

(All amounts are presented in Saudi riyals unless otherwise indicated)

18. CASH AND CASH EQUIVALENTS

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Bank balances	17,685,135	62,777,241	96,570,737
Time deposits (*)	84,028,701	20,102,802	47,104,893
Cash at hand	1,560,405	3,415,091	15,255,592
	103,274,241	86,295,134	158,931,222

(*) Time deposits have original maturity of 3 months or less and interest bearing at their respective short-term deposit rates.

19. LOANS

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Current portion of loans	212,862,320	133,966,668	136,166,668
Non-current portion of loans	1,153,804,350	335,866,668	270,833,335
	1,366,666,670	469,833,336	407,000,003

The Group has obtained short and long -term facilities and Murabaha financing from various local banks to serve its working capital and constructions of its properties financing purposes.

These facilities are secured by corporate and personal guarantees and promissory notes issued by the shareholders, acknowledgement of assignment of project proceeds, mortgage over lands and building, with carrying value of SR 849.2 million (2019: SR 618.8 million) (note 7), and certain financial covenants. Loans bear financing charges at market rates, which are generally based on Saudi Inter Bank Offer Rate ("SIBOR") plus 1.00% - 1.75%.

These loans are repayable on installments according to the terms of the agreements up to year 2026.

(All amounts are presented in Saudi riyals unless otherwise indicated)

20. EMPLOYEES' DEFINED BENEFITS LIABILITY

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Current service cost	4,470,987	5,132,711	4,309,405
Interest cost on benefit liabilities	625,166	849,890	589,609
	5,096,153	5,982,601	4,899,014

Movement of present value of employees' terminal benefits liabilities

	SR	SR	SR
At the beginning of the year	22,421,356	17,323,623	12,882,018
Total benefit expense	5,095,784	5,982,601	4,899,014
Acquisition of a subsidiary	-	-	1,625,186
Remeasurement loss (gain) on employees' benefit liabilities	(854,656)	669,994	(710,583)
Benefits paid	(4,136,394)	(1,554,862)	(1,372,011)
At the end of the year	22,526,090	22,421,356	17,323,624

(All amounts are presented in Saudi riyals unless otherwise indicated)

20. EMPLOYEES' DEFINED BENEFITS LIABILITY (continued)

The significant actuarial assumptions used in benefits liabilities computation:

	2020	2019	1 January 2019
Discount rate	2.5% - 2.75%	3.05%	5.89%
Salary growth rate	3%	6.00%	4.49%
Retirement age	60 years	60 years	60 years

Employees' terminal benefits liabilities sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2020 and 31 December 2019 is shown below:

31 December 2020	Change in Assumption	Base value	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	22,526,090	20,918,043	24,294,143
Salary growth rate	+/-1%	22,526,090	24,355,351	20,919,087

31 December 2019	Change in Assumption	Base value	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	22,421,356	18,623,934	22,740,813
Salary growth rate	+/-1%	22,421,356	22,651,766	18,656,370

21. SUKUK

	As At		
	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Sukuk	-	851,000,000	1,000,244,133
Deferred finance cost	-	(2,060,774)	(5,059,088)
	-	848,939,226	995,185,045

During the year ended 31 December 2016, the Group issued Sukuk amounted to SAR 1,000 million at par without discount or premium. The Sukuk issuance bears commission cost based on Saudi Inter Bank Offer Rate ("SIBOR") plus a pre-determined margin of 1.70%. The Sukuk was redeemed at par on its maturity on 30 August 2020.

(All amounts are presented in Saudi riyals unless otherwise indicated

22. ACCRUALS AND OTHER CURRENT LIABILITIES

	As At		
	31 December 2020	31 December 2019 (Restated)	01 January 2019 (Restated)
	SR	SR	SR
Retention payable	54,596,785	56,263,009	51,274,316
Discount provision for tenant	19,802,995	1,227,163	-
Accrued expenses	14,929,288	29,236,999	18,382,332
Unearned rental income	4,418,133	42,054,400	57,748,003
Employees' accruals	5,869,654	3,160,572	5,774,358
Advance from customers	5,699,847	4,400,125	2,993,141
Accrued finance cost	3,114,834	16,923,019	20,733,203
Accrued construction work	192,620	23,575,461	13,631,753
Other accruals	14,234,486	19,733,981	29,258,719
	122,858,642	196,574,729	199,795,825

23. ZAKAT AND TAX

(1) Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 December was as follows:

	As At		
	31 December 2020	31 December 2019	01 January 2019
	SR	SR	SR
Balance at beginning of the year	11,641,605	19,242,524	15,298,843
Zakat provision for the year	4,907,999	11,939,245	13,040,516
Tax provision for the year	271,826	763,235	84,324
Paid during the year	(8,166,960)	(20,303,399)	(9,181,159)
Balance at end of the year	8,654,470	11,641,605	19,242,524

(All amounts are presented in Saudi riyals unless otherwise indicated

24. ZAKAT AND TAX (continued)

(2) Charge for the year

Zakat and tax charge for the year amounting to SR 5,179,825 (2019: SR 12,702,480) based on the following:

The principal element of the zakat base are as follows:

	31 December 2020 SR	31 December 2019 SR	01 January 2019 SR
Shareholders' equity	1,618,489,538	1,603,037,210	1,533,688,764
Income before zakat	121,441,647	245,314,689	262,927,203
Non-current assets	3,203,891,137	3,406,298,517	2,875,440,434
Non-current liabilities	1,518,434,394	718,733,322	1,283,342,004

The differences between the financial and the zakatable income are mainly due to provisions which are not allowed in the calculation of zakatable income.

In accordance with the rules and regulations of the GAZT, zakat is required to be computed on the higher of zakat base and zakatable income for the year.

(3) Deferred tax

	As At		
	31 December 2020	31 December 2019	01 January 2019
	SR	SR	SR
Tax basis of property and equipment and intangible assets	22,664,129	25,003,008	4,455,304
Less:			
Accounting basis of property and equipment and intangible assets	(13,717,446)	(17,422,264)	(7,230,827)
Taxable (deductible) temporary difference	8,946,683	7,580,744	(2,775,523)
Deferred tax at rate of 22.5%	2,013,004	1,705,667	-

The charge during the year can be shown on the income statement as follows:

	For the year ended	
	2020	2019
	SR	SR
Deferred tax on 1 January	1,705,666	-
Deferred tax at 22.5%	271,826	763,236
Differences and adjustments resulting from the translation and consolidation of the financial statements	35,512	942,431
Differed tax at the end of the year	2,013,004	1,705,667

23. ZAKAT AND TAX (continued)

Status of assessments

Abdullah Al Othaim for Investments Company

The company has submitted its zakat returns to the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2018. Zakat assessments have been raised by the GAZT from 2013 to 2015.

Subsidiaries located in the Kingdom of Saudi Arabia

The subsidiaries have submitted their zakat returns to the GAZT for the years up to 31 December 2019. No zakat assessments have been performed by GAZT from inception.

Subsidiaries located in Gulf Cooperation Council countries

Subsidiary companies located in United Arab Emirates and Qatar are not subject to income tax. In Oman the first return of income for the year 2019 will be filed with the respective tax authority.

Other subsidiaries

Other subsidiary companies have submitted their tax returns. No assessments have been raised by relevant authorities.

24. SHARE CAPITAL

The Company's share capital at 31 December 2020 and 2019 amounted to SR 1,000,000,000 consisting of 100,000,000 fully paid and issued shares of SR 10 each.

25. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the share capital. This reserve is not available for dividend distribution.

(All amounts are presented in Saudi riyals unless otherwise indicated

26. REVENUE

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segment	For the year ended	
	2020	2019
	SR	SR
Rent revenue (*)	479,602,070	469,889,436
Entertainment revenue	163,804,598	293,917,630
Retail revenue	154,982,378	186,790,100
Services revenue	50,371,400	52,920,737
Restaurants revenue	14,558,726	24,728,350
Other	-	10,791,682
Advertisement revenue	6,724,240	8,818,163
Discount	(108,187,874)	(39,166,061)
	761,855,538	1,008,690,037

(*) The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms of between 1 to 2 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2020	2019
	SR	SR
Within 1 year	333,149,341	364,107,912
After 1 year but not more than five years	318,444,847	399,709,999
More than five years	124,523,850	107,853,283
	776,118,038	871,671,194

(All amounts are presented in Saudi riyals unless otherwise indicated

26. REVENUE (continued

In the following table, revenue is disaggregated by type of sector, customer, and duration of contracts and timing of revenue recognition as shown below:

Type of sector	For the year ended	
	2020	2019
	SR	SR
Companies sector	761,855,538	1,008,690,037

Type of customer	For the year ended	
	2020	2019
	SR	SR
Non-government	761,855,538	1,008,690,037

Duration of contracts	For the year ended	
	2020	2019
	SR	SR
More than one year	371,414,196	430,723,375
Less than one year	390,441,342	577,966,662
	761,855,538	1,008,690,037

27. COST OF REVENUE

	For the year ended	
	2020	2019
	SR	SR
Cost of goods sold	84,216,541	119,880,116
Depreciation (note 6,7,8)	110,964,141	113,401,837
Employees' salaries and other benefits	65,945,877	84,193,274
Utilities	50,686,786	61,289,794
Depreciation– right of use assets	46,016,877	32,626,422
Maintenance	11,446,121	12,839,201
Other	6,182,454	46,758,622
	375,458,797	470,989,266

(All amounts are presented in Saudi riyals unless otherwise indicated

28. SELLING AND DISTRIBUTION EXPENSES

	For the year ended	
	2020	2019
	SR	SR
Employees' salaries and other benefits	28,076,468	38,065,766
Advertisement	9,452,825	32,340,132
Depreciation– right of use assets	12,717,874	21,834,718
Depreciation (note 6)	9,050,316	9,860,315
Amortization	110,377	-
Others	9,160,483	10,676,587
	68,568,343	112,777,518

29. GENERAL AND ADMINISTRATION EXPENSES

	For the year ended	
	2020	2019
	SR	SR
Provision for expected credit losses	101,297,965	60,344,045
Employees' salaries and other benefits	32,554,231	39,344,885
Professional fees	1,030,446	7,657,047
Depreciation (note 6)	5,237,193	5,470,872
Insurance	67,276	1,048,595
Amortization	10,710	-
Depreciation– right of use assets	974,335	861,044
License	891,142	838,376
Rent	886,660	706,960
Maintenance	942,501	585,109
Others	7,688,851	14,651,536
	151,581,310	131,508,469

(All amounts are presented in Saudi riyals unless otherwise indicated

30. FINANCE COST

	For the year ended	
	2020	2019
	SR	SR
Finance charges	45,636,264	48,875,579
Finance cost – leases (Note 16)	14,030,409	16,102,981
Interest cost on benefit liabilities (Note 20)	625,166	849,890
	60,291,839	65,828,450

31. OTHER INCOME (EXPENSES)

	For the year ended	
	2020	2019
	SR	SR
Liability no longer required written back (*)	19,154,441	598,635
Loss from disposal of property and equipment and intangible assets	(3,624,932)	(655,548)
Foreign currency translation difference	(677,135)	(73,025)
Gain (loss) on foreign currency translation	-	3,929,844
Customer settlements	-	3,334,477
Reversal of provision for claims	-	3,140,660
Gain on sale of investment at fair value through other comprehensive income	-	1,499,051
Other	-	5,954,261
	14,852,374	17,728,355

* An accrued liability waived in favour of the company related to the establishment and operation of the Mall in Jubail Industrial City on behalf of Al-Othaim Holding Company, and in accordance with the agreement concluded after the completion of the project, the transactions related to the project are transferred to be a liability on Al-Othaim Holding Company and recognized by the company as other income.

(All amounts are presented in Saudi riyals unless otherwise indicated

32. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments by category

Financial instruments for the year 2020 have been categorised as follows:

	Carrying value			Fair value		
	Financial assets at fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	103,274,241	103,274,241	-	103,274,241	-
Amounts due from related parties	-	38,996,341	38,996,341	-	38,996,341	-
Lease receivables	-	206,511,204	206,511,204	-	206,511,204	-
	-	**348,781,786**	**348,781,786**	-	**348,781,786**	-
Financial liabilities						
Lease liabilities	-	413,972,616	413,972,616	-	413,972,616	-
Trade payables	-	58,745,749	58,745,749	-	58,745,749	-
Retentions Payable	-	54,596,785	54,596,785	-	54,596,785	-
Accrued finance cost	-	3,114,834	3,114,834	-	3,114,834	-
Amounts due to related parties	-	15,393,000	15,393,000	-	15,393,000	-
Loans	-	1,366,666,670	1,366,666,670	-	1,366,666,670	-
	-	**1,912,489,654**	**1,912,489,654**	-	**1,912,489,654**	-

(All amounts are presented in Saudi riyals unless otherwise indicated

32. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Financial instruments by category (continued)

Financial instruments for the year 2019 have been categorised as follows:

	Carrying value			Fair Value		
	Financial assets at fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	86,295,134	86,295,134	-	86,295,134	-
Amounts due from related parties	-	107,637,194	107,637,194	-	107,637,194	-
Lease receivables	-	128,652,742	128,652,742	-	128,652,742	-
Financial assets at fair value through other comprehensive income	11,725,454	-	11,725,454	11,725,454	-	-
	11,725,454	322,585,070	334,310,524	11,725,454	322,585,070	-
Financial liabilities						
Lease liabilities	-	561,877,910	561,877,910	-	561,877,910	-
Trade payables	-	70,873,304	70,873,304	-	70,873,304	-
Retentions Payable	-	56,263,009	56,263,009	-	56,263,009	-
Accrued finance cost	-	16,923,019	16,923,019	-	16,923,019	-
Amount due to related parties	-	44,744	44,744	-	44,744	-
Sukuk	-	848,939,226	848,939,226	-	848,939,226	-
Loans	-	469,833,336	469,833,336	-	469,833,336	-
	-	2,024,754,548	2,024,754,548	-	2,024,754,548	-

The Group classifies its quoted financial assets as FVOCI Quoted shares are measured at fair value based on prices in active market. There were no transfers between Level 1 and Level 2 during the year.

There Group assessed that lease receivables, cash and cash equivalents, amounts due from related parties, trade and noted payable, amounts due to related parties', sukuk and loans approximate their carrying amounts largely due to the short term liquidity of these instruments.

(All amounts are presented in Saudi riyals unless otherwise indicated

33. RISK management of financial assets AND LIABILITIES

Risk management framework

The Group's principal financial liabilities comprise of trade and note payable, sukuk, loans and amounts due to related parties. The Group's principal financial assets include lease receivables, cash and short-term deposits and amounts due from related parties.

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

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

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily leasing receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum credit risk exposure of the Group as of at the reporting date is as follows:

	2020 SR	2019 SR
Bank balances and time deposits	101,713,836	82,880,043
Amounts due from related parties	38,996,341	107,637,194
Lease receivable	206,511,204	128,652,742
	347,221,381	319,169,979

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on receivable from related parties is limited as, the receivables are shown net of allowance for expected credit losses, as applicable and financial position of related parties is stable.

a) Bank balances and time deposits

Credit risk from bank balances are managed by the Group's management in accordance with the Group's policy and is limited as cash balances are held with banks with sound credit ratings.

b) Lease receivable

The Group limits its exposure to credit risk from lease receivables by establishing a payment period between three months to six months for corporate customers. Most of the lease receivables of the Group are from private sector and are considered to be highly credible. At 31 December 2020, the Group had 7 customers (31 December 2019: 9 customers) that owed it more than SR ten million each and accounted for approximately 41% of all receivable owing (31 December 2019: 43%). The Group has not experienced any impairment loss on these balances and does not foresee loss in near future.

(All amounts are presented in Saudi riyals unless otherwise indicated

33. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Credit risk (continued)

b) Lease receivable (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's lease receivables using a provision matrix:

31 December 2020	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	10%	62,186,577	6,218,901
93 to 185 days	20%	129,806,385	25,961,277
186 to 277days	50%	61,738,012	30,578,781
278 to 366 days	60%	44,455,036	29,300,314
367 to 459 days	85%	24,407,694	24,023,358
460 to 551 days	100%	15,983,095	15,982,964
More than 552 days	100%	59,288,821	59,288,821
		397,865,620	191,354,416

31 December 2019	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	15%	108,816,936	15,763,570
93 to 185 days	23%	24,722,302	5,584,010
186 to 277days	35%	15,191,396	5,251,036
278 to 366 days	64%	18,064,752	11,544,352
367 to 459 days	100%	10,053,093	10,053,101
460 to 551 days	100%	22,045,348	22,045,167
More than 552 days	100%	18,497,547	18,497,396
		217,391,374	88,738,632

(All amounts are presented in Saudi riyals unless otherwise indicated

33. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2020	On demand	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR	SR
Lease liabilities	-	-	73,881,666	-	340,090,950	-	413,972,616
Loans	-	106,431,159	106,431,159	212,862,319	425,724,638	515,217,395	1,366,666,670
Retentions payable	-	-	54,596,785	-	-	-	54,596,785
Accrued interest	-	-	3,114,834	-	-	-	3,114,834
Trade payables	-	-	58,745,749	-	-	-	58,745,749
Amounts due to related parties	-	-	15,393,000	-	-	-	15,393,000
Total	-	106,431,159	312,163,193	212,862,319	765,815,588	515,217,395	1,912,489,654

(All amounts are presented in Saudi riyals unless otherwise indicated

33. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

31 December 2019	On demand	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 1 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR	SR
Lease liabilities	-	41,972,389	48,310,870	83,932,859	256,604,946	131,056,846	561,877,910
Sukuk	848,939,226	-	-	-	-	-	848,939,226
Loans	-	-	133,966,668	335,866,668	-	-	469,833,336
Accruals and other current liabilities	-	-	196,574,729	-	-	-	196,574,729
Accrued finance cost	-	-	16,923,019	-	-	-	16,923,019
Trade payables	-	-	70,873,304	-	-	-	70,873,304
Contract liabilities			25,269,720				25,269,720
Amount due to related parties	-	-	44,744	-	-	-	44,744
Total	848,939,226	41,972,389	491,963,054	419,799,527	256,604,946	131,056,846	2,190,335,988

Market risk

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

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: Commission rate risk, foreign currency risk, and equity price risk.

Commission rate risk

Commission risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate due to changes in the market commission rates. The Group to the risk of changes in market commission rates relates primarily to the Group's term loans and sukuk obligations with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

33. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Market risk (continued)

Commission rate sensitivity (continued)

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans and sukuk affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

Gain/(loss) through the consolidated statement of comprehensive income	2020	2019
	SR	SR
Floating rate debt:		
SIBOR +/- 100bps	13,666,667	13,187,726

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Management monitors the fluctuations in currency exchange rates and believes that effect of the currency fluctuation will not be material.

Equity price risk

The Group's quoted and unquoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For unquoted equity instruments the maximum risk is equal to the carrying amount of those investments.

(All amounts are presented in Saudi riyals unless otherwise indicated

33. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 65%. The Group includes within net debt, commission bearing loans and sukuk, accounts and other payables, less cash and bank balances.

	2020	2019 (Restated)
	SR	SR
Total liabilities	2,018,794,288	2,209,181,597
Less: cash and bank balances	(103,274,241)	(86,295,134)
Net debt	1,915,520,047	2,122,886,463
Total equity	1,618,489,538	1,603,037,210
Adjusted capital	1,618,489,538	1,603,037,210
Debt to adjusted capital ratio	1.18	1.32

34. DIVIDENDS

	2020	2019
	SR	SR
As at 1 January	-	13,653,850
Dividends declared	100,000,000	100,000,000
Dividends paid	(100,000,000)	(113,653,850)
	-	-

Shareholders of the Company, in their annual general assembly meeting held on 30 June 2020, approved dividends distribution for the year ended 31 December 2019 amounted to SR 100 million (SR 10 per share).

Shareholders of the Company, in their annual general assembly meeting held on 30 June 2019, approved dividends distribution for the year ended 31 December 2018 amounted to SR 100 million (SR 10 per share).

(All amounts are presented in Saudi riyals unless otherwise indicated

35. COMMITMENTS AND CONTINGENCIES

Commitments	2020	2019
	SR	SR
Commitments for projects under construction	635,300,000	56,499,824
Letter of guarantee	40,099,519	55,970,682

36. ADJUSTMENTS

- During the year, management noted an error of not adjusting the revenue impact in cases of contract with different rental value over contract period as per requirement of IIFRS 16 for lessor, which has impacted revenue by SR11.31 million (01-Jan-2019: SR 9.74 million and 31-Dec-2019 SR 1.57 million) and corresponding impact is passed to unearned revenue.
- There was a prior year adjustment for excess depreciation in one the subsidiary (Abdullah Al Othaim for Entertainment)

on property and equipment as a result of using depreciation rates in violation of the approved policy and its reduction in the cost of property and equipment during the years 2016 and 2017, and this error had to be adjusted in the opening balances of the comparison year as of January 1, 2019.

The effect of correcting the error is set out below:

On the consolidated statement of financial position:

The impact of those adjustments in the on the consolidated statement of financial position were as follows:

	Effect on the consolidated statement of financial position 1 January 2019		
	Before adjustment	Adjustments	After Adjustments
Retained Earnings			
Effect of adjustment of revenue as at 01 January 2019		(9,739,748)	
Reversal of excess depreciation related to one of subsidiary		(7,703,178)	
Retained earnings 1 January 2019 – restated	(418,842,152)	(17,442,926)	(436,285,078)
Property and equipment	441,093,609	7,703,178	448,796,787
Accrual and other current liabilities	(209,535,573)	9,739,748	(199,795,825)

	Effect on the consolidated statement of financial position 31 December 2019		
	Before adjustment	Adjustments	After Adjustments
Retained Earnings	(461,155,635)	(19,013,193)	(480,168,828)
Property and equipment	466,876,270	7,703,178	474,579,448
Accrual and other current liabilities	(207,884,744)	11,310,015	(196,574,729)

	Effect on consolidated statement of profit or loss and other comprehensive income as at 31 December 2019		
	Before adjustment	Adjustments	After Adjustments
Revenue	1,007,119,770	1,570,267	1,008,690,037

(All amounts are presented in Saudi riyals unless otherwise indicated

37. DERIVATES

Derivative not designated as hedging instruments

	2020	2019
	SR	SR
Fair value of financial assets	-	(712,579)

Derivative not designed as hedging instruments reflect the positive change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk.

38. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year

39. IMPACT OF COVID-19

Malls

As a consequence of the COVID 19 pandemic, the malls were closed from 16th March 2020 to 28th April 2020. The company was obliged to grant rental discounts to tenants for the period of the closure of the malls and for extended periods to tenants, whose operations remained closed for longer periods due to restrictions imposed by the local authorities. Further, the closure of malls affected trade for the tenants and their ability to settle rental dues. This resulted in an increase in the trade receivable days as also provisions for expected credit losses. The company also benefited from the support granted by the authorities by way of reduced utility bills and payroll costs support and rental discount from certain landlords.

Fashion

As a consequence of the COVID 19 pandemic, the fashion stores were closed for trading from 16th March 2020 to 28th April 2020. The closure of stores and subsequent restrictions on access to stores affected revenues of the company significantly and resulted in increased inventory buildup, which had to be sold at higher discounts affecting gross margins. The company benefited from the support granted by the authorities by way of payroll cost support and discounts granted by landlords.

Entertainment

As a consequence of the COVID 19 pandemic, the entertainment centers in Saudi Arabia were closed from 16th March 2020 to 20th June 2020 and for varying periods in United Arab Emirates, Qatar, Oman and Egypt. The closure of the centers and subsequent restrictions on access to the centers affected revenues of the company significantly. The company benefited from the support granted by the authorities by way of payroll cost support and discounts granted by landlords.

Restaurants.

As a consequence of the COVID 19 pandemic, the restaurants were closed were closed from 16th March 2020 to 30th June 2020. The closure of the restaurants affected revenues significantly. The company benefited from the support granted by the authorities by way of payroll cost support and discounts granted by landlords.

40. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the board of directors of the Company on 1 June 2021 (20 Shawwal 1442 H).

(All amounts are presented in Saudi riyals unless otherwise indicated

41. COMMERCIAL REGISTER AND SUB-REGISTERY

The Company operates through the main register and the following sub-registers;

Location	Expiry Date (H)	Branch commercial registration number	Location	Expiry Date (H)	Branch commercial registration number
Riyadh	1446-09-16	1010213454	Arar - Othaim Mall	1445-06-01	3450174729
Riyadh - Al-Rabwah District	1443-03-19	1010218374	Hail - Al-Nugra District	1444-03-10	3350146276
Riyadh - Khurais Commercial Complex	1445-03-03	1010263310	Riyadh	1443-02-06	1010228886
Riyadh - Eastern Ring Road, Exit 16	1446-06-23	1010289509	Onaizah	1444-12-25	1128181067
Buraydah - Al-Iskan district	1444-05-21	1131026422	Buraydah	1444-06-19	1131048409
Hail - King Saud Road	1443-06-10	3350044573	Dammam - Abdullah Fuad District - Prince Muhammad Street	1444-03-03	2050088399
Riyadh - Al-Rabwah District	1445-02-28	1010263061	Dhahran - Dhahran Complex - Prince Muhammad Road	1445-01-20	2052002328
Dammam	1443-04-11	2050075153	Al-Ahsa - Mubarraz - Othaim Mall	1445-01-17	2252055036
Rabwah District - Eastern Ring	1444-10-18	1010452601	Hail - Grand Mall	1442-10-29	3350044265
Arar - Jawhara District - Prince Majed Road	1446-02-23	3450174266	Jeddah - Al-Andalus Mall Complex	1444-06-19	4030245640
Riyadh	1444-06-07	1010371062	Mecca	1444-12-25	4031216746
Riyadh - Al-Rabwah District - Eastern Ring	1442-09-22	1010435711	Asir - Abha	1444-11-05	5850068872
Al-Qassim - Buraydah - Housing District - Ali Road	1445-09-04	1131299797	Jizan	1444-11-05	5900032818
Dammam - Abdullah Fuad District - Prince Muhammad Road	1444-05-07	2050104905	Riyadh	1444-11-18	1010212789
Hail Al Othaim Mall	1443-03-24	3350141554	Riyadh	1444-06-07	1010371064
Arar Othaim Mall	1443-03-24	3450172387	Riyadh	1443-04-03	1010929505
Tabuk - Morouj Al Amir District - Street 6	1444-02-29	3550130886	Riyadh	1443-04-03	1010929500
Abha - King Fahd Road - Al Murooj District, Al Rashid Mall	1444-02-29	5850125638	Riyadh	1443-04-03	1010929502
Riyadh	1443-02-06	1010228837	Riyadh	1443-03-08	1010491120
Buraydah	1443-08-29	1131299650	Riyadh	1443-01-03	1010327710
Dammam - Othaim Mall	1443-07-01	2050112197	Riyadh	1442-09-07	1010634889
Dammam	1443-08-29	2050125378	Riyadh	1443-02-14	1010657593

Abdullah Al Othaim for Investment Company and its Subsidiaries

(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

For the year ended 31 December 2019

Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
General Partnership
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Registration No. 45/11/323
C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABDULLAH AL OTHAIM FOR INVESTMENT COMPANY
(A CLOSED JOINT STOCK COMPANY)

Opinion
We have audited the consolidated financial statements of Abdullah Al Othaim for Investment Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. 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 professional code of 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.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law 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.

The Board of Directors is responsible for overseeing the Group's 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 on the basis of these consolidated financial statements.

Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABDULLAH AL OTHAIM FOR INVESTMENT COMPANY
(A CLOSED JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

for Ernst & Young

Yousef A. AlMubarak
Certified Public Accountant
License No. (427)

Riyadh: 26 Shawwal 1441H
(18 June 2020)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019	2018 (Restated,note 33)	1 January 2018 (Restated,note 33)
		SR	SR	SR
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	479,290,196	453,507,536	384,139,854
Investment properties	7	2,324,999,964	2,328,851,230	2,345,256,404
Intangible assets	8	3,749,408	3,984,420	3,976,015
Right of use of assets	9	516,646,446	-	-
Financial assets at FVOCI	11	11,725,454	8,577,465	12,159,697
Advances to contractors	10	33,828,599	20,677,647	35,910,969
TOTAL NON-CURRENT ASSETS		3,370,240,067	2,815,598,298	2,781,442,939
CURRENT ASSETS				
Inventories	12	61,950,596	61,977,623	23,992,686
Lease receivables	13	128,652,742	89,389,413	171,808,938
Prepayments and other current assets	10	49,739,895	98,788,457	43,173,232
Advances for investment in a subsidiary	1	-	-	81,962,572
Amounts due from related parties	14	107,637,194	26,875,537	13,399,220
Cash and cash equivalents	15	86,295,134	158,931,222	53,499,148
TOTAL CURRENT ASSETS		434,275,561	435,962,252	387,835,796
TOTAL ASSETS		3,804,515,628	3,251,560,550	3,169,278,735
EQUITY AND LIABILITIES				
Shareholders' EQUITY				
Share capital	21	1,000,000,000	1,000,000,000	1,000,000,000
Statutory reserve	22	122,138,830	99,034,636	74,493,558
Retained earnings		461,287,563	418,842,152	321,072,344
Other components of equity		590,020	(1,630,950)	(426,666)
TOTAL Shareholders' EQUITY		1,584,016,413	1,516,245,838	1,395,139,236
Non-controlling interest	1	-	-	219,088
TOTAL EQUITY		1,584,016,413	1,516,245,838	1,395,358,324

The attached notes 1 to 36 form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2019

	Notes	2019	2018 (Restated,note 33)	1 January 2018 (Restated, note 33)
		SR	SR	SR
NON-CURRENT LIABILITIES				
Loans	16	335,866,668	270,833,335	370,829,900
Sukuk	18	-	995,185,045	992,423,805
Lease liability	5.1	358,739,631	-	-
Deferred tax	20	1,705,667	-	-
Employees' defined benefit liability	17	22,421,356	17,323,624	12,882,018
TOTAL NON-CURRENT LIABILITIES		718,733,322	1,283,342,004	1,376,135,723
CURRENT LIABILITIES				
Current portion of loans	16	133,966,668	136,166,668	115,000,000
Current portion of Sukuk	18	848,939,226	-	-
Trade payables		70,873,304	64,532,281	71,537,262
Contract liabilities		25,269,720	22,449,161	19,261,118
Accruals and other current liabilities	19	207,884,744	209,535,573	175,982,688
Current portion of lease liability	5.1	203,138,279	-	-
Amounts due to related parties	14	52,347	46,501	704,777
Zakat provision	20	11,641,605	19,242,524	15,298,843
TOTAL CURRENT LIABILITIES		1,501,765,893	451,972,708	397,784,688
TOTAL LIABILITIES		2,220,499,215	1,735,314,712	1,773,920,411
TOTAL EQUITY AND LIABILITIES		3,804,515,628	3,251,560,550	3,169,278,735

The attached notes 1 to 36 form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019	2018 (Restated, note 33)
		SR	SR
Revenue	23	1,007,119,770	924,842,250
Cost of revenue	24	(470,989,266)	(453,435,340)
GROSS PROFIT		536,130,504	471,406,910
Selling and distribution expenses	25	(112,777,518)	(92,647,064)
General and administrative expenses	26	(131,508,469)	(84,728,766)
Dividends distribution for financial assets at FVOCI		-	561,637
OPERATING PROFIT		291,844,517	294,592,717
Finance cost	27	(65,828,450)	(30,678,972)
Foreign currency exchange differences		(73,025)	(24,004)
Other income (expenses)	28	17,801,380	(962,538)
PROFIT BEFORE ZAKAT		243,744,422	262,927,203
Zakat	20	(11,939,245)	(13,040,516)
Tax	20	(763,235)	(84,324)
PROFIT FOR THE YEAR		231,041,942	249,802,363
OTHER COMPREHENSIVE LOSS:			
Items that will be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations		(851,146)	548,433
Other comprehensive income that will be reclassified to profit or loss in subsequent period		(851,146)	548,433
Items that will not be reclassified to profit or loss in subsequent period:			
Change in financial assets at FVOCI	11	1,081,070	(1,665,296)
Re-measurement (loss) gain on employees' defined benefit	17	(669,994)	710,583
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent period		411,076	(954,713)
TOTAL OTHER COMPREHENSIVE LOSS		(440,070)	(406,280)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		230,601,872	249,396,083

The attached notes 1 to 36 form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Attributable to equity holders of the Parent							
				Other components of equity				
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation difference	Change in FVOCI revaluation reserve	Total	Non-controlling interests	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Balance at 31 December 2017, as previously reported	1,000,000,000	74,493,558	338,833,462	(176,572)	(250,094)	1,412,900,354	219,088	1,413,119,442
Prior years adjustments (note 33)	-	-	(17,761,118)	-	-	(17,761,118)		(17,761,118)
Balance at 31 December 2017, as restated (note 33)	1,000,000,000	74,493,558	321,072,344	(176,572)	(250,094)	1,395,139,236	219,088	1,395,358,324
Net income for the year, as restated	-	-	249,802,363	-	-	249,802,363	-	249,802,363
Other comprehensive loss for the year	-	-	710,583	548,433	(1,665,296)	(406,280)	-	(406,280)
Total comprehensive income	-	-	250,512,946	548,433	(1,665,296)	249,396,083	-	249,396,083
Transfer to statutory reserve	-	24,541,078	(24,541,078)	-	-	-	-	-
Dividends (note 31)	-	-	(100,000,000)	-	-	(100,000,000)	-	(100,000,000)
Disposal of investments (note 14)	-	-	-	(11,765)	(75,656)	(87,421)	(219,088)	(306,509)
Acquisition of a subsidiary (note 1)	-	-	(28,202,060)	-	-	(28,202,060)	-	(28,202,060)
Balance at 31 December 2018	1,000,000,000	99,034,636	418,842,152	360,096	(1,991,046)	1,516,245,838	-	1,516,245,838
IFRS 16 first implementation (note 5.1)	-	-	(62,831,297)	-	-	(62,831,297)	-	(62,831,297)
Reclassification of revaluation reserve to income	-	-	(1,991,046)	-	1,991,046	-	-	-
Net income for the year	-	-	231,041,942	-	-	231,041,942	-	231,041,942
Other comprehensive loss for the year	-	-	(669,994)	(851,146)	1,081,070	(440,070)		(440,070)
Total comprehensive income	-	-	230,371,948	(851,146)	1,081,070	230,601,872	-	230,601,872
Transfer to statutory reserve	-	23,104,194	(23,104,194)	-	-	-	-	-
Dividends (note 31)	-	-	(100,000,000)	-	-	(100,000,000)	-	(100,000,000)
Balance at 31 December 2019	1,000,000,000	122,138,830	461,287,563	(491,050)	1,081,070	1,584,016,413	-	1,584,016,413

The attached notes 1 to 36 form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	2019 SR	2018 SR
Operating activities			
Profit before zakat		243,744,422	262,927,203
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation and amortisation	6,7,8	129,278,765	138,020,459
Depreciation – right of use assets	9	55,322,184	
Provision for lease receivables	13	60,344,045	22,082,160
Loss from sale of financial assets at FVOCI		(1,499,051)	-
Dividends income from financial assets at FVOCI		-	(561,637)
Provision for employees' defined benefit liabilities	17	5,982,601	4,899,014
Provision for slow moving inventory	12	5,368,859	270,885
Loss from sale of property and equipment		-	10,729,222
Write off of PPE and intangible assets		683,619	4,284,386
Finance cost	27	65,828,450	30,678,972
		565,053,894	473,330,664
Working capital adjustment (increased) decreases:			
Inventories		(5,341,832)	(16,374,853)
Lease receivables		(99,607,374)	58,448,571
Prepayments and other current assets		35,897,610	(22,467,940)
Trade payable		6,341,023	(19,808,312)
Contract Liabilities		2,820,559	1,924,287
Accruals and other current liabilities		17,518,871	16,275,324
Changes in related parties balances		(66,814,830)	(15,615,260)
		455,867,922	475,712,481
Zakat paid	20	(20,303,399)	(9,181,159)
Employees' defined benefit liability paid	17	(1,554,862)	(1,372,011)
Finance costs paid		(69,638,633)	(34,743,499)
Net cash flows from operating activities		364,371,027	430,415,812

The attached notes 1 to 36 form part of these consolidated financial statements.

Abdullah Al Othaim for Investment Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2019

	Notes	2019 SR	2018 SR
INVESTING ACTIVITIES			
Purchase of property and equipment and intangible assets	6,8	(104,659,226)	(126,419,003)
Purchase of investment properties	7	(62,966,387)	(42,376,684)
Disposal of property and equipment and intangible assets	6,8	2,025,866	-
Acquisition of a subsidiary, net of cash acquired	1	-	6,467,791
Acquisition of financial assets at FVOCI	11	(10,644,384)	(802,674)
Proceed from disposal of financial assets at FVOCI		10,076,516	-
Dividends received		-	561,637
Net cash flows used in investing activities		(166,167,615)	(162,568,933)
Financing activities			
Proceeds from loans, net		(83,412,486)	(76,068,657)
Dividends paid		(113,653,850)	(86,346,148)
Payment of lease liability		(73,773,164)	-
Net cash flows used in financing activities		(270,839,500)	(162,414,805)
(Decrease) increase in cash and cash equivalents		(72,636,088)	105,432,074
Cash and cash equivalents at the beginning of the year		158,931,222	53,499,148
Cash and cash equivalents at the end of the year	15	86,295,134	158,931,222
Significant non-cash transactions:			
Right-of-use of asset		495,650,077	-
Lease liability		540,091,396	-
Net change in fair value for financial assets at FVOCI	11	1,081,070	(1,665,296)
Transfer of work in progress to a related party	14	13,940,981	-
Lease receivable written off	13	35,582,495	-
Re-measurement on employees' defined benefit	17	(669,994)	710,583
Transfer of investment in a subsidiary to related party	14	-	544,164
Transfer of financial assets at FVOCI to a related party	14	-	2,632,189
Sales of property and equipment to related party	14	-	3,022,612

The attached notes 1 to 36 form part of these consolidated financial statements.

1. ACTIVITIES

Abdullah Al Othaim Investment Company (the "Company" or the "Parent Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010213454 and dated 19 Ramadan 1426H (corresponding to 22 October 2005). The registered office is located at Al Rabwah District, P.O. Box 85289, Riyadh 12821, KSA.

The Company and its subsidiaries (collectively referred to as the "Group") principal business activities include general constructions of residential and non-residential buildings, rental of investment properties, establishment and management of games and entertainment parks, wholesale retail trading in readymade garments, operate and manage restaurants and cafes.

The Company has the following branches:

Branch name	City	Registration number
Abdullah Al Othaim Security Guards Company	Riyadh	1010263061
Al-Iskan Suburb	Buraydah	1131026422
Khurais Commercial Complex	Riyadh	1010263310
Al-Ihsaa Complex - Al-Mabraz	Al-Ihsaa	2252038435
Al-Dammam Entertainment Games Yard	Dammam	2050075153
Rabwa Suburb	Riyadh	1010218374
Rawabi Suburb	Riyadh	1010289509
Rawabi Suburb	Riyadh	1010452601
Rawabi Suburb	Riyadh	1010625867
Rawabi Suburb	Riyadh	3350044573
Rawabi Suburb	Riyadh	3450174266

The Company's offices address is 2351 Al Mashriqah, Ar Rawabi, Riyadh 14215, Riyadh - Kingdom of Saudi Arabia.

1. ACTIVITIES (continued)

The consolidated financial statements include the assets, liabilities and result of operations of the Company and its subsidiaries (the "Group") set out below:

		2019	2018	2017
Subsidiary	Country of registration	%	%	%
Abdullah Al Othaim for Entertainment Company (*)	Kingdom of Saudi Arabia	100%	100%	100%
Abdullah Al Othaim Fashion Company (***)	Kingdom of Saudi Arabia	100%	100%	0%
Emtiaz Al Riyadh for Trading	Kingdom of Saudi Arabia	100%	100%	100%
Raeeda Complex Limited Company	Kingdom of Saudi Arabia	100%	100%	100%
Nemar for Investment and Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%	0%
Ethraa Al Hayat for Property Management	Kingdom of Saudi Arabia	100%	100%	0%
Riyadh Al Waed for Property Management	Kingdom of Saudi Arabia	100%	100%	0%
Elham Al mostaqbel for Property Management	Kingdom of Saudi Arabia	100%	100%	0%
Takamul Al Aziziye for Property Management	Kingdom of Saudi Arabia	100%	100%	0%
Othaim for Trading Malls Company	Kingdom of Saudi Arabia	100%	100%	1%
Orion Holding Limited Company	United Kingdom	100%	100%	100%
Behar International for Investment Company	Kingdom of Saudi Arabia	100%	100%	100%
Asasat Transportation for Operation and Maintenance Company	Kingdom of Saudi Arabia	100%	100%	100%
Seic Garden Company (**)	Bosnia and Herzegovina	0%	0%	70%

(*) The following are the subsidiaries of Abdullah Al Othaim for Entertainment Company (formerly known as Lidar Entertainment for Investments) :

		2019	2018	2017
Subsidiary	Country of registration	%	%	%
Fun World for Entertainment and Tourism	Egypt	100%	100%	100%
Cairo For Operation and Maintenance	Egypt	100%	100%	0%
Fun World Entertainment LLC – UAE	United Arab Emirates	100%	100%	100%
International Leisure Company LLC	United Kingdom	100%	100%	100%
Fun World Investments LLC – Qatar	Qatar	100%	100%	100%
Fun World Entertainment LLC – Oman	Oman	100%	100%	0%

(**) During the year ended 31 December 2018, the Company's investment in Seic Garden Company was transferred to Al Othaim Holding Company ("a shareholder) at its carrying value (note 14).

(***) During the year ended 31 December 2018, legal formalities were completed for acquiring 100% of the total outstanding shares of Abdullah Al Othaim Fashion Company (formerly known as Nahj Al Khayal for Trading) against consideration of SR 81.9 million, from Othaim Holding Company (a shareholder). The Company accounted for the common control acquisition using the pooling of interest method. Investment recorded in the books of the Company is based on the consideration agreed between the both parties, difference between the agreed consideration and carrying value of net assets received of Abdullah Al Othaim Fashion Company amounted to SR 28.2 million, was charged to retained earnings in the consolidated statement of changes in equity.

1. ACTIVITIES (continued)

Following is details of the carrying value of acquired assets and assumed liabilities of Abdullah Al Othaim Fashion Company acquired:

	SR
ASSETS	
Property and equipment	34,365,232
Intangible assets	5,534,324
Inventories	21,880,969
Prepayments and other current assets	10,243,331
Amounts due from related parties	8,540,764
Bank balances and cash	6,467,691
TOTAL ASSETS	87,032,311
LIABILITIES	
Employees' defined benefit liability	1,625,186
Trade payables	12,803,331
Accruals and other current liabilities	2,526,480
Amounts due to related parties	16,316,802
TOTAL LIABILITIES	33,271,799
NET ASSETS	53,760,512
Consideration	(81,962,572)
Net assets acquired	53,760,512
Charged to retained earnings in the consolidated statements of changes in equity	(28,202,060)
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	6,467,691
Net cash flow on acquisition	6,467,691

2. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organization of Certified Public Accountants ("SOCPA") (referred to thereafter as "IFRS as endorsed in KSA").

Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for investments classified as 'Fair value through other comprehensive income' and derivative financial instruments, which are measured at fair value, and defined benefit obligation, which is recognised at the present value of future obligations under the projected unit credit method.

Basis of measurement and functional currency

These consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below:

Foreign currencies

Transactions and balances

Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income. Translation of non-monetary items depends on whether they are recognised at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of comprehensive income).

Group companies

Assets and liabilities of foreign operations are translated into SR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights to the 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:

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

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

- The contractual arrangement (s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group 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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the shareholders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If a Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other component of equity, while any resultant gain or loss is secognised in income. Any investment retained is recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9- "Financial Instruments: Recognition and Measurement", is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in statement of comprehensive income.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of the assets is mentioned as below:

	Useful life
Lease hold improvements	10 years or lease term whichever is shorter
Machinery and equipment	10 years
Games	5-10 years
Vehicles	5-7 years
Computer and IT equipment	5-7 years
Furnitures and fixtures	3-8 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

Investment property

Investment property comprises completed property and property under construction or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is stated at cost less accumulated depreciation and any impairment provision. Investment property (except for Land and investment property under construction) is depreciated using the straight–line method over the useful life of the properties as follow:

	Useful life
Buildings	50 years
Machinery and equipment	10 years
Furniture & fixtures	3-8 years
Leasehold improvements	10 years or lease term whichever is shorter

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, cost of replacing parts of the investment property and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income in the period in which the expenditure is incurred.

Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

The estimated useful life for current and comparative periods is as follows:

	Number of years
Franchise fees	Agreement term
Computer software	3 years

Intangible assets are amortised on straight line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of noncurrent-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a period of five years. A longer-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations is recognised in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in income.

Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs, lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Financial assets are classified at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through profit or loss ("FVOCI")

Financial assets at amortised cost ("AC")

This category is the most relevant to the Group. The Group measures financial assets at AC if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes lease receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its investment in unquoted equity instruments under this category.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL.

For lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL, loans and sukuk, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and sukuk and payables, net of directly attributable transaction costs. The Group's financial liabilities includes loans and sukuk, trade payable, amounts due to related parties, accrual and other current liabilities, Sukuk and Loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and sukuk

This is the category most relevant to the Group. After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gain and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of investment properties for the purpose of disclosure. The involvement of external valuers is decided by the Group after discussion and approval by the Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method.

Net realisable value comprises estimated selling price less selling and distribution costs. Allowance is made, where necessary, for obsolete and slow-moving items.

Inventories are written down to net realisable value where the cost may not be recoverable owing to damage, obsolescence, or if the selling prices of the items of inventory have declined.

Cash and cash equivalents

For the purpose of the statement of cash flows, Cash and cash equivalents include cash, bank balances and short term deposits with original maturities of three months, which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as financial charges.

Employees' benefits

Employees' defined benefit liabilities

The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurements recognised in OCI are reflected immediately in retained earnings and will not be reclassified to income in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' benefits (continued)

Employees' defined benefit liabilities (continued)

The Group presents the first two components of defined benefit costs in income in relevant line items.

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Employees' defined contribution scheme

The Group has defined contribution plan with General Organisation for Social Insurance ("GOSI") where the Group contributes fixed percentage of the employees' salary towards the retirement of its employees, which qualify as defined contribution plan. Contribution payable to the defined contribution plan is recognised as an expense in the profit or loss.

Retirement benefits made to defined contribution plans are expensed when incurred.

Zakat and tax

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in other comprehensive income is also recognised in OCI and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets are reviewed at reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. Deferred tax assets are disclosed under non-current assets as deferred tax assets.

Current and deferred tax is recognised as an expense or benefit in the statement of profit or loss and other comprehensive income except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in the statement of changes in shareholders' equity

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements.

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Accrued revenue is recognised to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of comprehensive income when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of comprehensive income, since the management considers that the Group acts as an agent in this respect.

Sale of game cards

Group sells rechargeable magnetic game cards to the customers for cash. The magnetic cards entitle the card holders gaming and riding services. Cash received at the time of sale of the cards is recorded as an unearned games revenue (contract liability) and revenue is recognised once the customer starts utilising the card. So, revenue is recorded on the basis of when service is passed to the customers.

The Group usually awards customers additional "Bonus Points", which are utilised in the same manner as regular purchased points. These Bonus Points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to Bonus Points awarded to customers based on relative stand-alone selling price and is recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer or upon expiry.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Sale of garments and other accessories

Revenue from sale of garments and other accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on completion and delivery of the orders. All sales are made on cash only or via electronic payments channel which are deposited into Group's bank account subsequently by the respective banks.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of meals, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. As the Group's sales of garments and other accessories are on cash basis only, the effects of variable considerations (for example, discounts, buy one get one free, etc.) are reduced from gross sales and revenue is recorded net of variable considerations. Some contracts for the sale of products provide customers with a right of return.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Determining the method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of garments and related accessories include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of its products with rights of return, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Other income

All other income are recognised on an accrual basis when the Group's right to earn the income is established.

Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the capital. This reserve is not available for distribution.

Value added tax "VAT"

Revenue Expenses and assets are recognised net of the amount of VAT, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable and
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group's contract liability mainly represents the unutilised portion of magnetic cards balances or unused loyalty coupons.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing the consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

Revenue from contracts with customers

Determining whether the Group is acting as an agent or principal

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified goods and services before they are transferred to its customers, as well as other indicators such as the party primarily responsible for fulfilment of the service and discretion in establishing price. The Group has concluded that it is a principal in all revenue arrangements.

Determination of performance obligation

In relation to the services provided to tenants of investment properties as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

Allocating the transaction price between performance obligations:

The Group has numerous schemes for customers under which on recharge of the specified card balances by the customers, customers get the bonus balance along with the recharged balance. The Group allocates the overall transaction price taking into account the overall balance that includes recharged amount plus the bonus balance and accordingly revenue is recognised when the performance obligation is satisfied that is the card balance is used.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determination of control

Subsidiaries are all investees over which the Group has control. Management considers that it controls an entity when the Group us exposed to or has the rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an invests, including any contractual and other such arrangements which may affect the activities which impact investees' return.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Component parts of investment properties and property and equipment

The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their estimated useful lives. When determining the useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group used its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow model ("DCF"). The cash flows are derived from the budget for the next five to eight years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits

Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in specific sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Estimate of useful lives and residual values

The useful lives of property and equipment and investment properties are estimated based on the economic lives and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Net employee defined benefit liability

The present value of the employees' defined benefits liabilities is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the Employees' terminal benefits liabilities.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary rate and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history. Further details about employees' terminal benefits liabilities are provided in note 17.

5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

5.1 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16: Leases

IFRS 16 became effective as at 1 January 2019, the Group assess whether a contract contains a lease, at inception of the contract. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

For all such lease arrangements the Group recognise right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

5.1 Changes in accounting policies and disclosures (continued)

IFRS 16: Leases (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

In the current period, the Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019.

The Group elected to use the practical expedient available on transition to IFRS 16 not to reassess whether a contract contains a lease or not, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group also adopted the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases that are expiring during 2019.
- Excluded initial direct cost from measuring the right-of-use asset at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Nature of the effect of adoption of IFRS 16

Prior to adoption of IFRS 16:

The Group has lease contracts for renting commercial buildings, accommodations and offices. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease based on the substance of the arrangement at the inception date.

5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

5.1 Changes in accounting policies and disclosures (continued)

IFRS 16: Leases (continued)

Nature of the effect of adoption of IFRS 16 (continued)

A lease was classified as a finance lease that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liabilities.

In an operating lease, the leased property was not capitalised, and the lease payments were recognised as operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Any prepaid and accrued amounts were recognised under prepayments and other payables, respectively.

After adoption of IFRS 16:

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group has elected to use the modified retrospective method of adoption with the date of initial application of 1 January 2019. As a result, comparatives have not been restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the initial application.

Impact on the consolidated financial statements as at 1 January 2019:

Assets	
Right-of-use assets	495,650,077
Prepayments	(18,504,170)
Total assets	477,145,906
Liabilities	
Lease liabilities – current	540,091,396
Accrued Expenses and other payables	(114,193)
Total liabilities	539,977,203
Total adjustment on equity	
Retained earnings	(62,831,297)

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

Reconciliation of lease liabilities pursuant to IFRS 16:

	SR
Minimum lease payments under Operating leases as of 31 December 2018	569,247,237
Effect from discounting at the weighted average incremental borrowing rate as at 1 January 2019	3.05%
Liabilities from leases as of 1 January 2019	525,090,957

5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

5.1 Changes in accounting policies and disclosures (continued)

IFRS 16: Leases (continued)

Amounts recognised in the consolidated statement of financial position set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Asset	Lease liabilities
	SR	SR
As at 1 January 2019	495,650,077	540,091,396
Additions	77,158,719	77,156,728
Depreciation expense	(55,322,184)	-
Finance cost	-	16,102,981
Lease payment	-	(71,473,195)
Others	(840,165)	-
As at 31 December 2019	516,646,446	561,877,910

Set out below, are the amounts recognised in the consolidated statement of comprehensive income:

	31 December 2019
	SR
Depreciation expense of right-of-use assets	55,322,184
Finance cost on lease liabilities	16,102,406
Total amounts recognised in the consolidated statement of comprehensive income	71,424,590

5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

5.2 STANDARDS, AMENDMENTS OR INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued as listed below, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group is currently assessing the impact of these standards on the future financial statements and intends to adopt these new and amended standards, if applicable, when they become effective.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

5. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

5.2 STANDARDS, AMENDMENTS OR INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

6. PROPERTY AND EQUIPMENT

	Leasehold improve-ments	Machinery and equip-ment	Games	Vehicles	Computer and IT equipment	Furnitures and fixtures	Capital work in progress	Total 2019	Total 2018
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost:									
Balance as at 31 December	198,764,374	83,671,671	269,444,594	7,324,477	32,079,501	71,414,924	49,651,700	712,351,241	564,716,535
Additions	40,836,292	7,226,842	30,135,993	831,337	6,488,427	5,946,963	12,608,477	104,074,331	130,314,578
Acquisition of a subsidiary (note 1)	-	-	-	-	-	-	-	-	50,320,985
Write down (*)	-	-	-	-	-	(1,116,647)	-	(1,116,647)	-
Transfer from intangible assets (note 8)	-	-	-	-	28,000	-	-	28,000	-
Transfer	25,557,263	3,867,671	19,372,027	-	1,654,099	274,946	(50,726,006)	-	-
Disposal	(2,430,236)	(780,703)	(76,582)	(56,500)	(28,650)	(1,111,488)	-	(4,484,159)	(33,000,857)
Balance as at 31 December	262,727,693	93,985,481	318,876,032	8,099,314	40,221,377	75,408,698	11,534,171	810,852,766	712,351,241
Accumulated depreciation:									
Balance as at 31 December	56,217,666	21,940,856	125,894,556	4,551,461	17,489,986	32,749,180	-	258,843,705	180,576,681
Charge for the year	24,676,778	11,533,568	24,723,103	1,193,758	4,665,219	8,791,794	-	75,584,220	77,954,881
Adjustment (*)	-	-	-	-	-	(433,028)	-	(433,028)	-
Acquisition of a subsidiary (note 1)	-	-	-	-	-	-	-	-	15,955,753
Disposal	(962,737)	(402,103)	(46,587)	(56,499)	(1,194)	(963,207)	-	(2,432,327)	(15,643,610)
Balance as at 31 December	79,931,707	33,072,321	150,571,072	5,688,720	22,154,011	40,144,739	-	331,562,570	258,843,705
Net book value									
As at 31 December 2019	182,795,986	60,913,160	168,304,960	2,410,594	18,067,366	35,263,959	11,534,171	479,290,196	
As at 31 December 2018	142,546,708	61,730,815	143,550,038	2,773,016	14,589,515	38,665,744	49,651,700		453,507,536
As at 1 January 2018	117,693,487	60,381,606	150,052,076	2,538,412	10,054,359	25,456,214	17,963,700		384,139,854

(*) During 2019, one of the Group's franchisors waived a payable balance amounting to SR 1,282,255 owed from the Group which was related to purchase of furniture and fixtures. Accordingly, the Group written down cost of the respective assets, with the remainder being recorded as other income.

6. PROPERTY AND EQUIPMENT (continued)

Depreciation is allocated as follow:

Depreciation is allocated as follow:	2019	2018
	SR	SR
Cost of revenue (note 24)	60,253,035	64,018,296
General and administrative expenses (note 26)	5,470,872	4,714,869
Selling and distribution expenses (note 25)	9,860,315	9,221,716
	75,584,220	77,954,881

7. INVESTMENT PROPERTIES

	Lands	Buildings	Machinery and equip-ment	Furniture & Fixtures	Lease hold improvement	Construction work in prog-ress	Total
	SR	SR	SR	SR	SR	SR	SR
Cost:							
Balance as at 1 January 2018	747,236,395	1,509,007,895	242,554,550	9,627,025	8,000	296,743,076	2,805,176,941
Additions – restated (note 33)	-	4,311,167	226,327	25,012	-	37,814,178	42,376,684
Balance as at 31 December 2018	747,236,395	1,513,319,062	242,780,877	9,652,037	8,000	334,557,254	2,847,553,625
Additions	-	639,327	105,801	-	-	62,221,259	62,966,387
Transfer to a related party (note 14)	-	-	-	-	-	(13,940,981)	(13,940,981)
Balance as at 31 December 2019	747,236,395	1,513,958,389	242,886,678	9,652,037	8,000	382,837,532	2,896,579,031
Accumulated depreciation:							
Balance as at 1 January 2018	-	298,238,852	153,815,618	7,864,325	1,742	-	459,920,537
Charge for the year	-	38,384,328	19,745,023	651,707	800	-	58,781,858
Balance as at 31 December 2018	-	336,623,180	173,560,641	8,516,032	2,542	-	518,702,395
Charge for the year	-	40,781,548	11,699,873	394,998	253	-	52,876,672
Balance as at 31 December 2019	-	377,404,728	185,260,514	8,911,030	2,795	-	571,579,067
Net book value							
As at 31 December 2019	747,236,395	1,136,553,661	57,626,164	741,007	5,205	382,837,532	2,324,999,964
As at 31 December 2018	747,236,395	1,176,695,882	69,220,236	1,136,005	5,458	334,557,254	2,328,851,230
As at 1 January 2018	747,236,395	1,210,769,043	88,738,932	1,762,700	6,258	296,743,076	2,345,256,404

Fair value of the investment properties as at 31 December 2019 amounted to SR 4,612,381,000 (31 December 2018: SR 4,004,000,000). An independent third party, Colliers International ("Valuer") license number 1220001784 has performed the valuation of the investment properties using the discounted cash flow approach (31 December 2018: discounted cash flow approach). The Valuer has appropriate qualifications and experience in the valuation of properties.

The fair value hierarchy for the investment properties for disclosure purpose is grouped in level 3, with significant inputs being directly or indirectly observable.

Certain lands and buildings with an aggregate book value of SR 618.8 million are pledged with local banks (notes 16 and 18).

7. INVESTMENT PROPERTIES (continued)

Following is a description of valuation technique used and key inputs to valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		2019	2018
DCF method	Estimated rental value per sqm per month	SR 100	SR 89
	Rent growth p.a.	2.25%	2%
	Long-term vacancy rate	8.00%	8.00%
	Discount rate	12.15%	11.78%

	2019	2018
	SR	SR
Rental income derived from investment properties (note 23)	468,319,169	469,423,865
Direct costs generating rental income	(203,907,512)	(224,933,561)
	264,411,657	244,490,304

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct, develop or sale investment properties or for repairs, maintenance and enhancements.

8. INTANGIBLE ASSETS

Intangibles assets represent mainly software and franchise fees.

	2019	2018	1 January 2018
	SR	SR	SR
Cost:			
Balance as at 31 December	8,377,130	7,082,414	6,612,512
Additions	584,895	42,188	469,902
Acquisition of a subsidiary (note 1)		8,913,437	
Transfer to property and equipment (note 6)	(28,000)		
Write off		(7,660,909)	
Balance as at 31 December	8,934,025	8,377,130	7,082,414
Accumulated amortisation:			
Balance as at 31 December	4,392,710	3,106,399	2,644,365
Charge for the year	817,873	1,283,720	462,034
Acquisition of a subsidiary (note 1)		3,379,113	
Transfer to property and equipment (note 6)	(25,966)		
Write off		(3,376,522)	
Balance as at 31 December	5,184,617	4,392,710	3,106,399
Net Book Value	3,749,408	3,984,420	3,976,015

During prior years, the Group entered into franchise agreements with franchisors. Under these agreements, the Company obtained the right to operate retail shops under the respective obtained brand name. Useful life of the obtained franchises is determined to be 4 to 5 years. Management amortise franchise fees on a straight line basis based on the terms of the agreement.

9. RIGHT OF USE ASSETS

	31 December 2019
	SR
Cost:	
At the beginning of the year	659,240,813
Additions	77,158,719
Others	(840,165)
At end of the year	735,559,367
Accumulated depreciation:	
At the beginning of the year	163,590,736
Charge for the year	55,322,184
Balance	218,912,920
Net book value	
At end of the year	516,646,446

10. PREPAYMENTS AND OTHER current assets

	2019	2018 (Restated, note 33)	1 January 2018
	SR	SR	SR
Advance payment to contractors and suppliers (*)	63,128,772	73,761,507	63,019,947
Refundable deposits	8,007,848	6,560,245	4,932,899
Prepayments	4,288,524	21,114,426	6,236,922
Employees' receivables	1,609,986	2,467,165	731,649
VAT receivable	1,544,358	-	-
Prepaid rent	428,747	7,210,073	1,828,244
Derivative instrument at FVTPL (note 34)	-	6,651,052	-
Other	4,560,259	1,701,636	2,334,540
	83,568,494	119,466,104	79,084,201

(*) Non-current portion of Advance payment to contractors and suppliers as at 31 December 2019 amounted to SR 33,828,599 (2018: SR 20,677,647 and 1 January 2018: SR 35,910,969). This amount has been classified as non-current assets in the consolidated statement of financial position.

11. Financial assets at FVOCI

Investments classified as fair value through other comprehensive income "FVOCI" include financial assets that are invested in quoted and unquoted equity shares.

	2019 SR	2018 SR	1 January 2018 SR
Quoted equity shares	11,725,454	8,577,465	9,527,508
Unquoted equity shares			2,632,189
Total investments	11,725,454	8,577,465	12,159,697

Breakup of quoted equity shares	2019 SR	2018 SR	1 January 2018 SR
Saudi Arabian Oil Company ("Saudi Aramco")	11,725,454		
Al-Mabani Company		8,577,465	9,527,508
	11,725,454	8,577,465	9,527,508

Following is the movement of the Fair value reserve of financial assets designated at FVOCI during the year:

	2019 SR	2018 SR
At the beginning of the year	(1,991,046)	(250,094)
Reclassified to retained earning	1,991,046	
Movement during the year	1,081,070	(1,665,296)
Transferred to a related party [*]		(75,656)
At the end of the year	1,081,070	(1,991,046)

[*] During the year ended 31 December 2018, the Group transferred its ownership in the above mentioned investments at carrying value to Al Othaim Holding Company (a shareholder) (note 14).

12. INVENTORIES

	2019	2018	1 January 2018
	SR	SR	SR
Goods ready for resale	44,028,032	35,071,257	5,977,745
Consumables and other materials	19,879,577	23,835,471	15,845,044
Spare parts	7,865,043	7,524,092	4,623,637
Less: provision for slow moving items	(9,822,056)	(4,453,197)	(5,182,312)
	61,950,596	61,977,623	23,992,686

Following is the movement of provision for slow moving items:

	2019	2018	1 January 2018
	SR	SR	SR
At the beginning of the year	4,453,197	5,182,312	-
Provided during the year	5,368,859	270,885	5,182,312
Write off	-	(1,000,000)	-
At end of the year	9,822,056	4,453,197	5,182,312

13. LEASE RECEIVABLES

	2019	2018	2017
	SR	SR	SR
Lease receivables	217,391,374	153,366,495	100,813,932
Less: provision for expected credit losses	(88,738,632)	(63,977,082)	(41,894,922)
	128,652,742	89,389,413	171,808,938

Following is the movement for provision of expected credit losses:

	2019	2018	2017
	SR	SR	SR
At the beginning of the year	63,977,082	41,894,922	36,573,496
Provided during the year	60,344,045	22,082,160	15,712,288
Write off	(35,582,495)	-	(10,390,862)
At end of the year	88,738,632	63,977,082	41,894,922

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Group's management.

Following is a list of related parties of the Group:

Related party	Nature of relationship
Othaim Market Company	Shareholder
Al Othaim Holding Company	Shareholder
Qyol for Real Estate Investment	Affiliate
Promissing Riyadh Real Estate Company	Affiliate
International Leisure Company Ltd.	Affiliate
Fun World For Amusement Parks	Affiliate
Premium Retail Company	Affiliate
Global Enterprise Team Limited Company	Affiliate
Euro Enterprise Team Limited Company	Affiliate
World of Adventure Limited Company	Affiliate
Ledar for Real Estate Investment	Affiliate
Lilyan Company	Affiliate
Orion Company	Affiliate
FunWorld International Investment Company	Affiliate
Abdullah Alothaim Markets	Affiliate
Rafif Travel and Tourism Company	Affiliate

14.1 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	2019	2018
	SR	SR
Salaries and short-term benefits	5,020,742	4,730,381
End-of-service benefits	498,383	1,602,798
Total key management compensation	5,519,125	6,333,179

14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

14.2 Related party transactions

During the year, the Group transacted with its related parties. The terms of those transactions are approved by management in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related parties	Nature of transaction	2019 SR	2018 SR
Othaim Market Company	Rental revenue	18,001,280	26,734,756
	Payments on behalf of the affiliated company	2,446,021	
	Other revenue	15,148,102	
Al Othaim Holding Company	Transfer of construction work in progress	13,940,981	
	Transfer of FVOCI to the related party		2,632,189
	Transfer of investment to the related party		544,164
	Acquisition of a subsidiary (note 1)		81,962,572
Premium Retail Company	Financing to the affiliated company	1,485,296	1,479,569
International Leisure Company Ltd.	Financing	624,464	
Fun World For Amusement Parks	Financing	28,002	
Global Enterprise Team Limited Company	(Settlement) financing	(291,323)	291,323
Euro Enterprise Team Limited Company	(Settlement) financing	(291,001)	291,001
World of Adventure Limited Company	Financing	(262,968)	262,968
Ledar for Real Estate Investment	Financing	178,226	
Lilyan Company	Financing	95,935	4,441,014

14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

14.3 Related party balances

The following table summarises related parties' balances:

i) Amounts due from related parties

	2019	2018	1 January 2018
	SR	SR	SR
Al Othaim Holding Company	75,876,880	11,378,104	
Othaim Market Company	19,301,705		
Premium Retail Company	11,137,719	10,448,677	
Qyol for Real Estate Investment	668,425	668,425	668,425
International Leisure Company Ltd.	624,464		
Fun World For Amusement Parks	28,002		
Abdullah Al Othaim Fashion Company			12,605,971
Global Enterprise Team Limited Company		316,416	
Euro Enterprise Team Limited Company		291,001	
World of Adventure Limited Company		262,968	
Ledar for Real Estate Investment		126,395	124,824
Lilyan Company		3,383,551	
	107,637,194	26,875,537	13,399,220

Management conducted an impairment review as required under IFRS 9 for amounts due from related parties, based on such assessment, management believe that there is no significant impairment against the carrying value the outstanding balances of amounts due from related parties.

iii) Amounts due to related parties:

	2019	2018	1 January 2018
	SR	SR	SR
Orion Company	52,347	-	-
FunWorld International Investment Company	-	46,501	-
Abdullah Alothaim Markets	-	-	576,615
Rafif Travel and Tourism Company	-	-	128,162
	52,347	46,501	704,777

15. CASH AND CASH EQUIVALENTS

	2019	2018	1 January 2018
	SR	SR	SR
Bank balances	62,777,241	96,570,737	50,794,937
Time deposits (*)	20,102,802	47,104,893	
Cash at hand	3,415,091	15,255,592	2,704,211
	86,295,134	158,931,222	53,499,148

(*) Time deposits have original maturity of 3 months or less and earn commission at their respective short-term deposit rates.

Management conducted an impairment review as required under IFRS 9 for time deposits, based on such assessment, management believe that there is no significant impairment against its outstanding carrying value.

16. LOANS

	2019	2018	1 January 2018
	SR	SR	SR
Current portion of loans	133,966,668	136,166,668	115,000,000
Non-current portion of loans	335,866,668	270,833,335	370,829,900
	469,833,336	407,000,003	485,829,900

The Group has obtained short and long -term facilities and Murabaha financing from various local banks to serve its working capital and constructions of its properties financing purposes.

These facilities are secured by corporate and personal guarantees and promissory notes issued by the shareholders, acknowledgement of assignment of project proceeds, mortgage over lands and building, with carrying value of SR 454.9 million (note 7), and certain financial covenants. loans bear financing charges at market rates, which are generally based on Saudi Inter Bank Offer Rate ("SIBOR") plus 1.00% - 1.75%.

These loans are repayable on installments according to the terms of the agreements up to year 2024.

17. EMPLOYEES' DEFINED BENEFITS LIABILITY

	2019	2018	1 January 2018
	SR	SR	SR
Current service cost	5,132,711	4,309,405	2,992,691
Interest cost on benefit liabilities	849,890	589,609	470,000
	5,982,601	4,899,014	3,462,691

Movement of present value of employees' terminal benefits liabilities

	2019 SR	2018 SR	1 January 2018 SR
At the beginning of the year	17,323,623	12,882,018	11,409,734
Total benefit expense	5,982,601	4,899,014	3,462,691
Acquisition of a subsidiary (note 1)	-	1,625,186	-
Remeasurement loss (gain) on employees' benefit liabilities	669,994	(710,583)	(925,680)
Benefits paid	(1,554,862)	(1,372,011)	(1,064,727)
At the end of the year	22,421,356	17,323,624	12,882,018

The significant actuarial assumptions used in benefits liabilities computation:

	2019	2018	1 January 2018
Discount rate	3.05%	5.89%	5.87%
Salary growth rate	6.00%	4.49%	4.24%
Retirement age	60 years	60 years	60 years

Employees' terminal benefits liabilities sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2019 and 31 December 2018 is shown below:

31 December 2019	Change in Assumption	Base value	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	22,421,356	18,623,934	22,740,813
Salary growth rate	+/-1%	22,421,356	22,651,766	18,656,370

31 December 2018	Change in Assumption		Impact on defined benefit obligation	
		Base value	Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	17,323,624	18,130,000	15,106,000
Salary growth rate	+/-1%	17,323,624	16,007,000	18,018,000

18. SUKUK

	31 December 2019	31 December 2018	1 January 2018
	SR	SR	SR
Sukuk	851,000,000	1,000,244,133	1,000,246,485
Deferred finance cost	(2,060,774)	(5,059,088)	(7,822,680)
	848,939,226	995,185,045	992,423,805

During the year ended 31 December 2016, the Group issued Sukuk amounted to SAR 1,000 million at par without discount or premium. The Sukuk issuance bears commission cost based on Saudi Inter Bank Offer Rate ("SIBOR") plus a pre-determined margin of 1.70%. The Sukuk will be redeemed at par on its date of maturity being 30 August 2020.

According to the terms under the master "Murabaha" agreement, Sukuk are secured in accordance with the terms of the real estate security agreement pursuant to which the Group has transferred to the custodian, acting for and on behalf of the Sukukholders' agent, the "Security Assets" as security for the payment. The Security assets comprises of certain properties "Othaim Ehsaa Mall, Al Hasa, the Kingdom of Saudi Arabia" with a carrying value of SR 163.9 million (note 7). Agreement is subject to covenants. As at 31 December 2019, the Group was not in compliance with certain of these covenants.

19. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2019	31 December 2018	1 January 2018
	SR	SR	SR
Retention payable	56,263,009	51,274,316	47,879,629
Unearned rent income	53,364,415	67,487,751	47,881,228
Accrued expenses	29,236,999	18,382,332	16,076,367
Accrued construction work	23,575,461	13,631,753	2,401,061
Accrued finance cost	16,923,019	20,733,203	18,146,679
Advance from customers	4,400,125	2,993,141	25,326,850
Employees' accruals	3,160,572	5,774,358	7,993,727
Dividends payable		13,653,852	
Other	20,961,144	15,604,867	10,277,147
	207,884,744	209,535,573	175,982,688

20. ZAKAT AND TAX

1) Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 December was as follows:

	2019	2018	1 January 2018
	SR	SR	SR
Balance at beginning of the year	19,242,524	15,298,843	13,104,948
Zakat provision for the year	11,939,245	13,040,516	7,661,404
Tax provision for the year	763,235	84,324	241,463
Paid during the year	(20,303,399)	(9,181,159)	(5,708,972)
Balance at end of the year	11,641,605	19,242,524	15,298,843

2) Charge for the year

Zakat charge for the year amounting to SR 11,939,245 (2018:SR 13,040,516) based on the following:

The principal element of the zakat base are as follows:

	2019 SR	2018 SR
Shareholders' equity	1,584,016,413	1,516,245,838
Income before zakat	243,744,422	262,927,203
Non-current assets	3,370,240,067	2,815,598,298
Non-current liabilities	718,733,322	1,283,342,004

The differences between the financial and the zakatable income are mainly due to provisions which are not allowed in the calculation of zakatable income.

In accordance with the rules and regulations of the GAZT, zakat is required to be computed on the higher of zakat base and zakatable income for the year.

3) Deferred tax

	2019 SR	2018 SR
Tax value of property and equipment and intangible assets	25,003,008	4,455,304
Less:		
Accounting value of property and equipment and intangible assets	(17,422,264)	(7,230,827)
Taxable (deductible) temporary difference	7,580,744	(2,775,523)
Deferred tax at rate of 22.5%	1,705,667	(624,493)

20. ZAKAT AND TAX (continued)

Status of assessments

Abdullaj Al Othaim for Investments Company

The company has submitted its zakat returns to the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2018. Zakat assessments have been raised by the GAZT from 2013 to 2015.

Subsidiaries located in the Kingdom of Saudi Arabia

The subsidiaries have submitted their zakat returns to the GAZT for the years up to 31 December 2018. No zakat assessments have been performed by GAZT from inception.

GCC subsidiaries

Subsidiary companies located in United Arab Emirates and Qatar are not subject to income tax. In Oman the first return of income for the year 2019 will be filed with the respective tax authority.

Other subsidiaries

Other subsidiary companies have submitted their tax returns. No assessments have been raised by relevant authorities.

21. SHARE CAPITAL

The Company's share capital at 31 December 2019 and 2018 amounted to SR 1,000,000,000 consisting of 100,000,000 fully paid and issued shares of SR 10 each.

22. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the share capital. This reserve is not available for dividend distribution.

23. REVENUE

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segment	2019	2018
	SR	SR
Rent revenue (*)	468,319,169	469,423,865
Entertainment revenue	293,917,630	263,084,151
Retail revenue	186,790,100	147,018,175
Services revenue	52,920,737	54,941,254
Restaurants revenue	24,728,350	22,775,117
Other	10,791,682	7,390,721
Advertisement revenue	8,818,163	12,413,842
Discount	(39,166,061)	(52,204,875)
	1,007,119,770	924,842,250

(*) The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms of between 1 to 2 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2019	2018
	SR	SR
Within 1 year	364,107,912	319,463,370
After 1 year but not more than five years	399,709,999	403,888,240
More than five years	107,853,283	144,636,572
	871,671,194	867,988,182

In the following table, revenue is disaggregated by type of sector, customer, duration of contracts and timing of revenue recognition as shown below:

Type of sector	2019	2018
	SR	SR
Private sector	1,007,119,770	924,842,250

Type of customer	2019	2018
	SR	SR
Non-government	1,007,119,770	924,842,250

23. REVENUE (continued)

Duration of contracts	2019	2018
	SR	SR
More than one year	499,200,723	488,805,167
Up to one year	507,919,047	436,037,083
	1,007,119,770	924,842,250

Duration of contracts	2019	2018
	SR	SR
Services transferred over time	499,200,723	488,805,167
Services transferred at point in time	507,919,047	436,037,083
	1,007,119,770	924,842,250

24. COST OF REVENUE

	2019	2018
	SR	SR
Cost of goods sold	119,880,116	93,902,288
Depreciation (note 6,7,8)	113,401,837	113,881,148
Employees' salaries and other benefits	84,193,274	100,202,155
Utilities	61,289,794	59,180,023
Depreciation– right of use assets	32,626,422	
Maintenance	12,839,201	13,115,173
Rent	7,801,774	51,224,642
Other	38,956,848	21,929,911
	470,989,266	453,435,340

25. SELLING AND DISTRIBUTION EXPENSES

	2019	2018
	SR	SR
Employees' salaries and other benefits	38,065,766	30,844,198
Advertisement	32,340,132	19,736,664
Depreciation– right of use assets	21,834,718	
Depreciation (note 6)	9,860,315	10,029,835
Rent	337,247	25,946,167
Others	10,339,340	6,090,200
	112,777,518	92,647,064

26. GENERAL AND ADMINISTRATION EXPENSES

	2019	2018
	SR	SR
Provision for expected credit losses (note 13)	60,344,045	22,082,160
Employees' salaries and other benefits	39,344,885	39,961,735
Professional fees	7,657,047	4,074,351
Depreciation (note 6)	5,470,872	3,725,184
Insurance	1,048,595	1,046,698
Depreciation– right of use assets	861,044	-
License	838,376	889,295
Rent	706,960	2,154,000
Maintenance	585,109	1,088,893
Others	14,651,536	9,706,450
	131,508,469	84,728,766

27. FINANCE COST

	2019	2018
	SR	SR
Finance charges	48,875,579	30,089,363
Finance cost – leases	16,102,981	-
Interest cost on benefit liabilities (note 17)	849,890	589,609
	65,828,450	30,678,972

28. OTHER INCOME (EXPENSES)

	2019	2018 (Restated, note 33)
	SR	SR
Gain (loss) on foreign currency translation	3,929,844	(804,559)
Customer settlements	3,334,477	2,987,154
Reversal of provision for claims	3,140,660	-
Gain on sale of investment at FVOCI	1,499,051	-
Liability no longer required written back	598,635	-
Loss from disposal of property and equipment and intangible assets	(655,548)	(9,560,241)
Other	5,954,261	6,415,108
	17,801,380	(962,538)

29. FAIR VALUE Measurement of FINANCIAL assets and liabilities

Financial instruments by category

Financial instruments for the year 2019 have been categorised as follows:

	Carrying value			Fair value		
	Financial assets at FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	86,295,134	86,295,134	-	86,295,134	-
Amounts due from related parties	-	107,637,194	107,637,194	-	107,637,194	-
Financial assets at FVOCI	11,725,454	-	11,725,454	11,725,454	-	-
Lease receivables	-	128,652,742	128,652,742	-	128,652,742	-
	11,725,454	322,585,070	334,310,524	11,725,454	322,585,070	-
Financial liabilities						
Lease liabilities	-	561,877,910	561,877,910	-	561,877,910	-
Trade payables	-	70,873,304	70,873,304	-	70,873,304	-
Amounts due to related parties	-	52,347	52,347	-	52,347	-
Sukuk	-	848,939,226	848,939,226	-	848,939,226	-
Loans	-	469,833,336	469,833,336	-	469,833,336	-
	-	1,951,576,123	1,951,576,123	-	1,951,576,123	-

29. FAIR VALUE Measurement of FINANCIAL assets and liabilities (continued)

Financial instruments by category (continued)

Financial instruments for the year 2018 have been categorised as follows:

	Carrying value			Fair value		
	Financial assets at FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	158,931,222	158,931,222	-	158,931,222	-
Amounts due from related parties	-	26,875,537	26,875,537	-	26,875,537	-
Lease receivables	-	89,389,413	89,389,413	-	89,389,413	-
Financial assets at FVOCI	8,577,465	-	8,557,465	8,557,465	-	
	8,577,465	275,196,172	283,753,637	8,557,465	275,196,172	-
Financial liabilities						
Trade payables	-	64,532,281	64,532,281	-	64,532,281	-
Amounts due to related parties	-	46,501	46,501	-	46,501	-
Sukuk	-	995,185,045	995,185,045	-	995,185,045	-
Loans	-	407,000,003	407,000,003	-	407,000,003	-
	-	1,466,763,830	1,466,763,830	-	1,466,763,830	-

The Group classifies its quoted financial assets as FVOCI. Quoted shares are measured at fair value based on prices in active market. There were no transfers between Level 1 and Level 2 during the year.

There Group assessed that lease receivables, cash and cash equivalents, amounts due from related parties, trade and noted payable, amounts due to related parties sukuk and loans approximate their carrying amounts largely due to the short term liquidity of these instruments.

30. RISK management of financial assets AND LIABILITIES

Risk management framework

The Group's principal financial liabilities comprise of trade and note payable, sukuk, loans and amounts due to related parties. The Group's principal financial assets include lease receivables, cash and short-term deposits and amounts due from related parties.

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

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

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily leasing receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum credit risk exposure of the Group as of at the reporting date is as follows:

	2019 SR	2018 SR
Bank balances and time deposits	86,295,134	158,931,222
Amounts due from related parties	107,637,194	26,875,537
Lease receivable	128,652,742	89,389,413
	322,585,070	275,196,172

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on receivable from related parties is limited as, the receivables are shown net of allowance for expected credit losses, as applicable and financial position of related parties is stable.

a) Bank balances and time deposits

Credit risk from bank balances are managed by the Group's management in accordance with the Group's policy and is limited as cash balances are held with banks with sound credit ratings.

b) Lease receivable

The Group limits its exposure to credit risk from lease receivables by establishing a payment period between three months to six months for corporate customers. Most of the lease receivables of the Group are from private sector and are considered to be highly credible. At 31 December 2019, the Group had 9 customers (31 December 2018: 9 customers) that owed it more than SR one million each and accounted for approximately 43% of all receivable owing. (31 December 2018: 61%).

30. RISK management of financial assets AND LIABILITIES (continued)

Credit risk (continued)

b) Lease receivable (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's lease receivables using a provision matrix:

31 December 2019	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	15%	108,816,936	15,763,570
93 to 185 days	23%	24,722,302	5,584,010
186 to 277days	35%	15,191,396	5,251,036
278 to 366 days	64%	18,064,752	11,544,352
367 to 459 days	100%	10,053,093	10,053,101
460 to 551 days	100%	22,045,348	22,045,167
More than 552 days	100%	18,497,547	18,497,396
		217,391,374	88,738,632

31 December 2018	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	14%	51,343,115	7,418,211
93 to 185 days	24%	25,310,294	6,074,471
186 to 277days	37%	23,029,047	8,520,747
278 to 366 days	58%	23,256,223	13,488,609
367 to 459 days	81%	10,277,751	8,324,978
460 to 551 days	100%	6,126,285	6,126,285
More than 552 days	100%	14,023,780	14,023,781
		153,366,495	63,977,082

30. RISK management of financial assets AND LIABILITIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2019	On demand	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR	SR
Sukuk	848,939,226	-	-	-	-	-	848,939,226
Lease liabilities	-	41,972,389	48,310,870	83,932,859	256,604,946	131,056,846	561,877,910
Loans	-	-	133,966,668	335,866,668	-	-	469,833,336
Accruals and other current liabilities	-	-	207,884,744	-	-	-	207,884,744
Trade payables	-	-	70,873,304	-	-	-	70,873,304
Contract liabilities		-	25,269,720	-			25,269,720
Amounts due to related parties	-	-	52,347	-	-	-	52,347
Total	848,939,226	41,972,389	486,357,653	419,799,527	256,604,946	131,056,846	2,184,730,587

30. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Liquidity risk (continued)

31 December 2018	On demand	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 1 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR	SR
Sukuk	-	-	-	995,185,045	-	-	995,185,045
Loans	-	-	136,166,668	270,833,335	-	-	407,000,003
Accruals and other current liabilities	-	-	209,535,573	-	-	-	209,535,573
Trade payables	-	-	64,532,281	-	-	-	64,532,281
Amounts due to related parties	-	-	46,501	-	-	-	46,501
Total	-	-	410,281,023	1,266,018,380	-	-	1,676,299,403

Market risk

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

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: Commission rate risk, foreign currency risk, and equity price risk.

Commission rate risk

Commission risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate due to changes in the market commission rates. The Group to the risk of changes in market commission rates relates primarily to the Group's term loans and sukuk obligations with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

30. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Market risk (continued)

Commission rate sensitivity (continued)

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans and sukuk affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

Gain/(loss) through the consolidated statement of comprehensive income	2019	2018
	SR	SR
Floating rate debt:		
SIBOR +/- 100bps	13,187,726	14,021,850

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Management monitors the fluctuations in currency exchange rates and believes that effect of the currency fluctuation will not be material.

Equity price risk

The Group's quoted and unquoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For unquoted equity instruments the maximum risk is equal to the carrying amount of those investments.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 65%. The Group includes within net debt, commission bearing loans and sukuk, accounts and other payables, less cash and bank balances.

	2019	2018
	SR	SR
Total liabilities	2,220,499,216	1,735,314,712
Less: cash and bank balances	(86,295,134)	(158,931,222)
Net debt	2,134,204,082	1,576,383,490
Total equity	1,584,016,413	1,516,245,838
Amount directly accumulated in equity relating to fair value adjustments	-	-
Adjusted capital	1,584,016,413	1,516,245,838
Debt to adjusted capital ratio	1.34	1.04

31. DIVIDENDS

	2019	2018
	SR	SR
As at 1 January	13,653,850	-
Dividends declared	100,000,000	100,000,000
Dividends paid	(113,653,850)	(86,346,150)
	-	13,653,850

Shareholders of the Company, in their annual general assembly meeting held on 30 June 2019, approved dividends distribution for the year ended 31 December 2018 amounted to SR 100 million (SR 10 per share).

Shareholders of the Company, in their annual general assembly meeting held on 30 June 2018, approved dividends distribution for the year ended 31 December 2017 amounted to SR 100 million (SR 10 per share).

32. COMMITMENTS AND CONTINGENCIES

Commitments	2019	2018
	SR	SR
Commitments for projects under construction	56,499,824	77,727,337
Letter of guarantee	55,970,682	99,175,586

33. RESTATEMENT

During the year ended 31 December 2019, management noted an error of not recording gain on derivatives designated at FVTPL amounted to SR 6.6 million, and not reducing construction work in progress amount against penalties charged to contractors, further, management noted an error of not allocating a portion of the transaction price to the bonus points awarded to its customer, resulting in overstatement of revenue from contract with customers and understatement in contract liabilities.

Above mentioned errors have been rectified and opening retained earnings were accordingly restated to rectify these errors:

The effect of correcting the error is set out below:

	As previously stated SR	Adjustments SR	Restated SR
On the financial position			
Retained earnings 1 January 2018	338,833,462	(17,761,118)	321,072,344
Retained earnings 31 December 2018	459,703,166	(12,658,954)	418,842,152
Contract liabilities 1 January 2018	1,500,000	17,761,118	19,261,118
Contract liabilities 31 December 2018	3,295,601	19,153,560	22,449,161
Derivative not designed as hedging instruments	-	6,651,052	6,651,052
Investment properties	2,330,271,432	(1,420,202)	2,328,851,230
On the statement of comprehensive income			
Revenue 31 December 2018	924,931,439	(89,189)	924,842,250
Gain on derivative instruments at FVTPL	-	6,651,052	6,651,052
Other income (expenses)	457,664	1,420,202	(962,538)

34. DERIVATIVE NOT DESIGNED AS HEDGING INSTRUMENTS

Derivative not designed as hedging instruments

	2019	2018
	SR	SR
Fair value of financial assets	(712,579)	6,651,056

Derivative not designed as hedging instruments reflect the positive change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk.

35. EVENTS AFTER THE REPORTING PERIOD

During 2020, fears of the spread of Corona Virus (Covid-19) caused a significant impact on the Group's business, as regulators took certain precautionary measures in March 2020, by closing shopping malls and entertainment centers in Saudi Arabia. This have resulted in a substantial slow-down in each of the Group's revenue streams, mainly in the Group's real estate and entertainment business. The Group expects its revenues to be substantially affected during 2020 as a result of these precautionary measures. These events will negatively impact the future financial results, future cash flows and the future financial position of the Group. Given the uncertainties around Covid-19 and the expected economic volatility, the impact of these events cannot be estimated reliably as of the date of the approval of these consolidated financial statements.

36. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the board of directors of the Company on 18 June 2020 (corresponding to 26 Shawwal 1441H).

Abdullah Al Othaim Investment Company

(A Saudi Closed Joint Stock Company)

Consolidated Financial Statements and Independent Auditor’s Report

For the year ended 31 December 2018G

bakertilly

BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS
P.O.Box 300467 , Riyadh 11372
Kingdom of Saudi Arabia
T: +966 11 835 1600
F: +966 11 835 1601

Independent Auditor's Report

To the Shareholders
Abdullah Al Othaim Investment Company
(A Saudi Closed Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Abdullah Al Othaim Investment Company ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and Articles of Association 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, i.e. the Board of Directors , are responsible for overseeing the Group's financial reporting process.

Mixed professional partnership | Head Office – Riyadh | Kingdom of Saudi Arabia | License 323/11/479 | 9/9/1433H | CR 1010428101.
Email: saudi@bakertillyjfc.com | Website: www.bakertillymkm.com
Baker Tilly MKM & Co. Certified Public Accountants trading as Baker Tilly is an independent member of the global network of Baker Tilly International.

Independent Auditor's Report (continued)

To the Shareholders
Abdullah Al Othaim Investment Company
(A Saudi Closed Joint Stock Company)

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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

To the Shareholders

Abdullah Al Othaim Investment Company

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
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.

Report on Other Legal and Regulatory Requirements
Paragraph 135 of the Companies Law requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the Company Law or the terms of the Articles of Association of the Company. During the course of our current audit of the consolidated financial statements, we have noted following non-compliances of the Company Law, having no material impact on the consolidated financial statements, As at December 31, 2018, the Company has a balance due from a shareholder amounting to SR 9.4 Million (December 31,2017 :Nill).

Baker Tilly MKM & Co. CPA

بيكر تيلي م ك م وشركاه
محاسبون قانونيون
CPA
License 323/11/479 ترخيص
BAKER TILLY
M K M & CO.

Majed Moneer Al Nemer
(Certified Accountant: License No. 381)
Riyadh on Shawwal 2,3 1440H
Corresponding June 26, 2019G

4

Abdullah Al Othaim Investment Company
(a closed Saudi joint stock company)
Consolidated Statement of Financial Position
As at 31 December 2018G
(SAR)

	Notes	31 December 2018G	31 December 2017G (Note 5)	1 January 2017G (Note 5)
Assets				
Non-current assets				
Property, plant and equipment	6	453,507,536	384,139,854	363,410,123
Investment Property	7	2,330,271,432	2,345,256,404	1,849,364,512
Intangible assets	8	3,984,420	3,976,015	3,968,147
Investment in an associate	9	-	244,175	250,000
Advance Payments on an investment in a subsidiary		-	81,962,572	70,754,528
Financial assets at FVOCI	10	8,577,465	12,159,697	2,632,189
Advances to suppliers and contractors	11	20,677,647	35,910,969	55,891,320
		2,817,018,500	2,863,649,686	2,346,270,819
Current assets				
Inventories	12	61,977,623	23,992,686	22,147,358
Receivables from operating leases	13	91,278,207	171,808,938	101,703,969
Prepaid expenses and other accounts receivable	14	90,873,649	42,929,057	60,644,058
Due from related parties	15	24,986,743	13,399,220	35,928,981
Financial assets at FVTPL	16	47,104,893	-	-
Cash and cash equivalents	17	111,826,329	53,499,148	37,793,183
		428,047,444	305,629,049	258,217,549
Total assets		3,245,065,944	3,169,278,735	2,604,488,368
Equity and liabilities				
Equity				
Capital	1	1,000,000,000	1,000,000,000	1,000,000,000
Statutory reserve	18	99,034,636	74,493,558	43,194,234
Retained earnings		431,501,106	338,833,462	52,632,336
Other		(1,630,950)	(426,666)	87,423
		1,528,904,792	1,412,900,354	1,095,913,993
Non-controlling interest		-	219,088	-
		1,528,904,792	1,413,119,442	1,095,913,993

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

Abdullah Al Othaim Investment Company
(a closed Saudi joint stock company)
Consolidated Statement of Financial Position (continued)
As at 31 December 2018G
(SAR)

	Notes	31 December 2018G	31 December 2017G	1 January 2017G
Liabilities				
Non-current liabilities				
Employees' defined benefit obligations	20	17,323,624	12,882,018	11,409,734
Islamic sukuk	21	995,185,045	992,423,805	990,542,268
Medium-term loans and Murabaha	22	270,833,335	370,829,900	-
		1,283,342,004	1,376,135,723	1,001,952,002
Current liabilities				
Short term loans and Murabaha	22	136,166,668	115,000,000	217,166,667
Accounts payable and notes payable		64,532,281	71,537,262	44,723,762
Lease liabilities	23	3,295,601	1,500,000	11,647,781
Accrued expenses and other credit balances	24	209,535,573	175,982,688	217,185,786
Due to related parties	15	46,501	704,777	2,793,429
Provision for Zakat and income tax	25	19,242,524	15,298,843	13,104,948
		432,819,148	380,023,570	506,622,373
Total liabilities		1,716,161,152	1,756,159,293	1,508,574,375
Total equity and liabilities		3,245,065,944	3,169,278,735	2,604,488,368

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

Abdullah Al Othaim Investment Company
(Saudi closed joint stock company)
Consolidated Statement of Profit or Loss
For the year ended 31 December 2018G
(SAR)

	Notes	2018G	2017G (Note 5)
Revenues	26	924,931,439	807,521,492
Cost of revenue	27	(453,435,340)	(367,557,330)
Gross profit		471,496,099	439,964,162
Selling and marketing expenses	28	(92,647,064)	(33,033,341)
General and administrative expenses	29	(66,398,708)	(41,216,105)
Impairment losses on operating leases receivables	13	(22,082,160)	(15,712,288)
Other Revenue	30	8,349,068	16,246,423
Dividends from financial assets at FVOCI		561,637	-
Operating profits		299,278,872	366,248,851
Finance costs	31	(41,429,829)	(43,009,614)
Differences in foreign currency translations		(24,004)	1,451,962
Profit before zakat and income tax		257,825,039	324,691,199
Zakat	25	(13,040,516)	(7,661,404)
Income tax	25	(84,324)	(241,463)
Profit for the Year		244,700,199	316,788,332
Profit for the year attributable to:			
Shareholders of the Parent Company		244,700,199	316,574,770
Non-controlling interests		-	213,562
Earnings per share			
Basic and diluted EPS from profit for the year attributable to shareholders of the parent Company		2.45	3.17

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

Abdullah Al Othaim Investment Company
(Saudi closed joint stock company)
Consolidated Statement of Other Comprehensive Income
For the year ended 31 December 2018G
(SAR)

	Notes	2018G	2017G (Note 5)
Profit for the Year		244,700,199	316,788,332
Other comprehensive income items:			
OCI items that will not be reclassified subsequently to profit or loss in subsequent periods:			
Gain on re-measurement of employees' defined benefit obligations	20	710,583	925,680
Net change in fair value of financial assets at FVOCI	10	(1,665,296)	(325,750)
Total items of other comprehensive (loss) income) that will not be reclassified to profit or loss in subsequent periods:		(954,713)	599,930
OCI items that will be reclassified subsequently to profit or loss in subsequent periods:			
Differences in foreign currency translations		548,433	(188,339)
Total items of other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		548,433	(188,339)
Total other comprehensive (loss)/income for the year		(406,280)	411,591
Total comprehensive income for the year		244,293,919	317,199,923
Total other comprehensive income for the year attributable to:			
Shareholders of the Parent Company		244,293,919	316,986,361
Non-controlling equity		-	213,562
Earnings per share			
Basic and diluted EPS from other comprehensive income attributable to shareholders of the parent Company		2.44	3.17

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

Abdullah Al Othaim Investment Company
(Saudi closed joint stock company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2018G
(SAR)

	Notes	Capital	Statutory reserve	Retained earnings	Other		Attributable to the Company's shareholders	Non-controlling interest	Total equity
					Foreign currency translation reserve	Financial assets at FVOCI			
For the year ended 31 December 2017G									
As at 1 January 2017G	5	1,000,000,000	43,194,234	26,825,560	8,818,283	-	1,078,838,077	-	1,078,838,077
The impact of the conversion to IFRS		-	-	25,806,776	(8,806,516)	75,656	17,075,916	-	17,075,916
As at 1 January 2017G (revised)		1,000,000,000	43,194,234	52,632,336	11,767	75,656	1,095,913,993	-	1,095,913,993
Profit for the Year		-	-	316,574,770	-	-	316,574,770	213,562	316,788,332
Other comprehensive losses for the year		-	-	925,680	(188,339)	(325,750)	411,591	-	411,591
Total comprehensive income for the year		-	-	317,500,450	(188,339)	(325,750)	316,986,361	213,562	317,199,923
Change in non-controlling interest		-	-	-	-	-	-	5,526	5,526
Transferred to statutory reserve		-	31,299,324	(31,299,324)	-	-	-	-	-
Balance as at 31 December 2017G		1,000,000,000	74,493,558	338,833,462	(176,572)	(250,094)	1,412,900,354	219,088	1,413,119,442
For the year ended 31 December 2018G									
As at 1 January 2018G	5	1,000,000,000	74,493,558	338,833,462	(176,572)	(250,094)	1,412,900,354	219,088	1,413,119,442
Profit for the Year		-	-	244,700,199	-	-	244,700,199	-	244,700,199
Other comprehensive losses for the year		-	-	710,583	548,433	(1,665,296)	(406,280)	-	(406,280)
Total comprehensive income for the year		-	-	245,410,782	548,433	(1,665,296)	244,293,919	-	244,293,919
Dividends	19	-	-	(100,000,000)	-	-	(100,000,000)	-	(100,000,000)
Transferred to related parties		-	-	-	(11,765)	(75,656)	(87,421)	(219,088)	(306,509)
Difference related to the acquisition of a subsidiary	9	-	-	(28,202,060)	-	-	(28,202,060)	-	(28,202,060)
Transferred to statutory reserve		-	24,541,078	(24,541,078)	-	-	-	-	-
Balance as at 31 December 2018G		1,000,000,000	99,034,636	431,501,106	360,096	(1,991,046)	1,528,904,792	-	1,528,904,792

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

Abdullah Al Othaim Investment Company
(Saudi closed joint stock company)
Consolidated Cash Flow Statement
For the year ended 31 December 2018G
(SAR)

	2018G	2017G (Note 5)
Operating activities		
Profit before zakat and income tax	257,825,039	324,691,199
Adjustments for non-cash items:		
Depreciation and amortization	138,020,459	110,026,169
Share in the associate's results of operations	-	5,825
Gain on financial assets at FVTOCI	(561,637)	-
Profits of financial assets at FVTPL	(704,893)	-
Impairment losses on Receivables under from operating leases	22,082,160	15,712,288
Provision for impairment of advances to contractors and suppliers	-	300,000
Gain on disposal of PPE	10,729,222	3,086,170
Gain on disposal of intangible assets	4,284,386	-
Employees' defined benefit obligations	4,899,014	3,462,691
Provision for slow-moving InventoriesInventories	270,885	3,949,656
Finance costs	41,429,829	43,009,614
Changes in working capital:		
Inventories	(16,374,853)	(5,794,984)
Receivables from operating leases	58,448,571	(85,817,257)
Prepaid expenses and other accounts receivable	(37,701,261)	17,715,001
Accounts payable and notes payable	(19,808,312)	26,813,500
Payable expenses and other payable balances	15,334,462	(45,299,009)
Lease liabilities	1,795,601	(10,147,781)
Due from/to Related Parties	11,947,695	20,885,212
Employees' defined benefit obligations paid	(1,372,011)	(1,064,727)
Zakat and income tax paid	(9,181,159)	(5,708,972)
Net cash generated from operating activities	481,363,197	415,824,595

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

Abdullah Al Othaim Investment Company
(Saudi closed joint stock company)
Consolidated Cash Flow Statement (continued)
For the year ended 31 December 2018G
(SAR)

	2018G	2017G
Investing activities		
Additions to property, plant and equipment	(126,376,815)	(95,139,629)
Additions to Investment Property properties	(43,796,885)	(533,946,572)
Additions to intangible assets	(42,188)	(469,902)
Additions to financial assets at FVTOCI	(802,674)	(9,853,258)
Advance payments on an investment in a subsidiary	-	(11,208,044)
Acquisition of a subsidiary, net cash acquired during the year	6,467,791	-
Gain on financial assets measured at FVTOCI	561,637	-
Advances to suppliers and contractors	15,233,320	19,680,352
Payments to purchase financial assets at FVTPL	(214,400,000)	-
Proceeds from the sale of financial assets at FVTPL	168,554,149	-
Net cash used in investing activities	(194,601,665)	(630,937,053)
Financing activities		
Islamic sukuk	2,761,240	1,881,537
Loans and Murabaha	(78,829,897)	268,663,233
Dividends paid	(86,346,148)	-
Interest paid	(38,843,305)	(39,102,042)
Net change in related party movement	(27,562,955)	(444,103)
Net cash (used in) from financing activities	(228,821,065)	230,998,625
Net change in cash and cash equivalents	57,940,467	15,886,167
Cash and cash equivalents at the beginning of the year	53,499,148	37,793,183
The impact of change in the foreign currency translation of financial statements	386,714	(180,202)
Cash and cash equivalents at the end of the year	111,826,329	53,499,148
Non-cash transactions		
Transfer of investment in an associate to related parties	244,175	-
Transfer of investment at FVTOCI to related parties	2,632,189	-
Sale of property, plant and equipment to a related party	3,022,612	-
Transferred from payments on account of investment to related parties	53,038,160	-

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

1. Information on the Group and its Subsidiaries and activities:

Abdullah Al Othaim Investment Company (the "Company" or the "Parent Company") is a closed Saudi joint stock company registered in Riyadh, the Kingdom of Saudi Arabia, under Commercial Registration No. 1010213454 dated 19 Ramadan 1426H (corresponding to 22 October 2005G). The address of the Company's Head Office is: Al Rabwah District, Eastern Ring Road, P.O. Box 85289, Riyadh, 12821, Kingdom of Saudi Arabia.

In 2018G, the Company's name was changed to Abdullah Al Othaim Investment Company from Abdullah Al Othaim Reak Estate Investmentand Development Company, and the legal procedures were completed.

The Company and its Subsidiaries (collectively, the "Group") purchase land for the construction of buildings to sell or rent them for the benefit of the Company. They also manage, maintain and develop real estate properties, manage complexes, commercial, real estate and entertainment centers, construct and operate game halls and cities, and issue tradable debt instruments, including sukuk, conduct activities of wholesale and retail trade in ready-made garments, shoes, furniture, bags, cosmetics, fabrics, decorative materials, copper, decoration works, women's ready-made clothing and fabrics, import and export services, operate and manage restaurants and cafes, import and export, and conduct wholesale and retail trade in foodstuffs.

As of 31 December 2018G, the Company's capital amounted to one billion Saudi riyals (SAR 1,000,000,000), divided into 100,000,000 shares with a value of SAR 10 per share, distributed among the shareholders as follows:

Shareholders	No. of Shares	Ownership %	Total
Al-Othaim Holding Company	79,346,149	79.35	793,461,492
Abdullah Al Othaim Markets Company	13,653,851	13.65	136,538,508
Mr. Abdullah bin Saleh bin Ali Al Othaim	5,000,000	5	50,000,000
Mr. Fahd Abdullah bin Saleh Al Othaim	1,000,000	1	10,000,000
Mr. Saleh Abdullah bin Saleh Al Othaim	1,000,000	1	10,000,000
	100,000,000	100	1,000,000,000

1. Information on the Group and its Subsidiaries and activities (continued):

The consolidated financial statements include the activities of the Company and its branches below, which operate under the following sub-commercial registrations:

Branch name	Location	Register No.
Security Guards Company - Abdullah Al Othaim Real Estate Investment and Development Company	Riyadh	1010263061
Buraydah Al-Iskan District - Abdullah Al Othaim Real Estate Investment and Development Company	Buraidah	1131026422
Khurais Complex - Abdullah Al Othaim Real Estate Investment and Development Company	Riyadh	1010263310
Al-Ahsa Entertainment Gym - Abdullah Al Othaim Real Estate Investment and Development Company	Al-Ahsa	2250041361
Al-Ahsa Complex - Al-Mubarraz - Abdullah Al Othaim Real Estate Investment and Development Company	Al-Ahsa	2252038435
Dammam Entertainment Gym - Abdullah Al Othaim Real Estate Investment and Development Company	Dammam	2050075153
Al Mithnab Entertainment Gym - Abdullah Al Othaim Real Estate Investment and Development Company	Al Mithnab	1130002469
King Abdullah Road - Entertainment Gym - Abdullah Al Othaim Real Estate Investment and Development Company	Riyadh	1010305066
Al Rabwah District - Al Othaim Investment Real Estate and Development Company Branch	Riyadh	1010218374
Al Rabwah Complex 2 - Abdullah Al Othaim Real Estate Investment and Development Company	Riyadh	1010263309
Unaizah - Al-Montazah District - Al Othaim Real Estate Investment and Development Company Branch	Unaiza	1128019335

1. Information on the Group and its Subsidiaries and activities (continued):

These financial statements include the financial position and business results of the Group and its Subsidiaries, as stated in the table below. The Subsidiaries included in these consolidated financial statements are stated below:

Subsidiary	Country of Incorporation	Capital	Ownership %			
			2018G		2017G	
			Direct	Indirect	Direct	Indirect
Emteyaz Al-Riyadh Trader Co.	KSA	500,000	100	-	99	1
Lidar Entertainment Investment Company (a)	KSA	150,000,000	100	-	99	1
Nahj Al-Khayal Trading Co. (b)	KSA	100,000	100	-	-	-
Raeda Complex Company Ltd.	KSA	1,000,000	99	1	99	1
SEEK Garden Ltd. (c)	Bosnia and Herzegovina	150,602		-	70.09	-
Arabian Gulf Fashion	UAE	25,000	99	1	99	1
Namar Investment and Real Estate Development Company	KSA	50,000	100	-	-	-
Ithraa Alhyah Property Management Co.	KSA	5,000	100	-	-	-
Idama Al-Ro'ya Property Management Co. (c)	KSA	5,000	-	-	-	-
Promising Riyadh Property Management Co.	KSA	5,000	100	-	-	-
Future Inspiration for Property Management Co.	KSA	5,000	100	-	-	-
Azizia Takamol Property Management Co.	KSA	5,000	100	-	-	-
Azum Najd Property Management Co. (c)	KSA	5,000	-	-	-	-
Orion Holdings Limited	United Kingdom	3,750	100	-	100	-
Al Othaim Commercial Complex Company	KSA	1,000,000	100	-	1	-
Asasat Al Nafl Company for Operation and Maintenance	KSA	100,000	100	-	100	-
World Seas Investment Company	KSA	50,000	100	-	100	-

1. Information on the Group and its Subsidiaries and activities (continued):

(a) The following subsidiaries are wholly owned by Lidar Entertainment Investment Company:

Company Name	Country of Incorporation	Ownership %	
		31 December 2018G	31 December 2017G
Fun World Tourism and Leisure Company	Arab Republic of Egypt	100	100
Cairo Operation and Maintenance Company	Arab Republic of Egypt	100	100
Fun World Entertainment Company	Qatar	100	100
Fun World Investment Company	UAE	100	100
International Entertainment Company Ltd.	United Kingdom	100	100
Fun World Tourism and Leisure Company	Oman	100	100

(b) In 2018G, Al Othaim Holding Company and Kyol Real Estate Investment Company assigned their entire shares in Nahj Al-Khayal Trading Co. to Abdullah Al Othaim Investment Company, including the related rights and liabilities and all of its assets, liabilities and technical, financial and administrative resources. The Company completed acquisition of 100% of the shares of Nahj Al-Khayal Trading Company for SAR 28,924,412. The remaining value of the acquisition of Nahj Al-Khayal Company amounting to SAR 53,038,160 was transferred to due from related parties.

(c) In 2018G, the Company disposed of the investments at the book value, with no resultant profits or losses.

1. Information on the Group and its Subsidiaries and activities (continued):

The Group used the carrying amount of net assets to determine the acquisition difference which is recognized in equity. As of the date of acquisition, the book value of Nahj Al-Khayal Trading Co. was as follows:

Book value as of the date of acquisition	1 January 2018G
	SAR
Assets	
Property, plant and equipment	33,512,812
Projects in progress	852,420
Intangible assets	5,534,324
Inventories	21,880,969
Prepaid expenses and other accounts receivable	10,243,331
Due from related parties	8,540,764
Cash and cash equivalents	6,467,791
Total assets	87,032,411
Liabilities	
Employees' defined benefit obligations	1,625,186
Trade payables	12,803,331
Payable expenses and other payable balances	2,526,480
Due to related parties	69,355,062
Total liabilities	86,310,059
Net book value of assets	722,352
Book value of the investment at the date of acquisition	
Add: Contribution paid during the year	28,924,412
Less: The Group's share of the net book value of assets	(722,352)
Acquisition difference	28,202,060
Net cash flow as of the date of acquisition	
Net cash acquired in a subsidiary	6,467,791
Cash paid during the previous period	(81,962,572)
Cash paid during the year	-
Net cash paid	(75,494,781)

1. Information on the Group and its Subsidiaries and activities (continued):

The tables below set out the financial position, financial performance and cash flows of the material subsidiaries with non-controlling interests as at 31 December 2018G and 2017G:

Consolidated statement of financial position as at 31 December 2018G:

	Non-current assets	Current assets	Non-current liabilities	Current liabilities
	SAR	SAR	SAR	SAR
Emteyaz Al-Riyadh Trader Co.	14,396,283	10,559,204	506,051	25,106,763
Lidar Entertainment Investment Company	321,209,113	91,960,979	5,247,181	68,155,575
Nahj Al-Khayal Trading Co.	46,451,397	73,198,277	1,978,865	146,323,542
Raeda Complex Company Ltd.	-	876,124	-	37,259
Arabian Gulf Fashion	-	24,969	-	35,999
Namar Investment and Real Estate Development Company	-	49,969	-	41,651
Ithraa Alhyah Property Management Co.	-	-	-	17,056
Promising Riyadh Property Management Co.	14,673,246	-	-	521,834
Future Inspiration for Property Management Co.	15,787,240	-	-	17,056
Azizia Takamol Property Management Co.	68,357,738	-	-	528,594
Orion Holdings Limited	8,577,465	-	-	9,891,773
Al Othaim Commercial Complex Company	-	663,320	-	19,200
Asasat Al Nafl Company for Operation and Maintenance	-	476,654	-	219,418
World Seas Investment Company	-	50,000	-	20,345

1. Information on the Group and its Subsidiaries and activities (continued):

Consolidated statement of financial position as at 31 December 2017G:

	Non-current assets	Current assets	Non-current liabilities	Current liabilities
	SAR	SAR	SAR	SAR
Emteyaz Al-Riyadh Trader Co.	14,570,180	7,695,137	200,859	18,369,877
Lidar Entertainment Investment Company	294,865,641	60,442,108	4,445,002	77,693,840
Nahj Al-Khayal Trading Co.	39,899,556	47,132,855	1,625,186	84,684,873
Raeda Complex Company Ltd.	-	908,212	-	26,800
SEEK Garden Ltd.	11,452	11,813,522	-	11,795,200
Arabian Gulf Fashion	-	25,000	-	20,959
Namar Investment and Real Estate Development Company	-	-		-
Ithraa Alhyah Property Management Co.	-	-	-	-
Promising Riyadh Property Management Co.	-	-	-	-
Future Inspiration for Property Management Co.	-	-	-	-
Azizia Takamol Property Management Co.	-	-	-	-
Orion Holdings Limited	9,541,888	750,709	-	10,006,038
Al Othaim Commercial Complex Company	-	680,733	-	21,113
Asasat Al Nafl Company for Operation and Maintenance	-	367,197	-	295,742
World Seas Investment Company	-	50,000	-	5,345

Summarized statement of profit or loss and other comprehensive income for the financial year ended 31 December 2018G:

	Emteyaz Al-Riyadh Trader Co.	Lidar Entertainment Investment Company	Nahj Al-Khayal	Orion Holdings Limited
	SAR	SAR	SAR	SAR
Revenues	22,775,117	263,389,967	46,456,537	
Cost of revenue	19,380,261	165,101,393	85,573,620	-
Sales and marketing expenses	437,585	11,324,012	68,944,931	-
General and administrative expenses	7,139,227	19,552,757	12,164,115	30,814
Finance costs	-	525,749	496,609	-
Capital profits	-	-	9,560,341	-
Other Revenue	725,33	5,948,436	367,078	503
Provision for zakat	-	5,914,655	431,797	-
Comprehensive gross profit (loss)	(231, 319,4)	68,769,043	(29,375,085)	319,413

1. Information on the Group and its Subsidiaries and activities (continued):

The summarized statement of profit or loss and other comprehensive income for the financial year ended 31 December 2017G:

	Emteyaz Al-Riyadh Trader Co.	Lidar Entertainment Investment Company	Nahj Al-Khayal	Orion Holdings Limited
	SAR	SAR	SAR	SAR
Revenues	21,704,307	272,263,315	3,646,099	246,873
Cost of revenue	17,045,000	153,450,666	2,984,543	587,845
Sales and marketing expenses	128,828	22,914,450	-	-
General and administrative expenses	3,696,961	22,368,961	-	58,681
Finance costs	-	1,789,473	-	-
Capital profits	938,772	192,278	-	-
Other Revenue	144,293	1,453,672	-	-
Provision for zakat	-	214,463	-	-
Comprehensive gross profit (loss)	1,773,656	70,194,662	661,556	(217,495)

Summarized statement of cash flows for the year ended 31 December 2018G:

	Operating activities	Investing activities	Financing activities
	SAR	SAR	SAR
Emteyaz Al-Riyadh Trader Co.	1,832,332	(1,751,879)	-
Lidar Entertainment Investment Company	101,054,171	(84,737,140)	(13,000,000)
Nahj Al-Khayal Trading Co.	30,233,975	(25,781,858)	(429,609)
Raeda Complex Company Ltd.	(22,600)	-	-
Namar Investment and Real Estate Development Company	-	-	50,000
Ithraa Alhyah Property Management Co.	(5,000)	-	5,000
Promising Riyadh Property Management Co.	(5,000)	-	5,000
Future Inspiration for Property Management Co.	(5,000)	-	5,000
Azizia Takamol Property Management Co.	(5,000)	-	5,000
Orion Holdings Limited	389,160	(389,498)	-
Al Othaim Commercial Complex Company	-	-	-
Asasat Al Nafl Company for Operation and Maintenance	109,405	-	-
World Seas Investment Company	(50,000)	-	-

1. Information on the Group and its Subsidiaries and activities (continued):

Summarized statement of cash flows for the year ended 31 December 2017G:

	Operating activities	Investing activities	Financing activities
	SAR	SAR	SAR
Emteyaz Al-Riyadh Trader Co.	4,339,494	(4,455,511)	-
Lidar Entertainment Investment Company	80,887,095	(60,850,151)	(27,000,000)
Nahj Al-Khayal Trading Co.	13,657,158	(11,099,147)	(1,090,416)
Raeda Complex Company Ltd.	(74,500)	-	-
SEEK Garden Ltd.	1,960,000	-	-
Arabian Gulf Fashion	-	-	25,000
Orion Holdings Limited	(3,412)	-	3,750
Asasat Al Nafl Company for Operation and Maintenance	35,021	-	-
World Seas Investment Company	-	-	50,000

2. Basis of preparation:

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS that are endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA). The Group has prepared and presented its statutory consolidated financial statements until the year ended 31 December 2016G in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA), and the requirements of the Saudi Companies Law and the Company's Articles of Association that are related to the preparation and presentation of the consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2018G are the first consolidated financial statements of the Company prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed by SOCPA. The Company shifted from the Saudi GAAP issued by SOCPA to the adoption of the IFRS approved by SOCPA as of 1 January 2018G.

Accounting policies in accordance with IFRS have been applied retrospectively and on an ongoing basis, unless exceptions or exemptions are applied as stated within the scope of IFRS 1 First-Time Adoption of International Financial Reporting Standards. The impact of the transition from the adoption of Saudi accounting standards to the adoption of IFRS is described in Note 5.

The date of transition to IFRS is defined as "the beginning of the earliest year for which the entity presents full comparative information in accordance with this IFRS in its first financial statements that conform to this IFRS." The first consolidated financial statements prepared in accordance with IFRS are also defined as "the first annual consolidated financial statements in which the entity applies IFRS, in accordance with the explicit and unreserved statement of compliance with IFRS."

Accordingly, the Group's opening consolidated statement of financial position prepared in accordance with IFRS was prepared on 1 January 2017G (the date of transition to IFRS), and the first annual consolidated financial statement prepared in accordance with IFRS was for the financial year ended 31 December 2018G.

The accounting policies applied are based on IFRS, which will be in effect upon the preparation of the first annual financial statements in accordance with IFRS.

The consolidated financial statements have been prepared as follows:

- Recognition of all assets and liabilities that are required to be recognized under IFRS;
- Derecognition of an asset or a liability where IFRS does not permit recognition;
- Reclassification of items that were previously recognized in accordance with Saudi GAAP as one type of asset, liability or component of equity but are a different type of asset, liability or component of equity under IFRS; and
- Application of IFRS in measuring all recognized assets and liabilities.

As an exception, the mandatory or optional exemptions described in IFRS 1 First-Time Adoption of IFRS that do not require or do not permit recognition, classification or measurement in accordance with IFRS are applied.

2. Basis of preparation (continued):

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, with the exception of the investment in the associate, which is accounted for in accordance with the equity method, and employees' defined benefit schemes, which are measured at the present value of future obligations using the expected credit method, in addition to financial assets at FVTPL and financial assets at FVTOCI that are measured at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting and the going concern principle.

2.3 Functional and Presentation Currency

Unless otherwise stated, the consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group's financial reporting.

2.4 Critical accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect revenue, expenses, assets and liabilities, and the accompanying notes, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in material adjustments to the carrying amounts of assets and liabilities in future periods.

The Group's assumptions and estimates are based on criteria made available when the consolidated financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

2. Basis of preparation (continued):

2.4 Critical accounting judgments, estimates and assumptions (continued)

Impairment of Receivables under from operating leases

An estimate of the recoverable amount of trade receivables and retentions is made when part or all of the amount is not collectible. For each significant amount, this estimation is made on an individual basis. Amounts that are not individually significant, but are past due, are assessed on a collective basis. A provision is made according to the length of the overdue period based on previous collection rates.

Inventories depreciation

Inventories are stated at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made for their net realizable value. For each significant amount, an estimate is made for each amount on an individual basis. Amounts which are not individually significant, but are considered old or obsolete, are assessed on a collective basis. A provision is made according to the Inventories type and age or degree of obsolescence, based on historical selling prices.

Revenue recognition

The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

When the Group's role in a transaction is determined to be as principal, revenue includes the amount to be paid to the customer/agent, net of trade discounts.

Uncertain Zakat and tax conditions

Zakat for companies inside the Kingdom and tax payable for foreign subsidiaries is related to management's assessment of the Zakat and tax amount due upon the open Zakat and tax assessments. The Group still has to agree with the General Authority of Zakat and Tax (GAZT) and tax authorities on the amounts of final liabilities. Due to uncertainty over these Zakat and tax items, the final result may differ significantly when the final assessment is issued by GAZT and the private tax authorities in future periods.

Contingent liabilities

As disclosed in Note 33 to these consolidated financial statements, the Group is exposed to various contingent liabilities in the normal course of business. Management evaluates the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the consolidated financial statements where, based on the management's evaluation, a present obligation has been established

2. Basis of preparation (continued):

2.4 Critical accounting judgments, estimates and assumptions (continued)

Employees' benefits

The cost of employees' defined benefit obligation and the present value of post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These assumptions include the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed annually.

Measurement of the fair value of financial instruments

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors could affect the fair value of financial instruments.

Contingent consideration arising from a business combination is initially measured at fair value at its acquisition date as part of the business combination. In cases where the contingent consideration meets the definition of financial liability, it is subsequently re-measured at fair value at each reporting date. The fair value is determined based on discounted cash flows. The key assumptions take into account the probability of meeting each performance target and the discount factor.

Economic useful lives of property, plant and equipment and intangible assets

The Group periodically reviews the estimated useful lives and the depreciation/amortization method to ensure that the depreciation/ amortization method and period are consistent with the expected pattern of economic benefits from these assets, and amends them when necessary if the flows differ from previous estimates.

2. Basis of preparation (continued):

2.5 Principles of financial statement consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiaries, as described in Note 1 for the financial year ended 31 December 2018G.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the 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. The assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date control is transferred to the Group until the Group ceases to control such investee.

Specifically, the Group controls an investee if, and only if, it has:

- Power over an investee (i.e., existing rights that ensure the Group has the current capacity of directing the investee's activities);
- Exposure or right to variable returns based on its involvement with an investee; and
- The ability to use its power over the investee to affect its returns.

In general, there is an assumption that the majority of voting rights result in control. In order to support this assumption and when the Group has less than the majority of voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in evaluating whether it has power over an investee, including:

- The contractual agreement(s) with other parties holding voting rights of the investee;
- Rights originating from contractual agreements; and
- Voting rights or potential voting rights of the Group.

Income and each component of other comprehensive income relate to equity in the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of other comprehensive income and consolidated statement of changes in equity. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

These consolidated financial statements reflect the financial position and business of the Company and its Subsidiaries as described in Note 1.

2. Basis of preparation (continued):

2.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at fair value of the assets transferred and the obligations realized or expected on the acquisition date and the amount of any non-controlling interests in the acquiree. The excess of the cost of acquisition over the Group's share of the fair value of the net assets acquired is recognized as goodwill. Goodwill impairment is verified on an annual basis, and goodwill is recognized at cost, less impairment losses, if any. Acquisition-related costs incurred are expensed in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of derivatives included in other financial instruments in material contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration (excluding consideration classified as equity) is measured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for in equity.

Goodwill is initially measured, being the excess of the cost of acquisition over the Group's share in the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the acquisition cost, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the acquisition cost, the gain is recognized in the consolidated statement of profit or loss as a gain on discounted purchase.

After initial measurement, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

3. Newly-issued IFRS and amendments not yet effective:

Standards and interpretations issued but not yet effective as at the date of the Company's consolidated financial statements are described below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

Issued in January 2016G, IFRS 16 supersedes IAS 17 — Leases, IFRIC 4 — Determining Whether an Arrangement Contains a Lease, and SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the statement of financial position in a manner similar to accounting for finance leases in accordance with IAS 17.

The standard contains two exemptions for recognition by lessees: leases of "low-value" assets (e.g. personal computers) and short-term leases (e.g. leases with a term of 12 months or less). At the commencement date of the lease, the lessee will recognize a liability for lease payments (the lease liability) and the asset representing the right to use the underlying asset during the lease term (the right-of-use asset). Lessees will have to separately recognize the interest expense on the lease liability and the depreciation expense from the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. change in lease term or change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the re-measurement amount of the lease liability as an adjustment to the right-of-use asset.

The lessor's accounting under IFRS 16 has not changed significantly from the current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Under IAS 16, lessees and lessors are also required to provide more extensive disclosures than those disclosures under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019G. The lessee may apply the standard using either the full retrospective or modified retrospective method. The standard's transition provisions permit specific exemptions.

3. Newly-issued IFRS and amendments not yet effective (continued):

In 2018G, the Company conducted a detailed assessment of the impact of IFRS 16. The impact of the adoption of IFRS 16 is expected to be as follows:

Year	Assets (increase/(decrease))	Liabilities (increase/(decrease))	Return on equity (ROE)
2018G	295,252,990	391,960,021	(19,668,373)
2017G	328,495,810	405,534,469	(20,685,838)
2016G	361,738,630	418,091,450	(56,352,820)

- For subsidiaries, the impact of IFRS 16 is being assessed.

Other criteria

The following revised standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements:

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments;
- Prepayment Features with Negative Compensation (Amendments to IFRS 9);
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19);
- Annual Improvements to IFRS Standards 2015G–2017G Cycle - Various Standards;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- IFRS 17 Insurance Contracts.

4. Significant accounting policies:

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as 'non-current'.

All liabilities are current when:

- It is expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as 'non-current'.

4. Significant accounting policies:

Fair value measurement

The Group measures financial instruments such as available-for-sale assets and derivatives (cash flow hedges) at fair value at the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The primary or most useful market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized by the Group within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy of the fair value by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. Significant accounting policies (continued):

Fair value measurement (continued):

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

For investments in equity instruments, a reasonable estimate of the fair value cannot be determined.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates these parts separately over their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Owned land and works in progress are not depreciated.

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Estimated useful life
Air conditioning plant and equipment	10 years
Vehicles	5 – 7 years
Computers	5 – 7 years
Furniture, furnishings and decorations	3 – 8 years
Recreational games	10 years
Leasehold improvements	10 years or the lease term, whichever is shorter

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part that was accounted for as a separate asset is derecognized. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Routine maintenance and repair expenses that do not extend the expected useful life of the asset or production outputs are charged to the consolidated statement of profit or loss when incurred.

4. Significant accounting policies (continued):

Property, plant and equipment (continued):

The residual value and useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where such indicator of impairment exists and the carrying amount exceeds the recoverable amount, then the assets are impaired to their estimated recoverable amount, which is the higher of the fair value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the consolidated statement of profit or loss. Borrowing costs relating to a qualifying asset are capitalized as part of the cost of that asset until the asset is complete for its intended use for use by management.

Assets built on leasehold land

Real estate built on leasehold land is carried at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the construction of the building. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the useful life of the asset or the lease period, whichever is shorter. The lease term is "the non-cancellable period for which the lessee has contracted to lease the asset together with any other terms that give the lessee the option to extend the lease with or without additional payments if the lessee is reasonably certain upon contact conclusion to exercise that option."

Investment properties

Investment properties consist of completed properties and properties under construction or redevelopment that are held to earn rentals and/or for capital appreciation, rather than being used or sold in the normal course of business, and/or for unspecified use. Assets acquired under a lease are classified as an investment property when the definition of investment property is met and they are accounted for as a finance lease.

Investment properties are initially measured at cost including transaction costs. Transaction costs include professional fees for legal services and rental commissions needed to bring the property into a working condition. The carrying amount also includes the cost of replacing part of the existing investment properties at the date the cost was incurred, if the recognition criteria are met.

4. Significant accounting policies (continued):

Investment properties (continued):

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. No depreciation shall be calculated on owned land. The cost of other properties is depreciated on a straight line method in order to allocate costs less residual value over their estimated useful lives as shown below and charged to the consolidated statement of profit or loss:

Assets	Estimated useful life
Buildings	50 years or the lease term, whichever is shorter
Air conditioning plant and equipment	10 years
Furniture, furnishings and decorations	3 – 8 years
Leasehold improvements	10 years or the lease term, whichever is shorter

Investment properties are derecognized when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of profit or loss for the period in which they are derecognized.

Gains or losses on disposal of investment properties are determined so that the difference between the net proceeds from the disposal of investment properties and the carrying amount of the relevant asset is included in the consolidated statement of profit or loss.

Transfer from investment properties is made when, and only when, there is a change in use, evidenced by the commencement of the owner-occupation by the owner or the commencement of development with a view to sale. When an occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated in property, plant and equipment up to the date of the change in use.

Repair and maintenance expenses are charged to the consolidated statement of profit or loss when incurred. Improvements that significantly increase the value or extend the life of the related assets are capitalized.

The useful life and depreciation method are regularly reviewed on an annual basis to ensure the selection of the depreciation method and depreciation period is in line with the expected economic benefits from the assets.

4. Significant accounting policies (continued):

Investment properties (continued):

As of 1 January 2018G, the Group has adjusted the depreciation rate of buildings based on the effective useful life of this asset class as follows:

Depreciation rate after adjustment	Depreciation rate before adjustment
50%	40%

The effect of the adjustments on the useful life is as follows:

	After adjustment	Before adjustment	Adjustment difference
	SAR	SAR	SAR
Depreciation during the year	70,589,519	77,372,121	(6,782,602)
Total depreciation	564,253,637	571,036,239	(6,782,602)
Profit for the year before Zakat	253,789,754	247,007,152	6,782,602

Rental income from investment properties is recognized on a straight-line basis over the term of the lease. The lease incentives granted are recognized as part of the total rental income over the term of the lease.

Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally-developed intangible assets, except for capitalized development costs, are not capitalized, and expenses are charged to the consolidated statement of profit or loss and other comprehensive income for the year in which they are incurred.

Useful lives of intangible assets are classified as “definite” or “indefinite”. Definite intangible assets are amortized over their estimated useful lives and are also reviewed for impairment where there is evidence suggesting such impairment. Period and method of amortization of definite intangible assets are reviewed at least once at the end of each financial year.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied 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 on intangible assets with finite useful lives is recognized in the consolidated statement of profit or loss and other comprehensive income as an expense in line with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of the indefinite useful life is reviewed annually to ensure whether the assessment of the indefinite life is still supportable. Otherwise, a change will be made from “definite useful life” to “indefinite useful life” on a prospective basis.

4. Significant accounting policies (continued):

Computer software

Computer software is carried at historical cost less accumulated amortization and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Amortization is charged to the consolidated statement of profit or loss for computer software on a straight-line basis in order to allocate the costs to the relevant assets less the residual value over five years.

Projects in progress

Projects in progress include the purchase price, construction or development costs, and any costs directly attributable to the construction or acquisition of the asset by the Company. Capital work-in-progress is measured at cost less any impairment losses that have been recognized. Capital work-in-progress is depreciated only when the assets are ready for their intended use as required by management after they have been capitalized on the appropriate class of assets.

Investments

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in the associate is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to reflect changes in the Company's share in the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not independently tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share in the associate's results of operations. Any change in other income of investees is shown as part of the Company's other income. In addition, if a change is recognized directly in the equity of the associate, the Group recognizes its share of any changes, where applicable, in the statement of changes in equity for unrealized gains and losses arising from transactions between the Group and the associate to the extent of the Company's share in the associate.

The Group's total share in the profit or loss of the associate is presented in the consolidated statement of profit or loss and other comprehensive income outside operating profit, and represents income after zakat and non-controlling interests in the associate's subsidiaries.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

4. Significant accounting policies (continued):

Investments (continued):

Investment in an associate (continued):

After the application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in associates. The Group makes sure at each reporting date whether there is any objective indication that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and the carrying value and recognizes the loss as "Share in an associate" in the consolidated statement of profit or loss and other comprehensive income.

Where there is no significant influence on an associate, the Group measures and recognizes any investment held at its fair value. The difference between the carrying amount of the investment in the associate at the date significant influence is lost and the fair value of the retained investment and proceeds from the disposal will be recognized in the consolidated statement of profit or loss and other comprehensive income.

Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, FVOCI or FVTPL.

All financial assets are recognized upon initial recognition at fair value plus transaction costs, unless the financial assets are recognized at FVTPL.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortized cost

After initial measurement, these financial assets are measured at amortized value using the effective interest rate method, less any impairment. Gains or losses are recognized in profit or loss when the asset is disposed of, adjusted, or impaired.

Financial assets at amortized cost comprise the Group's trade receivables.

Debt investments at FVTOCI

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or adjustments are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. Residual fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

4. Significant accounting policies (continued):

Financial assets (continued):

Subsequent measurement (continued):

Financial assets at FVOCI

Assets acquired to collect contractual cash flows and sell financial assets, in which the assets' cash flows represent only the payment of principal and commission, are measured at FVTOCI. Changes in carrying value are recognized through OCI, except for impairment gains or losses, commission income and foreign exchange gains and losses, which are recognized in the consolidated statement of profit or loss.

Upon derecognition of the financial asset, the cumulative gain or loss previously recognized in OCI is recycled from equity to the consolidated statement of profit or loss, and is recognized in other profit/(loss). Commission income from these financial assets is also included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ expenses.

Financial assets at FVTPL

These financial investments are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss when the Company's right to receive the dividend is established.

Derecognition

Financial assets are derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a "transfer" agreement, whether (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the right of the asset.

If the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses the extent to which it retains the risks and rewards of the asset. An asset is recognized to the extent of the Group continuing involvement in the asset where it does not transfer or retain all the risks and rewards of the asset or transfer the right of the asset. In that case, the Group also recognizes liabilities related to that asset. The transferred asset and the related liabilities are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4. Significant accounting policies (continued):

Financial assets (continued):

Subsequent measurement (continued):

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL.

The allowance for expected credit losses is recognized in two stages. For credit exposures that have not suffered a significant increase in credit risk since initial recognition, ECLs are recognized for the credit risk arising from a possible default within 12 months (12-month expected credit losses). For credit exposures that have witnessed a significant increase in credit risk since initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime ECLs).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors related to debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as loans and payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains and losses on these liabilities are recognized in profit or loss.

Loans and borrowings

After initial recognition, loans and borrowings are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

4. Significant accounting policies (continued):

Financial liabilities

Derecognition

A financial liability is derecognized when the contractual obligation is discharged, canceled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is disclosed in the statement of financial position if there is a legally enforceable right to offset recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Interest rate swaps are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve. The ineffective portion is taken directly to profit or loss. The cash flow hedge reserve is adjusted to the lower of cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

Impairment of non-financial current assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing is required, the Group estimates the assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

4. Significant accounting policies (continued):

Impairment of non-financial current assets (continued):

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a five-year period.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. This reversal is recognized in the consolidated statement of profit or loss.

Goodwill (if any) is tested for impairment annually or more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently when circumstances indicate that the carrying value may be impaired.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is expense to bring the goods to their present location and condition and is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less any further costs expected to be incurred on completion and disposal. Appropriate provision is made for obsolete and slow-moving inventories, if required.

Receivables under from operating leases

Accounts receivable are recorded at the original billed amount less the allowance for bad debts. An estimate for impairment is made when a collection of the full amount is no longer probable. Bad debts shall be written-off as incurred.

Accounts receivable represents amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected in one year or less, amounts are classified as current assets.

The carrying amount of trade receivables is tested for impairment in accordance with the terms and assumptions stated previously.

4. Significant accounting policies (continued):

Employees' benefits

Short-term liabilities

Liabilities related to wages and salaries, including non-monetary benefits, accrued leave, and travel tickets, which are expected to be fully paid within twelve months after the end of the period in which the employees provide the related services, are recognized as staff services up to the end of the consolidated financial reporting period. They are assessed against amounts to be paid upon settlement of liabilities. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Post-employment obligations

Defined benefit plans

DBO costs are calculated on an annual basis, using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations and for any significant one-off events, such as plan amendments, curtailments and settlements. In the absence of such significant market fluctuations and one-off events, the actuarial liabilities are rolled forward based on the assumptions as at the beginning of the year. If there are significant changes to the assumptions or arrangements during the interim period, consideration is given to re-measure such liabilities.

Re-measurement gains and losses arising from adjustments and changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss and other comprehensive income as past service costs.

In some countries, post-employment benefit plans may not be funded. Valuations of the obligations under those plans are carried out by independent actuaries based on the PUC method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss and other comprehensive income while the unwinding of the liability at discount rates used is recorded as finance costs. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

In the Kingdom, with respect to the employees' defined benefit obligation, the actuarial valuation process is based on the Saudi Labor Law as well as the Group's policy. In other countries, the relevant labor laws are taken into account.

4. Significant accounting policies (continued):

Loans and Murabaha financing

Loans and Murabaha financing are initially recognized at fair value (as proceeds received), net of eligible transaction costs incurred, if any. After initial recognition, long-term loans and Murabaha financing are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the loan term using the effective interest rate method. Fees paid on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be withdrawn. In this case, the fee is deferred until the withdrawal occurs. In the absence of an indication that some or all of the facility may be withdrawn, the fee is capitalized as a prepaid expense for liquidity services and amortized over the life of the facility to which it relates.

Loans and Murabaha financing are derecognized from the consolidated statement of financial position when the specified obligation under the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been amortized or transferred to a third party and the consideration paid, including non-monetary assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss as other income or finance costs.

Loans and Murabaha financing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs and Murabaha financing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized over the time period required to complete and prepare the asset for use or sale. Investment income earned is deducted from the temporary investment of specific loans until the same is spent on qualifying assets from borrowing costs that are eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred in the consolidated statement of profit or loss.

Trade payable and accruals

These amounts represent liabilities related to goods and services provided to the Group before the end of the financial year that have not been paid and are considered unsecured. Trade payables and notes payable are presented as current liabilities unless payment is not due within 12 months after the reporting date. Trade payables and notes payable are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

4. Significant accounting policies (continued):

Contingent liabilities and assets

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed when it is probable that economic benefits will be generated.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects, where appropriate, current market assessments of the time value of money and the risks specific to the liability. The increase in the discount is recognized as a finance cost.

Zakat and income tax

The Company and its Subsidiaries in the Kingdom are subject to zakat and income tax in accordance with the instructions of the General Authority of Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat provision is calculated on the basis of the consolidated zakat base of the Group and the subsidiaries that are wholly owned directly or indirectly by the Group. Any differences between the provision and the final assessment are recognized upon approval of the final assessment. For subsidiaries outside the Kingdom, the provision will be made for tax obligations, if any, in accordance with the applicable tax laws and regulations in the country in which such companies operate. The provision for zakat and income tax is charged to the consolidated statement of profit or loss.

Value added tax

Revenue, expenses and assets are recognized, net of the value added tax ("VAT"), unless VAT is due on the acquisition of assets or services that are not recoverable from the competent tax authority. In this case, VAT is recognized as part of the acquisition cost of assets or as expense, as the case may be.

- Accounts receivable and accounts payable include the amount of VAT upon recognition.
- The net VAT that is recoverable from or paid to the tax authority is included in other accounts receivable or other accounts payable in the consolidated statement of financial position.

4. Significant accounting policies (continued):

Withholding tax

The Group withholds tax on certain transactions with entities outside the Kingdom in accordance with the Saudi Income Tax Law.

Deferred tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used when taxable profits are calculated. Deferred tax liabilities are recognized for all temporary tax differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits can be used against the deductible temporary differences and unused tax losses. Deferred tax assets and liabilities are not recognized if temporary differences and unused tax losses arise from the initial recognition of assets and liabilities other than in a business combination under a transaction that does not affect either tax profits or accounting profits. In addition, deferred tax liabilities are not recognized if temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, unless the Group is able to control the reversal of the temporary differences and it is probable that it will not reverse the temporary differences in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with investments and interests are recognized only to the extent that it is probable that sufficient taxable profits will be available for the use of the tax benefits of the temporary differences that are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on the tax rates and tax law enacted at the end of the financial year. The measurement of deferred tax assets and liabilities reflects the tax implications of how the Group expects, at the end of the financial year, to recover or adjust the carrying amount of its assets and liabilities.

4. Significant accounting policies (continued):

Revenue recognition

The Group recognizes revenue from contracts based on a five-step model as specified in IFRS 15:

Step 1: Determine the contract(s) with any customer: A contract is an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Determine performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or provide services to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration that the Group expects to be entitled to in exchange for transferring agreed goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to perform the obligations under the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or where) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and revenue is recognized over time if one of the following criteria is met:

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The performance of the Group creates or improves an asset that the customer controls as an established or improved asset; or
- The customer receives and uses the benefits provided by the performance of the Group at the same time the Group performs its work.

For performance obligations where none of the above conditions are met, revenue is recognized at the time the performance obligation is satisfied.

The variable consideration is measured using the expected value method. Revenue is recognized net of trade discounts, volume rebates and discounts. The consideration payable to a customer is recognized as a reduction of the transaction price, unless the payment is made to the customer in exchange for a distinct good or service that the customer transfers to the Group. If the consideration payable to a customer is a payment for a distinct good or service from the customer, the Company shall recognize this purchase of the good or service in the same way it accounts for other purchases from suppliers.

4. Significant accounting policies (continued):

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable in the ordinary course of business. The Group recognizes revenue when control of the goods is transferred or when the goods are delivered to the customer, and there is no unfulfilled obligation that affects the customer's acceptance of the goods. Delivery takes place when the goods are shipped to the specified location and the risks of obsolescence and losses are transferred to the customer, and either the customer accepts the goods in accordance with the sales contract or with the expiration of the acceptance provisions, or the Group has objective evidence that all acceptance criteria are met.

Accounts receivable are recognized when the goods are delivered, as this is the point in time at which this corresponding consideration is unconditional, since only time is required before it is due to be paid.

Service delivery

Revenue from subscription services is recognized in the accounting period in which the services are provided.

Rental income

Rental income from operating leases for Investment Propertys is recognized on a straight-line basis over the lease terms and, due to its operational nature, included within revenue in the consolidated statement of profit or loss.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such transfer.

Rights of return

Some contracts give the customer a right of return of the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned as this best predicts the variable consideration to which the Group will be entitled. The requirements of IFRS 15 Revenue from Contracts with Customers relating to the restriction of estimates of variable consideration are also applied to determine the amount of variable consideration that may be included in the transaction price. For goods expected to be returned, the Company recognizes them as a refund obligation instead of revenue. The assets of the right of return (and the corresponding adjustment to cost of sales) are also recognized against the Group's right to recover the goods from the customer.

4. Significant accounting policies (continued):

Volume rebates

The Group provides retrospective volume rebates to its customers on products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are deducted against the amounts payable by the customer. The Group applies the requirements for restricting estimates of variable consideration and recognizes a refund obligation for expected future rebates.

Warranty obligations

Under the laws, the Group usually gives guarantees for general repairs of any defects found at the time of sale. These guarantees are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets. See the accounting policy for the guarantee provision.

Contract assets

Contract assets are the Group's right to consideration for goods or services transferred to a customer. If the Group transfers goods or services to a customer before the consideration is paid or the payment is due, a contract asset is recognized against the earned part of the consideration that is still conditional.

Cost of revenue

Cost of revenue represents expenses directly attributable to the production and manufacture of products that result in revenue generation to the Group. They include, but are not limited to, materials, supplies, utilities and other direct costs related thereto.

Operating profits

This represents the profit generated from the Group's main activities from which continuing revenues are generated, including other income and expenses related to operating activities. Operating profit excludes net finance costs, zakat and income tax.

Sales and marketing expenses

Selling and marketing expenses consist of costs incurred in marketing and selling the Group's products and include other indirect costs related to sales. All other expenses are classified as general and administrative expenses.

General and administrative expenses

General and administrative expenses consist of direct and indirect costs not related to cost of revenue. The allocation to general and administrative expenses, selling and marketing expenses and the cost of revenue, when necessary, shall be made on a fixed basis. Expenses mainly include staff costs and other benefits, compensation and allowances of the Directors and sub-committees, maintenance fees, rent, travel and insurance expenses, professional fees, and other expenses.

4. Significant accounting policies (continued):

Rents

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in a contract..

Group as lessee

At the commencement of the lease, the finance lease by which substantially all the risks and rewards associated with owning the leased item are transferred to the Group is capitalized at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are allocated using the prevailing interest rate between financial expenses and the reduction in the lease liability to arrive at a constant rate of interest on the remaining balance of the liability. Financial expenses are recognized in profit or loss.

Leased assets are depreciated over the useful life of the asset. However, in the absence of reasonable assurance that the Group will obtain ownership at the end of the lease term, the asset is depreciated over the estimated useful life of the asset or the lease term, whichever is shorter.

Group as a lessor

The total amounts due are presented under finance leases less unearned finance income in the statement of financial position as a net investment in a finance lease. Finance income is recognized within other income in the statement of profit or loss.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rentals are recognized when earned.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as expense in the statement of profit or loss on a straight-line basis over the lease term.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a period of time to prepare for use or sale are recognized as part of the cost of that asset. All other finance costs are expensed in the period in which they are due. Finance costs are interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a period of time to prepare for use or sale are recognized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are due. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

4. Significant accounting policies (continued):

Segment Information

A segment is a main part of the Group that offers certain products or services (business segment), or offers products or services in a certain economic environment (geographical segment). Typically, a segment is vulnerable to risks and rewards of a different nature than other segments.

The Group's management uses operating segments to allocate resources and evaluate performance. Operating segments with similar economic characteristics, products, services and customer clusters are aggregated, as appropriate, and reported as reportable segments.

Earnings per share

Basic and diluted EPS are calculated by dividing:

- Profit attributable to the Group's shareholders; and
- Weighted average number of ordinary shares outstanding during the financial period.

The Group has not issued any potential ordinary shares and, therefore, the basic share price is the same as the diluted share price.

Foreign currencies

The consolidated financial statements are presented in Saudi riyals, which is the Company's functional presentation currency and the Group's presentation currency. Each of the Group's entities determines its own functional currency (which is the currency of the primary economic environment in which this entity operates), and as a result, items included in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies are translated into Saudi riyals at the prevailing exchange rates on the transaction date. Gains and losses on foreign exchange resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies using prevailing exchange rates at the end of the reporting period are recognized in the consolidated statement of income.

The results and financial position of foreign subsidiaries (which deal in currencies that are not hyperinflationary) which have a functional currency other than the Group's presentation currency are translated into the presentation currency as follows:

The assets and liabilities for each statement of financial position are translated at the closing exchange rate on the reporting date.

Revenue and expenses for each statement of comprehensive income are translated at average exchange rates (unless the average rate is not a reasonable approximation of the cumulative effect of exchange rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the dates of transactions). Upon consolidation, exchange differences resulting from the translation of any net investments in foreign entities are recognized in other comprehensive income. When a foreign entity is sold, the related exchange differences are reclassified to profit or loss as part of the gain or loss on disposal.

4. Significant accounting policies (continued):

Foreign currencies (continued):

Foreign exchange differences arising from arising monetary items receivable from or payable to foreign entities, whose settlement is not planned or likely to be made in the near future, are considered to form part of the Company's net investment in those foreign entities and are included in the shareholders' equity through other comprehensive income. They are reclassified to profit or loss when the net investment is disposed of.

Dividends

The Group recognizes cash or non-cash distributions to shareholders as a liability when the distribution is approved and is no longer at the discretion of the Group.

In accordance with the Companies Law in the Kingdom, final dividends are recognized upon approval by the General Assembly. Interim dividends are recognized when approved by the Board of Directors, and the corresponding amount is recognized directly in equity.

5. First-time adoption of IFRS:

For all prior periods including the year ended 31 December 2016G, the Group prepared and issued its audited consolidated financial statements only in accordance with generally accepted accounting principles in the Kingdom of Saudi Arabia ("Saudi GAAP"). These statements are the first consolidated financial statements for the first year in which the Group prepares its financial statements in accordance with IFRS 1 First-Time Adoption of International Financial Reporting Standards approved in the Kingdom of Saudi Arabia.

Accordingly, the Group has prepared the consolidated financial statements, which are in line with IFRS-KSA that apply to periods beginning on or after 1 January 2017G, with the comparative period data. Upon the preparation of the accompanying consolidated financial statements, the Group's opening consolidated statement of financial position was prepared as of 1 January 2016G after some required adjustments were made due to the first-time adoption of IFRS-KSA.

When preparing the opening consolidated statement of financial position as of 1 January 2017G, in accordance with IFRS-KSA, and the consolidated financial statements for the year ended 31 December 2017G, the Group considered the impact and made adjustments to the amounts previously recognized in the consolidated financial statements prepared in accordance with the Saudi GAAP.

5. First-time adoption of IFRS (continued):

Exemptions

IFRS 1 allows first-time adopters of IFRS certain exemptions from retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that are businesses in accordance with IFRS, or interests in associates that occurred before 1 January 2017G. The application of this exemption means that the carrying amount, in accordance with the previous GAAP, of assets and liabilities that must be recognized under IFRS, is the assumed cost at the acquisition date. After the acquisition date, the measurement shall be made in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening statement of financial position prepared in accordance with IFRS. The Group has not recognized or disposed of any previously recognized amounts as a result of the recognition requirements under IFRS.

The Group has applied the transitional provisions contained in IFRIC Interpretation 4 Determining whether an Arrangement Contains a Lease and has evaluated all arrangements based on the existing terms as at the transition date to determine whether they contain a lease.

Estimates

As of 1 January and 31 December 2017G, the estimates are consistent with those made for the same dates in accordance with the GAAPs issued by the SOCPA (after making adjustments to reflect any differences in accounting policies) other than employee benefit plans for which the GAAPs issued by the SOCPA did not require an actuarial valuation. The estimates used by the Group to present these amounts in accordance with IFRS reflect the terms as at 1 January 2017G, which is the date of transition to IFRS, and as at 31 December 2017G.

5. First-time adoption of IFRS (continued):

Reconciliation of the consolidated financial position as at 1 January 2017G (the date of transition to IFRS):

	Notes	According to the accounting standards issued by SCOPA as at 1 January 2017G	Re-measurement	IFRS as at 1 January 2017G
Assets				
Non-current assets				
Property, plant and equipment	A	344,202,097	19,208,026	363,410,123
Investment properties	B, H	1,655,685,270	193,679,242	1,849,364,512
Projects in progress	B	194,268,626	(194,268,626)	-
Intangible assets	A, H	3,084,445	883,702	3,968,147
Investment in an associate		250,000	-	250,000
Payments on account of an investment in a subsidiary		70,754,528	-	70,754,528
Financial assets at FVOCI	C	1,974,850	657,339	2,632,189
Advances to suppliers and contractors		99,013,956	(43,122,636)	55,891,320
		2,369,233,772	(22,962,953)	2,346,270,819
Current assets				
Inventories		21,260,874	886,484	22,147,358
Receivables under from operating leases	D	70,376,448	31,327,521	101,703,969
Prepaid expenses and other accounts receivable	E	20,283,190	40,360,868	60,644,058
Due from related parties		35,928,981	-	35,928,981
Cash and cash equivalents		81,461,201	(43,668,018)	37,793,183
		229,310,694	28,906,855	258,217,549
Total assets		2,598,544,466	5,943,902	2,604,488,368
Equity and liabilities				
Equity				
Capital		1,000,000,000	-	1,000,000,000
Statutory reserve		43,194,234	-	43,194,234
Retained earnings		26,825,560	25,806,776	52,632,336
Other		8,818,283	(8,730,860)	87,423
		1,078,838,077	17,075,916	1,095,913,993

5. First-time adoption of IFRS (continued):

	Notes	According to the accounting standards issued by SCOPA as at 1 January 2017G	Re-measurement	IFRS as at 1 January 2017G
Liabilities				
Non-current liabilities				
Employees' defined benefit obligations	F	9,715,064	1,694,670	11,409,734
Islamic sukuk		990,300,482	241,786	990,542,268
		1,000,015,546	1,936,456	1,001,952,002
Current liabilities				
Loans and Murabaha		217,166,667	-	217,166,667
Accounts payable and notes payable		72,171,220	(27,447,458)	44,723,762
Lease liabilities		-	11,647,781	11,647,781
Payable expenses and other payable balances		214,454,579	2,731,207	217,185,786
Due to related parties		2,793,429	-	2,793,429
Provision for Zakat and income tax		13,104,948	-	13,104,948
		519,690,843	(13,068,470)	506,622,373
Total liabilities		1,519,706,389	(11,132,014)	1,508,574,375
Total equity and liabilities		2,598,544,466	5,943,902	2,604,488,368

5. First-time adoption of IFRS (continued):

Adjustment to the consolidated financial position as at 31 December 2017G:

	Notes	According to the accounting standards issued by SCOPA as at 31 December 2017G	Re-measurement	IFRS as at 31 December 2017G
Assets				
Non-current assets				
Property, plant and equipment	A	366,971,608	17,168,246	384,139,854
Investment properties	B, H	2,027,637,801	317,618,603	2,345,256,404
Projects in progress	B	314,005,479	(314,005,479)	-
Intangible assets	A, H	2,557,529	1,418,486	3,976,015
Investment in an associate		244,175	-	244,175
Advance payments on an investment in a subsidiary		81,962,572	-	81,962,572
Financial assets at FVOCI	C	11,786,117	373,580	12,159,697
Advances to suppliers and contractors		61,508,811	(25,597,842)	35,910,969
		2,866,674,092	(3,024,406)	2,863,649,686
Current assets				
Inventories		23,992,686	-	23,992,686
Receivables under from operating leases	D	83,660,152	88,148,786	171,808,938
Prepaid expenses and other accounts receivable	E	18,116,682	24,812,375	42,929,057
Due from related parties		13,399,220	-	13,399,220
Cash and cash equivalents		166,389,076	(112,889,928)	53,499,148
		305,557,816	71,233	305,629,049
Total assets		3,172,231,908	(2,953,173)	3,169,278,735
Equity and liabilities				
Equity				
Capital		1,000,000,000	-	1,000,000,000
Statutory reserve		74,233,316	260,242	74,493,558
Retained earnings		306,177,299	32,656,163	338,833,462
Other		8,304,189	(8,730,855)	(426,666)
		1,388,714,804	24,185,550	1,412,900,354
Non-controlling interest		219,088	-	219,088
		1,388,933,892	24,185,550	1,413,119,442

5. First-time adoption of IFRS (continued):

	Notes	According to the accounting standards issued by SCOPA as at 31 December 2017G	Re-measurement	IFRS as at 31 December 2017G
Liabilities				
Non-current liabilities				
Employees' defined benefit obligations	F	12,120,237	761,781	12,882,018
Islamic sukuk		992,177,320	246,485	992,423,805
Medium-term loans and Murabaha		370,829,900	-	370,829,900
		1,375,127,457	1,008,266	1,376,135,723
Current liabilities				
Loans and Murabaha		115,000,000	-	115,000,000
Accounts payable and notes payable		101,541,682	(30,004,420)	71,537,262
Contract liabilities		-	1,500,000	1,500,000
Payable expenses and other payable balances		175,625,257	357,431	175,982,688
Due to related parties		704,777	-	704,777
Provision for Zakat and income tax		15,298,843	-	15,298,843
		408,170,559	(28,146,989)	380,023,570
Total liabilities		1,783,298,016	(27,138,723)	1,756,159,293
Total equity and liabilities		3,172,231,908	(2,953,173)	3,169,278,735

5. First-time adoption of IFRS (continued):

Adjustment to the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2017G:

	Notes	SCOPA standards	Re-measurement	According to IFRS
Revenues	G	809,579,843	(2,058,351)	807,521,492
Cost of revenue		(369,891,486)	2,334,156	(367,557,330)
Gross profit		439,688,357	275,805	439,964,162
Selling and marketing expenses		(33,033,341)	-	(33,033,341)
General and administrative expenses	E	(47,394,599)	6,178,494	(41,216,105)
Impairment losses on Receivables under from operating leases		(15,712,288)	-	(15,712,288)
Other Revenue		16,097,360	149,063	16,246,423
Operating profits		359,645,489	6,603,362	366,248,851
Finance costs		(42,584,675)	(424,939)	(43,009,614)
Differences in foreign currency translations		1,451,962	-	1,451,962
Profit before zakat and income tax		318,512,776	6,178,423	324,691,199
Zakat		(7,661,404)	-	(7,661,404)
Income tax		(241,463)	-	(241,463)
Profit for the Year		310,609,909	6,178,423	316,788,332
Other comprehensive income items:				
OCI items that will not be reclassified subsequently to profit or loss in subsequent periods:				
Gain on re-measurement of employees' defined benefit obligations	F	-	925,680	925,680
Net change in fair value of financial assets at FVOCI	C	-	(325,750)	(325,750)
Total OCI items that will not be subsequently reclassified to profit or loss in subsequent periods		-	599,930	599,930
OCI items that will be reclassified subsequently to profit or loss in subsequent periods:				
Differences in foreign currency translations		-	(188,339)	(188,339)
Total items of other comprehensive (loss) that will be subsequently reclassified to profit or loss in subsequent periods:		-	(188,339)	(188,339)
Total other comprehensive income for the year		-	411,591	411,591
Total comprehensive income for the year		310,609,909	6,590,014	317,199,923

5. First-time adoption of IFRS (continued):

Reconciliations

The following adjustments present the impact of the transition from domestic standards to IFRS on equity as at 1 January 2017G and 31 December 2017G:

	Notes	31 December 2017G	1 January 2017G
Total equity according to domestic standards		1,388,933,892	1,078,838,077
Accounting error correction	H	22,199,855	19,502,344
Domestic standards - After Adjustment		1,411,133,747	1,098,340,421
Adjustments:			
Valuation of financial assets through other comprehensive income	C	75,656	75,656
Foreign currency translation reserve		(399,026)	(150)
Adjustments of deferred interest expense and finance costs		(246,480)	(241,786)
Recalculation of rental costs	E	(794,327)	(869,682)
Impairment of Receivables under from operating leases	D	(6,474,441)	(12,340,496)
Net re-measurement of employees' defined benefit obligations	F	(761,781)	(1,694,670)
Recalculation of rental income	G	10,586,094	12,644,700
The impact of the adoption of IFRS		1,985,695	(2,426,428)
Total equity according to IFRS		**1,413,119,442**	**1,095,913,993**

Notes regarding the reconciliation of the consolidated financial position, the consolidated profit or loss, the consolidated other comprehensive income and the consolidated settlement and equity for the financial year ended 31 December 2017G, as at 1 January 2017G and 31 December 2017G:

A. Property, plant, equipment and intangible assets

In accordance with IFRS, accounting software, licenses and other software must be presented separately as "Intangible Assets" within non-current assets.

B. Investment properties

Projects in progress include costs incurred to build new investment properties such as commercial complexes which will be classified as investment property upon completion. The Group used to present projects in progress for investment assets separately under non-current assets in the statement of financial position. Upon the transition to IFRS, projects in progress for investment assets shall be presented and recognized in a separate category.

C. Financial asset at FVOCI

The Group invested in Sick Hospitality, a limited liability company located in Bosnia and Herzegovina. The Group's ownership percentage is 13.3%. The Group classifies this investment as available-for-sale and it is measured at cost. Upon the transition to IFRS, these investments shall be measured at fair value.

5. First-time adoption of IFRS (continued):

Adjustments (continued):

D. Impairment of Receivables under from operating leases

Upon the transition to IFRS, the Group has adopted the simplified approach for ECL measurement. When measuring ECLs, the Group classifies its existing customers into different sectors, determines the aging of debts, and applies historical loss rates adjusted to reflect information on current conditions and reasonable and supportive expectations of future economic conditions.

E. Rental incentives under SIC 15- Leases

Under the domestic standards, lease incentives such as free lease period and rent escalation are accounted for in the financial statements once they become payable. In accordance with IFRS-KSA, these lease patterns are considered a lease incentive and are calculated on a straight-line basis.

F. Employee defined benefits

In accordance with the domestic standards, the Group has recognized its obligation under the employee allowances based on the regulatory requirements. In order to determine the liability in accordance with IFRS, the Group performed a detailed actuarial valuation of the employee benefits and, accordingly, the increase or decrease in expenses for the years ended 1 January 2017G was adjusted in the retained earnings account.

G. Recognition of rental income

The Group has lease contracts (as a lessor) where the tenants are granted rent-free periods in the first periods of the lease term (as lease incentives). Currently, these incentives are recognized at contract initiation, as a 100% discount against the revenue recognized in the rent-free periods (i.e. the net revenue recognized is zero during the rent-free periods). Under IAS 17, lease periods must be distributed on a regular basis over the lease term.

These lease patterns are a lease incentive and should be calculated on a straight-line basis. In addition, some leases contain escalation clauses. The Group recognizes revenue on an annual basis without considering the contract escalation. This escalation should be calculated on a straight-line basis.

H. Accounting error correction

Under the previous domestic standards, the Group amortized its intangible assets (franchise licenses) based on their useful lives of 7 years, which did not reflect the actual contractual life of those licenses. Upon transition to IFRS, management reassessed the useful life and has begun to depreciate the licenses over their contractual life.

Under the previous domestic standards, the Group impaired some of its properties that were built on leasehold land within investment properties over the useful life of the property without considering the lease term or the interest of these properties.

Upon transition to IFRS, management reassessed the useful life and has begun to depreciate those assets over the shorter of the useful life or the lease term.

I. Reclassification

Several items were reclassified to conform to the classification of IFRS. This reclassification did not have any impact on the Company's financial performance or retained earnings.

J. Statement of cash flows

The transition from domestic standards to IFRS did not have any material impact on the statement of cash flows.

6. Property, plant and equipment

	Air conditioning plant and equipment	Vehicles	Computers	Furniture, furnishings and decorations	Recreational games	Leasehold im-provements	Projects in progress	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Cost								
Balance as at 1 January 2017G	37,043,007	40,358,342	20,755,868	5,018,446	231,636,496	150,007,943	19,739,875	504,559,977
Additions for the year	43,321,161	4,005,247	4,836,632	579,101	20,595,869	23,577,794	22,973,986	119,889,790
Transferred to investment properties	(7,792,053)	-	-	-	-	(23,007,437)	-	(30,799,490)
Transferred to related parties	-	-	-	-	-	-	(518,077)	(518,077)
Disposals during the year	(33,733)	-	(2,759,464)	-	(1,016,728)	(559,383)	(24,232,084)	(28,601,392)
Foreign currency translation adjustment	-	-	185,727	-	-	-	-	185,727
Balance as at 31 December 2017G	72,538,382	44,363,589	23,018,763	5,597,547	251,215,637	150,018,917	17,963,700	564,716,535
Acquisition of a subsidiary	8,151,294	22,887,277	2,577,984	1,135,300	-	14,716,710	852,420	50,320,985
Additions for the year	8,385,113	13,226,726	7,116,416	644,017	29,165,984	35,899,545	35,876,777	130,314,578
Write-offs during the year	(4,855,338)	(4,754,125)	(447,936)	-	(10,937,027)	(5,378,406)	(3,937,763)	(30,310,595)
Transferred to investment properties	-	(2,690,262)	-	-	-	-	-	(2,690,262)
Balance as at 31 December 2018G	84,219,451	73,033,205	32,265,227	7,376,864	269,444,594	195,256,766	50,755,134	712,351,241

6. Property, plant and equipment (continued)

	Air conditioning plant and equipment	Vehicles	Computers	Furniture, furnishings and decorations	Recreational games	Leasehold im-provements	Projects in progress	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Total accumulated depreciation								
Balance as at 1 January 2017G	7,440,637	15,133,145	11,060,327	2,366,483	81,382,339	23,766,923	-	141,149,854
Charged during the year	5,913,517	3,774,233	2,433,040	692,652	20,450,583	12,063,860	-	45,327,885
Transferred to investment properties	(1,164,891)	-	-	-	-	(3,453,029)	-	(4,617,920)
Disposalsduring the year	(32,490)	-	(528,963)	-	(669,361)	(52,324)	-	(1,283,138)
Balance as at 31 December 2017G	12,156,773	18,907,378	12,964,404	3,059,135	101,163,561	32,325,430	-	180,576,681
Acquisition of a subsidiary	1,726,150	7,755,950	1,048,904	462,643	-	4,962,106	-	15,955,753
Charged during the year	9,938,706	8,848,246	3,669,543	1,082,071	28,033,057	26,383,258	-	77,954,881
Disposalsduring the year	(1,329,743)	(2,640,981)	(192,865)	-	(8,865,953)	(2,614,068)	-	(15,643,610)
Balance as at 31 December 2018G	**22,491,886**	**32,870,593**	**17,489,986**	**4,603,849**	**120,330,665**	**61,056,726**	**-**	**258,843,705**
NBV								
As at 31 December 2018G	61,727,565	40,162,612	14,775,241	2,773,015	149,113,929	134,200,040	50,755,134	453,507,536
As at 31 December 2017G	60,381,609	25,456,211	10,054,359	2,538,412	150,052,076	117,693,487	17,963,700	384,139,854
As at 1 January 2017G	29,602,370	25,225,197	9,695,541	2,651,963	150,254,157	126,241,020	19,739,875	363,410,123

7. Investment properties

	Land	Buildings	Air conditioning plant and equipment	Furniture, furnishings and decorations	Leasehold improvements	Projects in progress	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Cost							
Balance as at 1 January 2017G	602,557,665	1,238,140,924	214,868,933	9,603,104	8,000	175,252,253	2,240,430,879
Additions for the year	144,678,730	240,067,481	27,685,617	23,921	-	121,490,823	533,946,572
Transfer from property, plant and equipment	-	30,799,490	-	-	-	-	30,799,490
Balance as at 31 December 2017G	747,236,395	1,509,007,895	242,554,550	9,627,025	8,000	296,743,076	2,805,176,941
Additions for the year	-	4,311,167	226,327	25,012	-	39,234,380	43,796,886
Balance as at 31 December 2018G	**747,236,395**	**1,513,319,062**	**242,780,877**	**9,652,037**	**8,000**	**335,977,456**	**2,848,973,827**
Total accumulated depreciation							
Balance as at 1 January 2017G	-	252,873,967	131,266,547	6,924,910	943	-	391,066,367
Charged during the year	-	40,746,965	22,549,071	939,415	799	-	64,236,250
Transfer from property, plant and equipment	-	4,617,920	-	-	-	-	4,617,920
Balance as at 31 December 2017G	-	298,238,852	153,815,618	7,864,325	1,742	-	459,920,537
Charged during the year	-	38,384,328	19,745,023	651,707	800	-	58,781,858
Balance as at 31 December 2018G	-	336,623,180	173,560,641	8,516,032	2,542	-	518,702,395
NBV							
As at 31 December 2018G	**747,236,395**	**1,176,695,882**	**69,220,236**	**1,136,005**	**5,458**	**335,977,456**	**2,330,271,432**
As at 31 December 2017G	747,236,395	1,210,769,043	88,738,932	1,762,700	6,258	296,743,076	2,345,256,404
As at 1 January 2017G	602,557,665	985,266,957	83,602,386	2,678,194	7,057	175,252,253	1,849,364,512

- The fair value of investment properties as at 31 December 2018G and 2017G amounted to SAR 4,004,000,000 and SAR 4,107,300,000, respectively. The fair value of properties is based on the valuation carried out by Mansour Al Mubarak - Colliers International Office - an independent valuer approved by the Saudi Authority for Accredited Valuers with membership number 1210000085.
- The net book value of buildings built on leasehold land was SAR 194.4 million (2017G: SAR 209.5 million). The lease term ranges from 15 to 18 years, subject to renewal.
- The above land balance is subject to a cost of SAR 219 million (31 December 2017G: SAR 292 million) mortgaged or conveyed in the name of the bank against bank facilities, noting that this land hosts buildings with a total cost of SAR 595.6 million (31 December 2017G: SAR 346.7 million).
- The above balances of land and buildings also include land with a cost of SAR 45 million, and the cost of the building built on such land amounting to SAR 165.1 million, fully mortgaged against Islamic instruments.
- The above balances of land and buildings also include land with a cost of SAR 45 million, and the cost of the building built on such land amounting to SAR 165.3 million, fully mortgaged against Islamic sukuk.
- The value of borrowing costs that were capitalized during the year ended 31 December 2018G was SAR 11,090,924 (31 December 2017G: SAR 8,246,031).

7. Investment properties (continued):

The projects in progress mainly represent:

	31 December 2018G	Expected completion date	Expected cost to complete
	SAR		SAR
Hafar Al-Batin Mall	226,200,000	June 2019G	36,000,000
Al-Khafji Mall	80,500,000	March 2020G	76,000,000

As at 31 December 2018G, an amount of SAR 3,654,351 was capitalized. (31 December 2017G: SAR 8,690,377 SAR) in investment properties under construction, representing the salaries of the Engineering Department, in addition to the capitalization of financing costs, which amounted to SAR 11,090,924 (31 December 2017G: SAR 8,246,031).

8. Intangible assets

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Cost			
Balance as at 1 January	7,082,414	6,612,512	6,612,512
Additions for the year	42,188	469,902	-
Acquisition of a subsidiary	8,913,437	-	-
Disposalsduring the year	(7,660,909)	-	-
Balance as at 31 December	8,377,130	7,082,414	6,612,512
Accumulated amortization			
Balance as at 1 January	3,106,399	2,644,365	2,644,365
Charged during the year	1,283,720	462,034	-
Acquisition of a subsidiary	3,379,113	-	-
Disposalsduring the year	(3,376,522)	-	-
Balance as at 31 December	4,392,710	3,106,399	2,644,365
NBV	3,984,420	3,976,015	3,968,147

9. Investment in an associate

Investment in an associate consists of:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Rafif Travel & Tourism	-	244,175	250,000
Total investment in an associate	-	244,175	250,000

9. Investment in an associate (continued):

The movement of the investment in the associate for the years ended 31 December is as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	244,175	250,000	250,000
Additions for the year	-	-	128,208
The Group's share in the associate's results of operations	-	(5,825)	(128,208)
Transferred to related parties	(244,175)	-	-
Balance as at 31 December	-	244,175	250,000

*In 2018G, the Group assigned its rights in its investments in Rafif Travel and Tourism to Al Othaim Holding Company (a Shareholder).

10. Financial assets at FVOCI

Equity instruments at FVTOCI consist of:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Listed equity instruments			
Building Company	8,577,465	9,527,508	-
Total listed equity instruments	8,577,465	9,527,508	-
Unlisted equity			
Sick Hospitality*	-	2,632,189	2,632,189
Total unlisted equity instruments	-	2,632,189	2,632,189
Total equity at FVOCI	8,577,465	12,159,697	2,632,189

*In 2018G, the Group assigned its rights in its investments in Sick Hospitality, a limited liability company in the Republic of Bosnia and Herzegovina, to Al Othaim Holding Company (a Shareholder).

The movement of equity instruments carried at FVTOCI is as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	12,159,697	2,632,189	2,556,533
Transferred to a related party	(2,632,189)	-	-
Additions for the year	715,253	9,853,258	-
Net change in fair value of financial assets at FVOCI	(1,665,296)	(325,750)	75,656
Balance as at 31 December	8,577,465	12,159,697	2,632,189

11. Advances to suppliers and contractors:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Advances to contractors	13,192,173	24,732,420	19,389,127
Advances to suppliers	8,430,376	13,831,983	38,855,627
Less: Impairment	(944,902)	(2,653,434)	(2,353,434)
	20,677,647	35,910,969	55,891,320

The movement in the impairment of advances during the year is as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	2,653,434	2,353,434	2,353,434
Charged during the year	-	300,000	-
Bad debts	(1,708,532)	-	-
Balance as at 31 December	944,902	2,653,434	2,353,434

12. Inventories:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Commercial Inventories	35,071,257	-	-
Gifts and recreational games	21,934,371	15,845,044	7,961,533
Items not held for sale	7,524,092	4,623,637	3,208,460
Food and beverage	1,901,100	2,728,572	2,165,110
Residential units for sale	-	5,977,745	8,812,255
	66,430,820	29,174,998	22,147,358
Less: Impairment of slow-moving goods	(4,453,197)	(5,182,312)	-
	61,977,623	23,992,686	22,147,358

The impairment of slow-moving goods is as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	5,182,312	-	-
Charged during the year	270,885	5,182,312	-
Used during the year	(1,000,000)	-	-
Balance as at 31 December	4,453,197	5,182,312	-

13. Receivables under from operating leases:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Trade receivables	128,920,622	100,813,932	94,609,448
Notes receivable	26,334,667	112,889,928	43,668,017
	155,255,289	213,703,860	138,277,465
Less: Impairment losses on Receivables under from operating leases	(63,977,082)	(41,894,922)	(36,573,496)
	91,278,207	171,808,938	101,703,969

The movement in impairment losses on Receivables under from operating leases is as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	41,894,922	36,573,496	15,444,884
Charged during the year	22,082,160	15,712,288	32,661,985
Used during the year	-	(10,390,862)	(11,533,373)
Balance as at 31 December	63,977,082	41,894,922	36,573,496

The schedule of the aging analysis of lease receivables as at 31 December is as follows:

	Balances past due and impaired				
	Less than 93 days	93 to 185 days	186 to 365 days	More than 365 days	Total
	SAR	SAR	SAR	SAR	SAR
31 December 2018G	45,736,683	19,278,808	24,310,808	65,928,990	155,255,289
31 December 2017G	139,959,084	20,754,355	10,507,672	42,482,749	213,703,860
1 January 2017G	76,165,379	15,150,340	9,930,215	37,031,531	138,277,465

The Group recognizes impairment losses on Receivables under from operating leases, taking into account several factors, including the aging of receivables, the financial situation of customers, the economic condition of the customer's country and other factors.

Management believes that the trade receivables are expected to be fully recovered, and the Group does not obtain collateral against these trade receivables which are therefore unsecured.

14. Prepaid expenses and other accounts receivable

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Advances to suppliers	53,083,870	27,108,978	45,367,945
Prepaid expenses	21,114,426	6,236,922	6,163,804
Accrued rental income	7,190,064	1,828,244	1,991,665
Insurance recoveries	6,560,245	4,932,899	5,955,538
Employee receivables	2,467,165	731,649	345,645
Insurance claims	12,294	344,221	1,502,523
Others	445,585	1,746,144	717,447
	90,873,649	42,929,057	62,044,567
Less: Loss of Impairment	-	-	(1,400,509)
	90,873,649	42,929,057	60,644,058

15. Related party transactions and balances:

The terms of related party transactions were made upon the approval of the Company's General Assembly. The related parties with whom transactions were made during the year are as follows:

Relevant party	Nature of transaction	Type of relationship
Al-Othman Holding	Investment	Shareholder
Premium Retail Readymade Garments	Financing	Under common control
Nahj Al-Khayal Trading Co.	Operation	Associate/subsidiary
Kyol Real Estate Investment Company	Financing	Under common control
Rafif Travel & Tourism	Operation	Associate
Lidar Entertainment Investment Company	Financing	Under common control
Abdullah Al Othaim Markets Company	Operation	Shareholder
Lilian Trading Est.	Operation	Under common control
Euro Enterprise Team Limited	Financing	Associate
World of Adventure Limited	Financing	Associate
Global Enterprise Team Limited	Financing	Associate

15. Related party transactions and balances (continued):

Material transactions that are effected during the year are as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Miscellaneous expenses	35,959,588	9,396,978	72,884,444
Rental expenses	35,674,500	35,881,304	35,259,909
Rental income	20,216,130	45,581,204	8,421,990
Salaries and benefits of Senior Executive Management	2,335,798	2,343,250	3,780,013
Directors' Remuneration	1,512,000	1,512,000	1,512,000
Contracting construction works	544,164	749,364	640,691
Purchase of investment property and equipment	-	444,898,507	-

Balances due from related parties are as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Premium Retail Readymade Garments	10,448,677	-	-
Al-Othman Holding	9,489,310	-	-
Lilian Trading Est.	3,383,551	-	-
Kyol Real Estate Investment Company	668,425	668,425	640,691
Global Enterprise Team Limited	316,416	-	-
Euro Enterprise Team Limited	291,001	-	-
World of Adventure Limited	262,968	-	-
Lidar Entertainment Investment Company	126,395	124,824	-
Nahj Al-Khayal Trading Co.	-	12,605,971	35,166,452
Rafif Travel & Tourism	-	-	121,838
	24,986,743	13,399,220	35,928,981

Balances due to related parties are as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
International Fun World Entertainment Company	46,501	-	-
Abdullah Al Othaim Markets Company	-	576,615	-
Rafif Travel & Tourism	-	128,162	-
Al-Othman Holding	-	-	2,501,884
Premium Retail Readymade Garments	-	-	291,545
	46,501	704,777	2,793,429

Accrued expenses and other payables include an amount of SAR 13,653,852, which is dividends payable to Abdullah Al Othaim Markets Company.

16. Financial assets at FVTPL:

They represent financial assets that the Company intends to hold on the short term. In accordance with IFRS 9, the Company classified these assets on the date of initial adoption as assets measured at fair value through consolidated profit or loss. Therefore, the fair value difference related to these assets will be recognized in the consolidated profit or loss.

The movement of financial assets at FVTPL as at December 31 is as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance at beginning of the year	-	-	-
Additions for the year	214,400,000	-	-
Write-offs during the year	(168,000,000)	-	-
Financial investment profits	554,149	-	-
Cost at the end of the year	46,954,149	-	-
Gain on change in the fair value of financial investments during the year	150,744	-	-
Fair value as at the end of the year	47,104,893	-	-

17. Cash and cash equivalents:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Cash at bank	96,570,737	50,794,937	33,898,769
Cash in hand	15,255,592	2,704,211	3,894,414
	111,826,329	53,499,148	37,793,183

18. Statutory reserve:

Pursuant to the Saudi Companies Law and the Company's Articles of Association, the Group has formed a statutory reserve of 10% of net profit after covering the accumulated losses until this reserve has reached 30% of the capital.

19. Dividends:

In its meeting held on 30 June 2018G, the Company's General Assembly decided to distribute SAR 100,000,000, representing 1 Saudi riyal per share.

20. Employees' defined benefit obligations:

The Group awards end-of-service benefits to its employees taking into account local labor laws, labor market and social insurances in the countries in which the companies operate. The defined benefit obligation is unfunded.

The defined benefit obligation is calculated on a periodic basis by qualified actuaries using the projected unit credit (PUC) method. Amounts of remeasurement of actuarial gains and losses on the defined benefit obligation, if any, are recognized in the consolidated statement of changes in equity.

The movement in the provision for the year was as follows:

	2018G	2017G
	SAR	SAR
Balance as at 1 January	12,882,018	11,409,734
Expense charged to the consolidated statement of income or loss	4,899,014	3,462,691
Acquisition of a subsidiary	1,625,186	-
Actuarial remeasurement gains charged to the consolidated statement of other comprehensive income	(710,583)	(925,680)
Paid during the year	(1,372,011)	(1,064,727)
Balance as at 31 December	17,323,624	12,882,018

The expense charged to the consolidated statement of profit or loss consists of:

	2018G	2017G
	SAR	SAR
Current service costs	4,309,405	2,992,691
Interest costs	589,609	470,000
Expense charged to the consolidated statement of profit or loss	4,899,014	3,462,691

Key actuarial assumptions

Kingdom of Saudi Arabia:	31 December 2018G	31 December 2017G	1 January 2017G
Discount rate used	5.89 %	5.87 %	5.84 %
Salary increase rate	4.49 %	4.24 %	4.98 %
Staff turnover	Medium	Medium	Medium

20. Employees' defined benefit obligations (continued):

The sensitivity analysis of key actuarial assumptions is as follows:

	Discounted rate		Expected percentage of salary increase	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
31 December 2018G	18,130,000	15,106,000	16,007,000	18,018,000
31 December 2017G	15,332,000	12,620,000	13,270,000	15,251,000
1 January 2017G	12,727,000	10,516,000	11,022,000	12,662,000

The sensitivity analysis described above was determined based on a method that infers the effect on the employees' final benefit obligations due to reasonable changes in the key assumptions that occurred on 31 December 2018G, 31 December 2017G, and 1 January 2017G.

Sensitivity analysis is based on a change in significant assumptions, while all other constant assumptions are used.

Sensitivity analysis may not represent any actual change in the defined benefit obligation as it is unlikely that changes in the assumptions will occur separately.

The average obligation period of the employees' defined benefit obligation plan is 9.6 years as of 31 December 2018G (31 December 2017G: 10 years) (1 January 2017G: 9.8 years).

21. Islamic sukuk:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Islamic long-term sukuk	1,000,244,133	1,000,246,485	990,542,268
Less: Deferred interest on sukuk	(5,059,088)	(7,822,680)	-
	995,185,045	992,423,805	990,542,268

During 2015G, the Group issued 5-year Sukuk at nominal value. These sukuk carry a variable interest rate based on the average Saudi interbank offered rate (SAIBOR) plus a margin of 1.70%. The interest rate is due at six-month intervals, with the first payment being due on 29 February 2016G, and the last payment being due on 30 August 2020G. Payment is made in full on 30 August 2020G.

22. Loans and Murabaha:

The balances of loans and Murabaha due as at December 31 are as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Medium-term loans and Murabaha	270,833,335	370,829,900	-
Short term loans and Murabaha	136,166,668	115,000,000	217,166,667
	407,000,003	485,829,900	217,166,667

- The Group obtained bank facilities of SAR 230 million from a local commercial bank in the form of short and medium-term loans, murabaha and tawarruq. The outstanding balance was SAR 50 million as at 31 December 2018G (31 December 2017G: SAR 115.8 million), in order to finance working capital requirements and purchase investment properties. These facilities are subject to the SAIBOR rate plus an agreed profit margin. These facilities are secured by promissory notes, personal guarantees by shareholders, and the charge and conveyance of investment properties. The facilities are subject to bank covenants that have been complied with.
- The Group has bank facilities of SAR 325 million from a local commercial bank in the form of medium-term murabaha to finance expansion and construction projects. The outstanding balance was SAR 325 million as at 31 December 2018G. (31 December 2017G: SAR 325 million). The Murabaha balance is to be paid in equal semi-annual installments for a period of no more than 7 years, starting from February 2019G. The facilities were extended against the conveyance of property in favor of the bank, and a payment and performance guarantee by some shareholders.
- The Group obtained bank facilities of SAR 75 million from a local commercial bank in the form of short and medium-term loans, murabaha and tawarruq. The outstanding balance was SAR 32 million as at 31 December 2018G (31 December 2017G: SAR 45 million), in order to finance the working capital. These facilities are subject to the SAIBOR rate plus an agreed profit margin. These facilities are secured by promissory notes and personal guarantees by shareholders. The facilities are subject to bank covenants that have been complied with.

The financing movement in loans and Murabaha during the year is as follows:

	31 December 2018G	31 December 2017G
	SAR	SAR
Balance as at 1 January	485,829,900	217,166,667
Received during the year	93,000,001	879,829,900
Paid during the year	(171,829,898)	(611,166,667)
Balance as at 31 December	407,000,003	485,829,900

22. Loans and Murabaha (continued):

The maturity of loans and Murabaha is as follows:

Year	31 December 2018G	31 December 2017G
	SAR	SAR
2018G	-	115,000,000
2019G	136,166,668	61,804,982
2020G	54,166,667	69,443,300
2021G	54,166,667	69,443,300
2022G	54,166,667	61,804,984
2023G	54,166,667	54,166,667
2024G	54,166,667	54,166,667
	407,000,003	485,829,900

23. Lease liabilities:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	1,500,000	11,647,781	-
Recognized during the year	(1,500,000)	(11,647,781)	-
Deferred during the year*	3,295,601	1,500,000	11,647,781
Balance as at 31 December	3,295,601	1,500,000	11,647,781

*The unused portion is the unused balances of magnetic stripe cards or loyalty coupons.

24. Accrued expenses and other accounts payable:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Deferred rental income	66,173,450	47,881,228	49,821,265
Prepayments from customers	51,115,507	25,326,850	27,447,458
Outstanding bank interests	20,733,203	18,146,679	14,659,347
Employees' receivables	15,270,288	7,993,727	11,411,884
Dividends payable (Note 19)	13,653,852	-	-
Contractor retention	2,906,880	47,879,629	59,945,876
VAT receivables	1,961,150	-	-
Payable expenses	26,008,333	16,076,367	16,720,743
Miscellaneous provisions	6,249,218	7,038,240	3,918,850
Cost of project in progress completion	3,237,408	3,238,907	31,629,644
Other payables	2,226,284	2,401,061	1,630,719
	209,535,573	175,982,688	217,185,786

25. Zakat and income tax:

Components of the zakat and tax base

The Company and its Subsidiaries in the Kingdom are subject to zakat at the higher of 2.5% of the approximate zakat base or adjusted net profit. Income tax of 22.5% of the adjusted profit is due from companies outside the Kingdom according to the applicable laws in the relevant countries. The key components of the zakat base according to zakat regulations mainly consist of equity, provisions and long-term loans as at the beginning of the year, and the adjusted net profit, less the net carrying amount of non-current assets.

The main items of zakat payable and income tax charged to the consolidated statement of profit or loss are stated below:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Zakat payable	17,731,926	13,872,569	11,920,137
Deferred income tax	1,510,598	1,426,274	1,184,811
	19,242,524	15,298,843	13,104,948

The movement in zakat and income tax payable by the Group is stated below:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Balance as at 1 January	15,298,843	13,104,948	11,598,580
Zakat provision for the year	13,040,516	7,661,404	7,455,031
Tax provision for the year	84,324	241,463	1,184,811
Paid during the year	(9,181,159)	(5,708,972)	(7,133,474)
Balance as at 31 December	19,242,524	15,298,843	13,104,948

Zakat and tax assessments

Provision for zakat and income tax is accrued and charged to the consolidated statement of profit or loss. The differences resulting from calculating the zakat related to the final assessments are settled in the year in which they are completed.

Zakat returns of the Company and its subsidiaries were submitted to GAZT on the basis of separate financial statements prepared only for the purpose of zakat.

Abdullah Al Othaim Investment Company (the parent company)

The Company obtained the final zakat assessment for years up to 2007G. The Company also submitted zakat returns from 2008G to the financial year 2017G, which are still under consideration by GAZT. Management believes that there is no need to make any additional provisions for those years as at 31 December 2018G.

Subsidiaries inside the Kingdom

The Company submitted its zakat returns to GAZT until the year ended 31 December 2017G and obtained an acceptance certificate. These returns are still being considered by GAZT.

Foreign subsidiary inside the GCC region:

The subsidiaries submitted their zakat returns to GAZT until the year ended 31 December 2017G and obtained an acceptance certificate. These returns are still being considered by GAZT.

Foreign subsidiaries outside the Kingdom

Foreign subsidiaries submit their tax returns to governmental tax authorities on the due dates. The companies have not been examined by those government authorities yet.

26. Revenue:

	2018G	2017G
	SAR	SAR
Rental income	370,059,031	391,538,332
Revenue from contracts with customers (Note 26.1)	554,872,408	415,983,160
	924,931,439	807,521,492

26.1 In the following table, revenue is presented by segment, customer, contract term and timing of revenue recognition, as described below:

	2018G	2017G
	SAR	SAR
Fashion retail	146,456,537	-
Games and entertainment	264,565,785	272,263,315
Food and beverage	22,775,117	21,704,307
Service and utility revenue	118,835,325	115,022,633
Other Revenue	2,239,644	6,992,905
	554,872,408	415,983,160

26.2 In the following tables, revenue is presented solely by geographic region based on the nature of the Group's operations, as described below:

	2018G	2017G
	SAR	SAR
Geographies		
KSA	491,748,578	338,165,308
Other GCC countries	56,308,108	67,878,667
Other countries	6,815,722	9,939,185
	554,872,408	415,983,160

	2018G	2017G
	SAR	SAR
Segment		
Common segment	121,074,969	122,015,538
Single segment	433,797,439	293,967,622
	554,872,408	415,983,160

26. Revenue (continued):

26.2 In the following tables, revenue is presented solely by geographic region based on the nature of the Group's operations, as described below (continued):

	2018G	2017G
	SAR	SAR
Type of customer		
Non-governmental	554,872,408	415,983,160
	554,872,408	415,983,160

27. Cost of revenue:

	2018G	2017G
	SAR	SAR
Depreciation and amortization	113,881,148	107,407,817
Salaries, wages and other benefits	100,202,155	87,212,010
Cost of goods sold	93,902,288	26,390,759
Electricity	59,180,023	56,229,328
Rent	51,224,642	64,789,658
Repair and maintenance	13,115,173	15,177,591
Cost of housing units sold	-	3,151,889
Others	21,929,911	7,198,278
	453,435,340	367,557,330

28. Selling and marketing expenses:

	2018G	2017G
	SAR	SAR
Salaries, wages and other benefits	29,626,451	4,574,457
Rent	23,554,079	478,036
Advertising and sales promotion	15,789,056	24,287,770
Depreciation and amortization	13,637,833	1,506,856
Severance fee	5,410,738	-
Repair and maintenance	768,087	970,788
Electricity	40,935	88,654
Others	3,819,885	1,126,780
	92,647,064	33,033,341

29. General and administrative expenses:

	2018G SAR	2017G SAR
Salaries, wages and other benefits	36,932,589	22,270,346
Depreciation and amortization	10,501,478	1,111,496
Rent	1,973,229	825,940
Professional fees	1,702,589	3,066,115
Licenses	1,277,612	134,822
Repair and maintenance	1,058,737	80,656
Insurance	178,936	96,209
Electricity	172,806	8,744,991
Others	12,600,732	4,885,530
	66,398,708	41,216,105

30. Other income:

	2018G SAR	2017G SAR
Customer fines and others	17,551,907	16,245,249
Gain on disposal of investment properties	357,502	6,999
The Group's share in the associate's results of operations	-	(5,825)
Capital losses	(9,560,341)	-
	8,349,068	16,246,423

31. Finance costs:

	2018G SAR	2017G SAR
Finance costs related to Islamic sukuk	33,626,907	37,118,879
Finance costs related to loans and Murabaha	7,213,313	5,420,735
Finance costs related to employees' defined benefit obligations	589,609	470,000
	41,429,829	43,009,614

32. Segment Information:

A geographical segment is a group of assets, operations or entities engaged in revenue-producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments

The Group's principal business activities include the purchase and selling of land to construct buildings, selling or leasing them for the benefit of the Group, managing, maintaining and developing real estate properties, constructing and managing entertainment cities, constructing and maintaining commercial markets and residential complexes, operating and managing restaurants and cafes, and wholesaling and retailing fashion products. Other activities include investing in shares for trading to achieve dividends for the benefit of the Group. The selected financial information as at 31 December 2018G, 2017G, and 1 January 2017G, and for the years then ended, are presented by business segment as follows:

31 December 2018G	Real estate investments	Leisure and entertainment	Food and beverage	Clothing trade	Others	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Total assets	3,158,584,166	413,170,098	24,955,487	119,649,674	109,523,637	(580,817,117)	3,245,065,944
Total liabilities	1,601,477,314	73,403,756	25,612,814	148,302,407	11,337,097	(143,972,236)	1,716,161,152

31 December 2018G	Real estate investments	Leisure and entertainment	Food and beverage	Clothing trade	Others	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Total revenue	537,111,479	264,565,785	22,775,117	146,456,537	-	(45,977,479)	924,931,439
Gross profit	302,733,037	99,374,312	1,507,574	60,882,917	-	6,998,259	471,496,099
Net profit /(loss)	244,700,282	66,006,413	(4,148,231)	(29,543,085)	460,990	(32,776,170)	244,700,199

31 December 2018G	KSA	GCC countries	Other countries	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR
Total assets	3,609,392,586	188,623,734	27,866,741	(580,817,117)	3,245,065,944
Total liabilities	1,635,272,313	179,070,017	45,791,058	(143,972,236)	1,716,161,152

32. Segment information (continued):

31 December 2017G	Real estate investments	Leisure and entertainment	Food and beverage	Others	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Total assets	3,091,725,979	355,307,749	22,265,317	122,110,536	(422,130,846)	3,169,278,735
Total liabilities	1,678,825,622	82,138,842	18,570,736	21,891,277	(45,267,184)	1,756,159,293

31 December 2017G	Real estate investments	Leisure and entertainment	Food and beverage	Others	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Total revenue	544,030,026	272,263,315	21,704,307	3,892,972	(34,369,128)	807,521,492
Gross profit	317,459,170	117,844,102	4,201,593	320,584	138,713	439,964,162
Net profit /(loss)	312,089,220	70,382,162	1,773,655	81,603	(67,751,871)	316,574,770

31 December 2017G	KSA	GCC countries	Other countries	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR
Total assets	3,407,034,646	160,444,696	23,930,239	(422,130,846)	3,169,278,735
Total liabilities	1,619,457,921	147,822,233	34,146,323	(45,267,184)	1,756,159,293

32. Segment information (continued):

1 January 2017G	Real estate investments	Leisure and entertainment	Food and beverage	Others	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Total assets	2,486,188,899	390,199,619	24,810,103	12,225,891	(308,936,144)	2,604,488,368
Total liabilities	1,385,767,690	187,225,374	22,904,177	11,764,685	(99,087,551)	1,508,574,375

1 January 2017G	KSA	GCC countries	Other countries	Adjustments and eliminations	Total
	SAR	SAR	SAR	SAR	SAR
Total assets	2,829,593,831	55,959,623	27,871,058	(308,936,144)	2,604,488,368
Total liabilities	1,516,580,656	53,008,464	38,072,806	(99,087,551)	1,508,574,375

33. Commitments and contingent liabilities:

Guarantees

As at 31 December 2018G, the Group had outstanding letters of guarantee issued by local commercial banks amounting to SAR 142.4 million (31 December 2017G: SAR 75.1 million).

Operating lease commitments

The minimum future non-cancellable operating lease payments as at 31 December are as follows:

	2018G	2017G
	SAR	SAR
Within one year	133,422,758	95,562,978
More than one year and less than five years	355,029,668	70,809,092
More than five years	461,538,473	665,662,751
	949,990,899	832,034,821

Capital commitments

The capital expenditure contracted by the Group but not incurred as at 31 December 2018G amounted to SAR 101 million (31 December 2017G: SAR 83.6 million).

34. Fair value and risk management of financial instruments:

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and in banks, financial assets at FVTOCI, financing extended to a subsidiary, due from related parties, accounts receivable and checks under collection. Financial liabilities consist of Islamic instruments, Murabaha-based loans, accounts payable and notes payable and due to related parties.

	Carrying amount					Fair value			
	Financial instruments at FVTPL	Financial instruments at FVOCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2018G									
Financial assets measured at fair value									
Financial assets at FVOCI	-	10,242,761	-	-	10,242,761	-	8,577,465	-	8,577,465
Financial assets at FVTPL	46,954,149	-	-	-	46,954,149	-	47,104,893	-	47,104,893
	46,954,149	10,242,761	-	-	57,196,910	-	55,682,358	-	55,682,358
Financial assets at amortized cost									
Receivables under from operating leases	-	-	91,278,207	-	91,278,207	-	-	-	-
Due from related parties	-	-	24,986,743	-	24,986,743	-	-	-	-
Cash and cash equivalents	-	-	111,826,329	-	111,826,329	-	-	-	-
	-	-	228,091,279	-	228,091,279	-	-	-	-
Financial liabilities at amortized cost									
Islamic sukuk	-	-	-	995,185,045	995,185,045	-	995,185,045	-	995,185,045
Medium-term loans and Murabaha	-	-	-	270,833,335	270,833,335	-	270,833,335	-	270,833,335
Short term loans and Murabaha	-	-	-	136,166,668	136,166,668	-	136,166,668	-	136,166,668
Accounts payable and notes payable	-	-	-	64,532,281	64,532,281	-	64,532,281	-	64,532,281
Lease liabilities				3,295,601	3,295,601	-	3,295,601	-	3,295,601
Accrued expenses and other accounts payable	-	-	-	209,535,573	209,535,573	-	209,535,573	-	209,535,573
Due to related parties	-	-	-	46,501	46,501	-	46,501	-	46,501
	-	-	-	1,679,595,004	1,679,595,004	-	1,679,595,004	-	1,679,595,004

34. Fair value and risk management of financial instruments (continued):

	Carrying amount					Fair value			
	Financial instruments at FVTPL	Financial instruments at FVOCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2017G									
Financial assets measured at fair value									
Financial assets at FVOCI	-	12,159,697	-	-	12,159,697	-	12,159,697	-	12,159,697
	-	12,159,697	-	-	12,159,697	-	12,159,697	-	12,159,697
Financial assets at amortized cost									
Receivables under from operating leases	-	-	171,808,938	-	171,808,938	-	-	-	-
Due from related parties	-	-	13,399,220	-	13,399,220	-	-	-	-
Cash and cash equivalents	-	-	53,499,148	-	53,499,148	-	-	-	-
	-	-	238,707,306	-	238,707,306	-	-	-	-
Financial liabilities at amortized cost									
Islamic sukuk	-	-	-	992,423,805	992,423,805	-	992,423,805	-	992,423,805
Medium-term loans and Murabaha	-	-	-	370,829,900	370,829,900	-	370,829,900	-	370,829,900
Short term loans and Murabaha	-	-	-	115,000,000	115,000,000	-	115,000,000	-	115,000,000
Accounts payable and notes payable	-	-	-	71,537,262	71,537,262	-	71,537,262	-	71,537,262
Contract liabilities				1,500,000	1,500,000	-	1,500,000	-	1,500,000
Accrued expenses and other accounts payable	-	-	-	71,537,262	71,537,262	-	71,537,262	-	71,537,262
Due to related parties	-	-	-	704,777	704,777	-	704,777	-	704,777
	-	-	-	1,623,533,006	1,623,533,006	-	1,623,533,006	-	1,623,533,006

34. Fair value and risk management of financial instruments (continued):

	Carrying amount					Fair value			
	Financial instruments at FVTPL	Financial instruments at FVOCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
1 January 2017G									
Financial assets measured at fair value									
Financial assets at FVOCI	-	2,632,189	-	-	2,632,189	-	2,632,189	-	2,632,189
	-	2,632,189	-	-	2,632,189	-	2,632,189	-	2,632,189
Financial assets at amortized cost									
Receivables under from operating leases	-	-	101,703,969	-	101,703,969	-	-	-	-
Due from related parties	-	-	35,928,981	-	35,928,981	-	-	-	-
Cash and cash equivalents	-	-	37,793,183	-	37,793,183	-	-	-	-
	-	-	175,426,133	-	175,426,133	-	-	-	-
Financial liabilities at amortized cost									
Islamic sukuk	-	-	-	990,542,268	990,542,268	-	990,542,268	-	990,542,268
Short term loans and Murabaha	-	-	-	217,166,667	217,166,667	-	217,166,667	-	217,166,667
Accounts payable and notes payable	-	-	-	44,723,762	44,723,762	-	44,723,762	-	44,723,762
Lease liabilities	-	-	-	11,647,781	11,647,781	-	11,647,781	-	11,647,781
Accrued expenses and other accounts payable	-	-	-	217,185,786	217,185,786	-	217,185,786	-	217,185,786
Due to related parties	-	-	-	2,793,429	2,793,429	-	2,793,429	-	2,793,429
	-	-	-	1,484,059,693	1,484,059,693	-	1,484,059,693	-	1,484,059,693

34. Fair value and risk management of financial instruments (continued):

34.1 Measurement of the fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and in banks, financial assets at FVTOCI, loans extended to an associate, due from related parties, and trade receivables. Financial liabilities consist of Islamic instruments, Murabaha-based loans, accounts payable and due to related parties.

Management believes that the fair values of the remaining financial instruments are not materially different from their carrying values.

34.2 Financial instrument risk management

Due to the nature of its activities, the Group is subject to various financial risks such as credit risk, liquidity risk and market price risk.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge its obligation, causing the other party to incur a financial loss. The Group is exposed to the credit risk of contract receivables, trade receivables and bank balances as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Bank balances	96,570,737	50,794,937	33,898,769
Trade receivables	128,920,622	100,813,932	94,609,448
Notes receivable	26,334,667	112,889,928	43,668,017
	251,826,026	264,498,797	172,176,234

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

Credit risk of due from related parties and bank balances is limited as follows:

- The financial position of the related parties is stable.
- Cash balances with banks are kept with highly credit-rated financial institutions. The Group's management believes that the impact of ECLs on these balances is not significant on the consolidated financial statements.

Impairment losses on accounts receivable and other receivable balances, including checks under collection and related party balances

The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. With respect to short-term loans to related parties, the Group believes that the related parties have a strong financial position and the amounts will be fully recovered. Most of the Group's trade receivables are related to the private sector and are highly credible.

Upon the consideration of customer credit risk, customers are rated according to their credit characteristics, including customer type, industry and past history of dealings with the Group.

34. Fair value and risk management of financial instruments (continued):

34.2 Risk management of financial instruments (continued):

Credit risk (continued):

The Group is exposed to credit risk based on the type of customer as follows:

	31 December 2018G	31 December 2017G	1 January 2017G
	SAR	SAR	SAR
Other parties	155,255,289	213,703,860	138,277,465
Related parties	24,986,743	13,399,220	35,928,981
	180,242,032	227,103,080	174,206,446

Assessment of ECLs for accounts receivable and other receivables

The Group applies the simplified approach under IFRS 9 in measuring ECLs which uses a lifetime ECL allowance for all accounts receivable and other receivables.

ECL rates are based on profiles of receivable payments over the 36 months prior to 31 December 2018G, 31 December 2017G, and 1 January 2017G, respectively, and the corresponding historical ECLs that occurred during this period. Historical loss rates are adjusted to reflect current and future macroeconomic factors that affect the ability of customers to settle receivables. The Group has determined the GDP and unemployment rate of the countries in which it sells its goods and services to be the most relevant factors. Therefore, the Group adjusts historical loss rates based on expected changes in these factors.

The following is information relating to credit risk exposure on trade receivables and checks receivable using the provision matrix:

	31 December 2018G		
	Weighted average loss rate	Trade receivables and notes receivable	Loss allowance
Less than 93 days	14%	53,231,909	7,495,226
93 to 185 days	24%	25,310,294	6,031,486
186 to 277 days	37%	23,029,047	8,491,444
278 to 365 days	58%	23,256,223	13,483,018
366 to 459 days	81%	10,277,751	8,326,007
460 to 551 days	100%	6,126,285	6,126,235
More than 552 days	100%	14,023,780	14,023,666
		155,255,289	63,977,082

34. Fair value and risk management of financial instruments (continued):

34.2 Risk management of financial instruments (continued):

Credit risk (continued):

	31 December 2017G		
	Weighted average loss rate	Trade receivables and notes receivable	Loss allowance
Less than 93 days	12%	157,730,120	18,516,070
93 to 185 days	23%	26,996,875	6,242,520
186 to 277 days	39%	11,240,960	4,335,340
278 to 365 days	59%	8,747,500	5,145,448
366 to 459 days	80%	2,930,003	2,343,250
460 to 551 days	100%	1,962,314	1,961,917
More than 552 days	100%	3,351,054	3,350,377
Balances not impaired		745,034	-
		213,703,860	41,894,922

	1 January 2017G		
	Weighted aver-age loss rate	Trade receivables and notes receivable	Loss allowance
Less than 93 days	12%	85,326,845	10,542,370
93 to 185 days	26%	20,539,668	5,389,328
186 to 277 days	40%	13,014,175	5,255,881
278 to 365 days	57%	5,067,619	2,895,698
366 to 459 days	73%	1,724,375	1,266,563
460 to 551 days	100%	2,074,613	2,074,572
More than 552 days	100%	9,149,266	9,149,084
Balances not impaired		1,380,904	-
		138,277,465	36,573,496

Impairment losses on Receivables under from operating leases are presented as impairment losses in operating profit. Subsequent refunds of amounts previously written off are recognized in the same item.

34. Fair value and risk management of financial instruments (continued):

34.2 Risk management of financial instruments (continued):

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to fulfill obligations related to financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Below are the contractual maturities of the financial liabilities at the end of the reporting period.

	31 December 2018G			
	Carrying amount	Less than 3 months	More than 3 months and less than 12 months	One to five years
	SAR	SAR	SAR	SAR
Financial liabilities				
Accounts payable and notes payable	64,532,281	62,857,677	1,674,604	-
Payable expenses and other payable balances	209,535,573	195,853,369	13,682,204	-
Due to related parties	46,501	-	46,501	-
Provision for zakat and income tax	19,242,524	-	19,242,524	-
Loans and Murabaha	407,000,003	30,743,385	105,423,283	270,833,335
Islamic sukuk	995,185,045	-	-	995,185,045
	1,695,541,927	289,454,431	140,069,116	1,266,018,380

	31 December 2017G			
	Carrying amount	Less than 3 months	More than 3 months and less than 12 months	One to five years
	SAR	SAR	SAR	SAR
Financial liabilities				
Accounts payable and notes payable	71,537,262	69,311,821	2,225,441	-
Payable expenses and other payable balances	175,982,688	163,879,737	12,102,951	-
Due to related parties	704,777	-	704,777	-
Provision for zakat and income tax	15,298,843	174,421	15,124,422	-
Loans and Murabaha	485,829,900	24,971,875	460,858,025	-
Islamic sukuk	992,423,805	-	-	992,423,805
	1,741,777,275	258,337,854	491,015,616	992,423,805

Liquidity risk is managed by regular monitoring to ensure that there is sufficient liquidity to meet the Company’s future liabilities.

34. Fair value and risk management of financial instruments (continued):

34.2 Risk management of financial instruments (continued):

Interest rate risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows.

An increase in the interest rate by 100 basis points would increase finance costs for the year ended 31 December 2018G by SAR 14,021,850 (31 December 2017G: SAR 14,782,537).

Management monitors changes in interest rates and manages the impact on the consolidated financial statements.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future business transactions and assets and liabilities recognized are denominated in a currency other than the functional currency of the Group. The Group's exposure to foreign exchange risk is primarily limited to US dollar-dominated transactions. The Group's management believes that its exposure to currency risks related to the US dollar is limited as the Saudi riyal is pegged to the US dollar. Fluctuations in exchange rates against other currencies are monitored on an ongoing basis.

Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices, such as foreign exchange rates and interest rates, which would affect the Group's profit or the value of its financial assets. The objective of market risk management is to manage and keep exposure to market risk within acceptable limits, along with optimizing the return.

35. Capital management:

For the purpose of the Group's capital management, the capital includes the share capital and all other equity reserves of the Group's owners. The main purpose of the Group's capital management is to maximize the shareholders' equity.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions and the requirements of financial covenants. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a leverage ratio, which is net debt divided by total capital plus net debt. The Group's liabilities include net debt, term loans, trade payables, accrued expenses and other payable balances, less bank balances.

	2018G	2017G
	SAR	SAR
Islamic sukuk	995,185,045	992,423,805
Term loans and Murabaha	407,000,003	485,829,900
Accounts payable and notes payable	64,532,281	71,537,262
Contract liabilities	3,295,601	1,500,000
Payable expenses and other payable balances	209,535,573	175,982,688
Less: Cash and cash equivalents	(111,826,329)	(53,499,148)
Net debt	1,567,722,174	1,673,774,507
Total equity	1,528,904,792	1,413,119,442
Capital and net debt	3,096,626,966	3,086,893,949
Leverage rate	103%	118%

36. Subsequent events:

The Group's management believes that there are no significant subsequent events after the reporting date that are required to be adjusted or disclosed in these consolidated financial statements.

37. Approval of the Board:

The consolidated financial statements were approved by the Board of Directors on 23 Shawwal 1440H (corresponding to 26 June 2019G).

Abdullah Al Othaim for Investment Company

(A Closed Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2022

AND INDEPENDENT AUDITOR'S REVIEW REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Independent auditor's review report

To the shareholders of
Abdullah Al Othaim for Investment Company
(Closed Saudi Joint Stock Company)
Riyadh –Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated financial statement of financial position of Abdullah Al Othaim for Investment Company (the "Company") and its subsidiaries (together the "Group") as of 31 March 2022, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity ,and cash flows for the three months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34), that is endorsed in Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based in our review.

Scope of Review

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

Conclusion

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

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh
Dr. Mohamed Al-Amri & Co.

17 Shawwal 1443 (H)
18 May 2022 (G)

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March, 2022
(All amounts are presented in Saudi Riyals)

	Notes	As at 31 March 2022 (Unaudited)	As at 31 Dec 2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**386,834,538**	398,429,973
Investment properties	7	**2,951,936,275**	2,890,096,148
Intangible assets		**2,305,677**	2,445,889
Right of use assets		**377,552,934**	345,647,244
Investments in associate		**2,320,497**	2,913,496
Advances to contractors		**48,009,664**	37,201,534
TOTAL NON-CURRENT ASSETS		**3,768,959,585**	3,676,734,284
CURRENT ASSETS			
Inventories		**59,664,089**	58,096,567
Lease receivables		**160,792,488**	139,271,291
Prepayments and other current assets	8	**54,319,445**	38,866,967
Amounts due from related parties	9	**89,492,750**	98,569,554
Cash and cash equivalents		**26,501,547**	82,697,585
TOTAL CURRENT ASSETS		**390,770,319**	417,501,964
TOTAL ASSETS		**4,159,729,904**	4,094,236,248
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	**1,000,000,000**	1,000,000,000
Statutory reserve		**153,050,886**	153,050,886
Retained earnings		**723,106,295**	659,137,654
Foreign currency translation difference		**(7,132,408)**	(1,091,920)
TOTAL SHAREHOLDERS' EQUITY		**1,869,024,773**	1,811,096,620
Non-controlling interest		-	-
TOTAL EQUITY		**1,869,024,773**	1,811,096,620
NON-CURRENT LIABILITIES			
Loans	10	**1,316,268,119**	1,382,983,699
Lease liability		**313,243,019**	328,407,614
Deferred tax		**2,057,245**	2,389,939
Employees' defined benefit liability		**24,151,488**	21,252,384
TOTAL NON-CURRENT LIABILITIES		**1,655,719,871**	1,735,033,636
CURRENT LIABILITIES			
Current portion of loans	10	**305,862,319**	270,470,652
Trade payables		**48,743,005**	56,245,771
Contract liabilities		**6,913,579**	6,833,139
Accruals and other current liabilities	11	**155,331,466**	128,685,920
Current portion of lease liability		**98,558,099**	65,675,882
Amounts due to related parties	9	**11,403,649**	13,295,283
Zakat provision		**8,173,143**	6,899,345
TOTAL CURRENT LIABILITIES		**634,985,260**	548,105,992
TOTAL LIABILITIES		**2,290,705,131**	2,283,139,628
TOTAL EQUITY AND LIABILITIES		**4,159,729,904**	4,094,236,248

....	....	....
Ramakrishnan Ranganathan	Meshaal bin Omairah	Abdullah Saleh Al-Othaim
Chief Financial Officer	Chief Executive Officer	Chairman

The attached notes form (1) to (19) as a part of these condensed financial statements.

3

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March, 2022
(All amounts are presented in Saudi Riyals)

		For the period ended	
		31 March 2022	31 March 2021
	Notes	**(Unaudited)**	(Unaudited)
Revenue	14	**205,829,204**	177,031,670
Cost of revenue		**(111,759,838)**	(101,731,335)
GROSS PROFIT		**94,069,366**	75,300,335
Selling and distribution expenses		**(21,140,608)**	(17,141,586)
General and administrative expenses		**(15,610,806)**	(13,481,676)
Other income / (expenses)		**21,492,636**	(3,836,566)
OPERATING PROFIT		**78,810,588**	40,840,507
Finance cost		**(10,618,973)**	(10,102,091)
Share of (loss) / profit in associates		**(589,731)**	572,315
PROFIT BEFORE ZAKAT AND TAX		**67,601,884**	31,310,731
Zakat and Tax		**(1,273,794)**	1,376,045
PROFIT FOR THE PERIOD		**66,328,090**	32,686,776
OTHER COMPREHENSIVE INCOME:			
Items that will be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations	15	**(6,040,488)**	20,188
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period			
Re-measurement loss (gain) on employees' defined benefit		**(2,359,449)**	567,534
TOTAL OTHER COMPREHENSIVE INCOME		**(8,399,937)**	587,722
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**57,928,153**	33,274,498
Basic and Diluted Earning Per Share	13	**0.66**	0.33

....	....	....
Ramakrishnan Ranganathan	Meshaal bin Omairah	Abdullah Saleh Al-Othaim
Chief Financial Officer	Chief Executive Officer	Chairman

The attached notes form (1) to (19) as a part of these condensed financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March, 2022
(All amounts are presented in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Foreign currency translation diff.	Total
For the three months period ended 31 March 2022					
Balance at 1 January 2022	1,000,000,000	153,050,886	659,137,654	(1,091,920)	1,811,096,620
Net income for the period	-	-	66,328,090	-	66,328,090
Other comprehensive income for the period	-	-	2,359,449)	(6,040,488)	(8,399,937)
Total comprehensive income	-	-	63,968,641	(6,040,488)	57,928,153
Balance at 31 March 2022 (Unaudited)	**1,000,000,000**	**153,050,886**	**723,106,295**	**(7,132,408)**	**1,869,024,773**
For the three months period ended 31 March 2021					
Balance at 1 January 2021 - Previously issued	1,000,000,000	133,896,904	485,659,124	(1,066,526)	1,618,489,538
Adjustments (note 19)	-	(3,011,585)	(27,104,274)	-	(30,115,859)
For the three months period ended 31 March 2022					
Balance at 1 January 2021 - Restated	1,000,000,000	130,885,355	458,554,850	(1,066,526)	1,588,373,679
Net income for the period	-	-	32,686,776	-	32,686,776
Other comprehensive income for the period	-	-	567,534	20,188	587,722
Total comprehensive income	-	-	33,254,310	20,188	33,274,498
Balance at 31 March 2021 (Unaudited)	**1,000,000,000**	**130,885,355**	**491,809,160**	**(1,046,338)**	**1,621,648,177**

....	....	....
Ramakrishnan Ranganathan	Meshaal bin Omairah	Abdullah Saleh Al-Othaim
Chief Financial Officer	Chief Executive Officer	Chairman

The attached notes form (1) to (19) as a part of these condensed financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the three months ended 31 March 2022
(All amounts are presented in Saudi Riyals)

	Notes	For the period ended 31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
OPERATING ACTIVITIES			
Profit before zakat and tax		**67,601,884**	31,310,731
Adjustments:			
Depreciation and amortization (PPE, Investment Properties, and Intangible Assets)		**31,296,290**	31,216,541
Amortization of right of use assets		**16,623,845**	15,737,452
Expected credit losses and tenant discounts provision no longer required		**(26,331,006)**	9,799,312
Provision for employees' defined benefit liabilities		**1,699,760**	1,800,751
Provision expense for slow moving inventory		**532,188**	103,864
Provision for slow moving inventory no longer required		**(103,865)**	(1,328,382)
Loss from sale of investment property		**-**	473,792
Share of loss/(gain) of associates		**589,731**	(572,315)
Finance cost		**10,618,973**	10,102,091
		102,527,800	98,643,837
Working capital adjustment:			
Inventories		**(1,995,845)**	(3,232,714)
Lease receivables		**4,809,810**	(51,598,864)
Prepayments and other current assets		**(15,452,478)**	(4,436,536)
Advance to contractors		**(10,808,130)**	19,354,910
Trade payable		**(7,502,766)**	20,274,455
Contract Liabilities		**80,440**	-
Accruals and other current liabilities		**26,645,546**	1,943,475
Related parties balances		**7,185,170**	592,339
		105,489,547	81,449,902
Zakat and taxes paid			(16,199)
Employees' defined benefit liability paid		**(1,160,105)**	(1,139,701)
Finance costs paid		**(10,495,063)**	(12,334,944)
Net cash flows from operating activities		**93,834,379**	67,959,058
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(6,536,002)**	(5,251,527)
Proceeds from disposal of investment property & property and equipment		**2,794,292**	-
Purchase of investment property	7	**(77,659,060)**	(39,988,711)
Net cash flows used in investing activities		**(81,400,770)**	(45,240,238)
FINANCING ACTIVITIES			
Payment / Proceeds from loans, net		**(31,323,913)**	487,242,753
Payment of lease liability		**(37,305,734)**	(39,846,611)
Net cash flows (used in) / from financing activities		**(68,296,647)**	447,396,142
Change in cash and cash equivalents		**(56,196,038)**	470,114,962
Cash and cash equivalents at the beginning of the period		**82,697,585**	103,274,241
Cash and cash equivalents at the end of the period		**26,501,547**	573,389,203

....	....	....
Ramakrishnan Ranganathan	Meshaal bin Omairah	Abdullah Saleh Al-Othaim
Chief Financial Officer	Chief Executive Officer	Chairman

The attached notes form (1) to (19) as a part of these condensed financial statements.

(All amounts are presented in Saudi Riyals)

1 INFORMATION ABOUT THE COMPANY AND ITS ACTIVITIES

Abdullah Al Othaim Investment Company (the "Company" or the "Parent Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010213454 and dated 19 Ramadan 1426H (corresponding to 22 October 2005). The registered office is located at Al Rabwah District, P.O. Box 85289, Riyadh 12821, KSA.
The Company and its subsidiaries (collectively referred to as the "Group") principal business activities include general constructions of residential and non-residential buildings, rental of investment properties, establishment and management of games and entertainment parks, wholesale retail trading in readymade garments, operate and manage restaurants and cafes.

The Company's offices address is 2351 Al Mashriqah, Ar Rawabi, Riyadh 14215, Riyadh - Kingdom of Saudi Arabia.
The company's fiscal year begins on the first of January and ends at the end of December of each year.
Those condensed consolidated financial statements include the assets, liabilities and result of operations of the Company and its subsidiaries (the "Group") set out below:

Subsidiary	Country of registration	March 2022 %
Abdullah Al Othaim for Entertainment Company (*)	Kingdom of Saudi Arabia	**100%**
Abdullah Al Othaim Fashion Company	Kingdom of Saudi Arabia	**100%**
Abdullah Al Othaim For Food Company	Kingdom of Saudi Arabia	**100%**
Raeeda Complex Limited Company	Kingdom of Saudi Arabia	**100%**
Nemar for Investment and Real Estate Development Company	Kingdom of Saudi Arabia	**100%**
Ethraa Al Hayat for Property Management	Kingdom of Saudi Arabia	**100%**
Riyadh Al Waed for Property Management	Kingdom of Saudi Arabia	**100%**
Elham Al mostaqbel for Property Management	Kingdom of Saudi Arabia	**100%**
Takamul Al Aziziye for Property Management	Kingdom of Saudi Arabia	**100%**
Othaim for Trading Malls Company	Kingdom of Saudi Arabia	**100%**
Behar International for Investment Company	Kingdom of Saudi Arabia	**100%**
Asasat Al Nafl for Operation and Maintenance Company	Kingdom of Saudi Arabia	**100%**

(All amounts are presented in Saudi Riyals)

(*) The following are the subsidiaries of Abdullah Al Othaim for Entertainment Company:

Subsidiary	Country of registration	March 2022 %
Fun World for Entertainment and Tourism	Egypt	**100%**
Cairo For Operation and Maintenance	Egypt	**100%**
Fun World Entertainment LLC – UAE	United Arab Emirates	**100%**
International Leisure Company LLC	United Kingdom	**100%**
Fun World Investments LLC – Qatar	Qatar	**100%**
Fun World Entertainment LLC – Oman	Oman	**100%**
Abdullah Al Othaim for Entertainment - Bahrain	Bahrain	**100%**

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three months period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations

3 AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial Statements

4 SIGNIFICANT MATTERS DURING THE PERIOD

On March 16, 2022 (corresponding to Shaaban 12 1443 H), the Capital Market Authority (CMA) board issued a resolution approving Abdullah Al Othaim Investment Co.'s application for the offering of 30 million shares, representing 30% of its share capital on the Saudi main market.
On March 17, 2022 (corresponding to Shaaban 13 1443 H), Abdullah Al-Othaim Markets Company declared that its board of directors approved to sell its share in the capital of Abdullah Al-Othaim Investment Co, which amounting to 13.65 million shares, representing 13.65% of its capital, through an IPO on the Saudi main market.

5 COVID-19 UPDATE

In response to the spread of Covid-19 in The Kingdom of Saudi Arabia and other territories where the Group operates and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. The preventive measures taken by the Group in April 2020 are still in effect including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, and the wider community as well as to ensure the continuity of supply of its products and service through its markets. Globally, there has been significant drop in the number of registered cases. As a result, restrictions related to Covid-19 such as social distancing, travel bans, requirement for travellers to present a negative PCR or rapid antigen test on arrival have been lifted. Based on these factors, management believes that the Covid-19 pandemic has had no material effect on Abdullah Al Othaim for Investment Co.'s reported financial results for the period ended 31 March 2022 including the significant accounting judgements and estimates.
The Group continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2022 or beyond.

(All amounts are presented in Saudi Riyals)

6 PROPERTY AND EQUIPMENT

	Leasehold improvements	Machinery and equipment	Games	Vehicles	Computer and IT equipment	Furniture's and fixtures	Capital work in progress	**Total**
Cost:								
Balance as at 01 January 2021	258,350,833	95,736,641	333,228,225	8,229,414	41,164,750	69,927,187	8,242,230	814,879,280
Adjustments	-	(17,626)	-	-	(1,659)	-	-	(19,285)
Additions	19,035,578	3,279,452	9,329,833	-	2,224,100	574,312	11,977,689	46,420,964
Reclassification	(10,524,758)	-	-	-	-	10,524,758	-	-
Disposal	(3,731,779)	(1,200,824)	(10,398,568)	(732,930)	(1,082,907)	(3,294,493)	(308,674)	(20,750,175)
Balance as at 31 December 2021	**263,129,874**	**97,797,643**	**332,159,490**	**7,496,484**	**42,304,284**	**77,731,764**	**19,911,245**	840,530,784
Additions	2,541,164	1,239,315	-	2,869	1,499,572	788,836	463,246	6,536,002
Disposals	-	(4,756)	(162,132)	-	-	(147,293)	-	(314,181)
Transferred from capital work in progress	3,280,834	-	9,809,213	-	-	-	(13,090,047)	-
Balance as at 31 March 2022	268,951,872	99,032,202	341,806,571	7,499,353	43,803,856	78,373,307	7,284,444	846,751,605
Accumulated depreciation:								
Balance as at 01 January 2021	93,507,979	43,409,175	171,520,990	6,653,849	28,855,553	43,239,438	-	387,186,984
Adjustments	-	(42,395)	-	-	(7,914)	47,383	-	(2,926)
Charge for the year	22,251,412	8,899,629	29,141,463	653,743	4,893,292	6,110,520	-	71,950,059
Reclassification	(10,524,758)	-	-	-	-	10,524,758	-	-
Disposal	(3,612,124)	(1,336,364)	(7,486,650)	(628,060)	(934,838)	(3,035,270)	-	(17,033,306)
Balance as at 31 December 2021	**101,622,509**	**50,930,045**	**193,175,803**	**6,679,532**	**32,806,093**	**56,886,829**	**-**	442,100,811
Charge for the period	**6,260,963**	**2,240,157**	**6,651,543**	**107,038**	**1,142,233**	**1,625,480**	-	**18,027,414**
Disposals	**-**	**(1,307)**	**(71,854)**	**-**	**-**	**(137,997)**	-	**(211,158)**
Balance as at 31 March 2022	**107,883,472**	**53,168,895**	**199,755,492**	**6,786,570**	**33,948,326**	**58,374,312**	-	**459,917,067**
Net book value								
As at 31 March 2022	**161,068,400**	**45,863,307**	**142,051,079**	**712,783**	**9,855,530**	**19,998,995**	**7,284,444**	**386,834,538**
As at 31 December 2021	**161,507,365**	**46,867,598**	**138,983,687**	**816,952**	**9,498,191**	**20,844,935**	**19,911,245**	398,429,973

10

(All amounts are presented in Saudi Riyals)

7 INVESTMENT PROPERTIES

Cost :-	Lands SR	Buildings SR	Machinery and equipment SR	Furniture and Fixtures SR	Lease hold improvement SR	Construction work in progress SR	**Total SR**
Balance as at 01 January 2021 – Previously Issued	752,443,457	1,523,867,053	242,886,678	9,627,439	14,815,091	400,676,039	2,944,315,757
Adjustment (note 19)	-	(3,862,881)	-	-	-	-	(3,862,881)
Balance as at 01 January 2021 – Restated	752,443,457	1,520,004,172	242,886,678	9,627,439	14,815,091	400,676,039	2,940,452,876
Adjustments	-	(175,878)	-	-	(1,204,539)	-	(1,380,417)
Additions	598,030,000	120,952	525,955	-	1,585,140	55,988,824	656,250,871
Transferred from construction work in progress	-	779,358	-	-	4,966,831	(9,388,049)	(3,641,860)
Disposal	(4,922,336)	(10,353)	(47,932)	(1,996)	-	-	(4,982,617)
Balance as at 31 December 2021	1,345,551,121	1,520,718,251	243,364,701	9,625,443	20,162,523	447,276,814	3,586,698,853
Additions	31,264,783	29,349,897	-	-	-	17,044,380	77,659,060
Disposal	(2,691,234)	-	-	(1,740)	-	-	(2,692,974)
Balance as at 31 March 2022	1,374,124,670	1,550,068,148	243,364,701	9,623,703	20,162,523	464,321,194	3,661,664,939
Accumulated depreciation:							
Balance as at 01 January 2021 – Previously Issued	-	415,356,407	193,865,651	9,270,079	5,585,563	-	624,077,700
Adjustments	-	22,068,216	-	-	-	-	22,068,216
Balance as at 01 January 2021 – Restated	-	437,424,623	193,865,651	9,270,079	5,585,563	-	646,145,916
Adjustments	-	(1,283,171)	47,884	(113,224)	-	-	(1,348,511)
Charge for the period	-	41,060,724	8,445,001	217,948	2,131,552	-	51,855,225
Disposal	-	-	(47,931)	(1,994)	-	-	(49,925)
Balance as at 31 December 2021	-	477,202,176	202,310,605	9,372,809	7,717,115	-	696,602,705
Charge for the period	-	10,288,958	2,108,906	49,470	680,361	-	13,127,695
Disposal	-	-	-	(1,736)	-	-	(1,736)
Balance as at 31 March 2022	-	487,491,134	204,419,511	9,420,543	8,397,476	-	709,728,664
Net Book Value							
As at 31 March 2022	**1,374,124,670**	**1,062,577,014**	**38,945,190**	**203,160**	**11,765,047**	**464,321,194**	**2,951,936,275**
As at 31 December 2021	1,345,551,121	1,043,516,075	41,054,096	252,634	12,445,408	447,276,814	2,890,096,148

Management has not carried out an external valuation for investment properties as at 31 March 2022. Fair value of the investment properties as at 31 December 2021 amounted to SR 5,721,137,234. An independent third party, Colliers International ("Valuer") license number 1220001784 has performed the valuation of the investment properties using the discounted cash flow approach. The Valuer has appropriate qualifications and experience in the valuation of properties. The fair value hierarchy for the investment properties for disclosure purpose is grouped in level 3, with significant inputs being directly or indirectly observable.
Certain lands and buildings with an aggregate book value of SR 1,263 million (31 December 2021: SR 1,260 million) are pledged with local banks..

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2022	31 December 2021
Refundable deposits	**10,143,298**	10,253,838
Prepayments	**10,451,050**	7,882,178
Prepaid rent	**4,491,894**	2,162,400
Employees' receivables	**1,069,536**	1,232,143
Prepaid expenses	**17,207,489**	10,819,469
Other	**10,956,178**	6,516,939
	54,319,445	38,866,967

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Group's management.

Following is a list of related parties of the Group:

Related party	**Nature of relationship**
Othaim Market Company	Shareholder
Al Othaim Holding Company	Shareholder
Qyol for Real Estate Investment	Affiliate
Promissing Riyadh Real Estate Company	Subsidiary
International Leisure Company Ltd.	Subsidiary
Fun World for Amusement Parks	Subsidiary
Premium Retail Company	Affiliate
Global Enterprise Team Limited Company	Affiliate
Euro Enterprise Team Limited Company	Affiliate
World of Adventure Limited Company	Affiliate
Ledar for Real Estate Investment	Affiliate
Lilyan Company	Affiliate
Orion Holding Limited Company	Affiliate
FunWorld International Investment Company	Subsidiary

9.1 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	For the three months ended 31 March	
	2022	2021
Salaries and short-term benefits	**1,914,002**	1,354,500
End-of-service benefits	**121,002**	99,917
Total key management compensation	**2,035,004**	1,454,417

9.2 Related party transactions

Name of related parties	Nature of transaction	31 March 2022 SR	31 March 2021 SR
Othaim Market Company	Rental revenue	**4,203,310**	4,926,527
	Rental expense	**9,492,866**	9,315,353
Wamdah For Cinemas (closed Joined Company)	Net rental revenue	**1,706,088**	(468,659)
Saudi Pillar for Construction Company	Construction service received	**5,116,156**	1,440,137
Advanced systems and technology	Service received	**80,000**	-

9.3 Related party balances

The following table summarizes related parties' balances:

Amounts due from related parties	As at 31 March 2022	As at 31 December 2021
Wamdah for Cinema	**88,092,535**	88,086,106
Othaim Market Company	**714,937**	5,125,576
Liliane for Trade Establishment	**16,854**	16,854
Qyol for Real Estate Investment	**668,424**	668,425
Saudi Pillar for Construction Company	**-**	1,684,606
Fun world – Bahrain	**-**	2,987,987
	89,492,750	98,569,554

Management conducted an impairment review as required under IFRS 9 for amounts due from related parties, based on such assessment, management believe that there is no significant impairment against the carrying value the outstanding balances of amounts due from related parties.

Amounts due to related parties	As at 31 March 2022 SR	As at 31 December 2021 SR
Orion Holding Limited Company	**391,383**	391,383
FAW International Company	**10,436,936**	12,903,900
Saudi Pillar for Construction Company	**575,330**	-
	11,403,649	13,295,283

10 LOANS

The loans outstanding balance is sub-divided into current and Non-Current as follows:

	As at 31 March 2022	As at 31 December 2021
Current portion of loans	**305,862,319**	270,470,652
Non-current portion of loans	**1,316,268,119**	1,382,983,699
	1,622,130,438	1,653,454,351

And we can summarize the following

- Loans bears financing charges at market rates, which are generally based on Saudi Inter Bank Offer Rate ("SIBOR") plus 1.00% - 1.75% and that changed according to the new deals to be (SIBOR +0.85%)
- The company added a short-Term loan from local commercial bank to cover shortfall in working capital requirements.
- These facilities are secured by corporate guarantees and promissory notes issued by the shareholders, acknowledgement of assignment of project proceeds, mortgage over lands and building, with carrying value of SR 1,263 million (31 December 2021: SR 1,260 million)
- These loans are repayable on installments according to the terms of the agreements up to year 2028.
- The total installments paid to loans during the 3 months ended 31 March 2022 is amounted to SR 47,173,913

11 ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 March 2022	As at 31 December 2021
Retention payable	**42,603,191**	44,687,574
Accrued expenses	**24,042,410**	19,765,426
Unearned rental income	**70,175,858**	43,711,755
Employees' accruals	**5,856,177**	6,458,649
Advance from customers	**1,025,808**	624,642
Accrued finance cost	**827,857**	703,947
Accrued construction work	**192,621**	192,621
Value-added tax payable	**142,384**	2,743,423
Other accruals	**10,465,160**	9,797,883
	155,331,466	128,685,920

12 SHARE CAPITAL

The Company's share capital at 31 March 2022 and 31 December 2021 amounted to SR 1,000,000,000 consisting of 100,000,000 fully paid and issued shares of SR 10 each.

13 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share for the ordinary shareholders for the periods ended 31 March 2022 and 31 March 2021 are calculated based on the weighted average number of shares outstanding during the period.

	31 March 2022	31 March 2021
	SR	SR
Net Income for the period	66,328,090	32,686,776
Average number of shares	100,000,000	100,000,000
	0.66	0.33

14 SEGMENT REPORTING

The Group has the following four strategic divisions, which are it's reportable segments. These divisions offer different products and services.

Reportable segments

The following table describes the operations of each reportable segment:

Reportable segment	**Operations**
Rental of commercial spaces	Rental of commercial spaces in shopping malls
Entertainment	Kids playing centres
Fashion retail	Sales of apparels, footwear's & accessories through retail outlets
Food & Beverages	Cafes and restaurants

The segments financial details are shown below

	Rental of Commercial Spaces	Entertainment	Fashion Retail	Food & Beverage	Other Activities	**Total**
31 March 2022						
Revenue	98,892,567	67,289,872	35,740,616	3,861,764	44,385	**205,829,204**
Finance Cost	8,682,274	1,252,798	585,754	98,147	-	**10,618,973**
Profit/ (Loss) for the period	43,772,509	22,121,678	78,206	393,196	(37,499)	**66,328,090**
Total Assets	3,222,770,661	639,943,590	154,342,409	41,159,540	101,513,704	**4,159,729,904**
Total Liabilities	1,879,837,055	208,347,902	158,031,071	44,304,345	184,758	**2,290,705,131**
31 December 2021						
Total Assets	3,202,675,049	609,270,214	146,505,092	32,544,736	103,241,157	**4,094,236,248**
Total Liabilities	1,894,642,846	185,192,718	163,073,100	40,087,422	143,542	**2,283,139,628**
31 March 2021						
Revenue	101,871,553	40,437,603	31,487,026	3,160,488	75,000	**117,031,670**
Finance Cost	9,142,217	559,098	336,660	64,116	-	**10,102,091**
Profit/ (Loss) for the period	34,952,673	899,801	(3,148,831)	26,469	(43,336)	**32,686,776**

Geographical information

The Group operates through their various entertainment centres for kids in the Kingdom of Saudi Arabia (Domestic) and international geography which primarily includes United Arab Emirates, Qatar, Oman, Bahrain, and Egypt. The group does not have any other segment outside Saudi Arabia except Entertainment.

Geographical distribution of revenue

	For the three months period ended 31 March 2022		For the three months period ended 31 March 2021	
Saudi Arabia	**182,308,244**	**88.6%**	164,392,652	92.8%
United Arab Emirates	**9,922,632**	**4.8%**	6,555,064	3.7%
Egypt	**5,380,235**	**2.6%**	1,950,679	1.15%
Qatar	**4,266,350**	**2%**	1,502,736	0.85%
Oman	**3,544,838**	**1.7%**	2,630,539	1.5%
Bahrain	**406,905**	**0.3%**	-	-
Total	**205,829,204**	**100%**	177,031,670	100%

Geographical distribution of Total Assets

	As of 31 March, 2022		As of 31 December, 2021	
Saudi Arabia	**3,876,892,485**	**93.38%**	3,834,360,736	93.3%
United Arab Emirates	**121,777,332**	**2.8%**	120,013,856	2.9%
Egypt	**52,081,642**	**1.2%**	36,845,463	0.9%
Qatar	**49,288,114**	**1.2%**	55,749,641	1.36%
Oman	**50,253,488**	**1.2%**	47,179,689	1.14%
Bahrain	**9,284,883**	**0.22%**	-	-
United Kingdom	**151,960**	**0.004%**	86,863	0.002%
Total	**4,159,729,904**	**100%**	4,094,236,248	100%

Geographical distribution of Total Liabilities

	As of 31 March, 2022		As of 31 December, 2021	
Saudi Arabia	**1,962,904,295**	**85.85%**	1,980,844,530	86.8%
United Arab Emirates	**172,363,013**	**7.5%**	168,970,242	7.4%
Egypt	**70,458,229**	**3%**	50,067,539	2.2%
Qatar	**23,302,741**	**0.97%**	33,343,239	1.4%
Oman	**52,331,430**	**2.28%**	49,830,965	2.2%
Bahrain	**9,200,213**	**0.4%**	-	-
United Kingdom	**148,210**	**0.006%**	83,113	0.004%
Total	**2,290,705,131**	**100%**	2,283,139,628	100%

15 DEVALUATION OF EGYPTIAN CURRENCY

During the last month of the quarter ended 31 March 2022, the Egyptian pound recorded an average 17% devaluation in rate against the SAR. As a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt.

16 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Group's activities expose it to a variety of financial risks, market risk, credit risk, and liquidity risk.

Financial instruments in the Company's statement of financial position include investments at fair value through profit or loss and other comprehensive income, cash and cash equivalents, other assets, account receivable, and other liabilities.

a) Market risk

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

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD").

The fluctuation in exchange rates against USD is monitored on a continuous basis.

Commission rate risk

Commission rate Risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily leasing receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

	31 March 2022	31 December 2021
Cash and cash equivalents	**23,470,125**	**80,543,053**
Amounts due from related parties	**89,492,750**	**98,569,554**
Lease receivable	**160,792,488**	**139,271,291**
	273,755,363	**318,383,898**

17 FAIR VALUR MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments by category

Financial instruments for the year ending 31 March 2022 have been categorised as follows:

	Carrying value			Fair value		
	Financial assets at Fair Value through Other Comprehensive Income	Amortized cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	26,501,547	26,501,547	-	26,501,547	-
Amounts due from related parties	-	89,492,750	89,492,750	-	89,492,750	-
Lease receivables	-	160,792,488	160,792,488	-	160,792,488	-
	-	276,786,785	276,786,785	-	276,786,785	-
Financial liabilities						
Lease liabilities	-	411,801,118	411,801,118	-	411,801,118	-
Trade payables	-	48,743,005	48,743,005	-	48,743,005	-
Retentions Payable	-	42,603,191	42,603,191	-	42,603,191	-
Accrued finance Cost	-	827,857	827,857	-	827,857	-
Amounts due to related parties	-	11,403,650	11,403,650	-	11,403,650	-
Loans	-	1,622,130,438	1,622,130,438	-	1,622,130,438	-
	-	2,137,509,259	2,137,509,259	-	2,137,509,259	-

17 FAIR VALUR MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Financial instruments by category

Financial instruments for the year ending 31 December 2021 have been categorised as follows

	Carrying value			Fair value		
	Financial assets at Fair Value through Other Comprehensive Income	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**
Financial assets						
Cash and cash equivalents	-	82,697,585	82,697,585	-	82,697,585	-
Amounts due from related parties	-	98,569,554	98,569,554	-	98,569,554	-
Lease receivables	-	139,271,291	139,271,291	-	139,271,291	-
	-	320,538,430	320,538,430	-	320,538,430	-
Financial liabilities						
Lease liabilities	-	394,083,496	394,083,496	-	394,083,496	-
Trade payables	-	56,245,771	56,245,771	-	56,245,771	-
Retentions Payable	-	44,687,574	44,687,574	-	44,687,574	-
Accrued finance Cost	-	703,947	703,947	-	703,947	-
Amounts due to related parties	-	13,295,283	13,295,283	-	13,295,283	-
Loans	-	1,653,454,351	1,653,454,351	-	1,653,454,351	-
		2,162,470,422	2,162,470,422		2,162,470,422	

18 RESTATEMENT

The Company restated certain amounts and balances included in the prior years as the transactions to which these balances relate, had not been accounted for correctly, and accordingly adjusted in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The details of each of such restatements have been summarized below:

31 December 2020	Previously Reported	Restatement (1,2)	Restated
Statement of financial position			
Investment Properties	2,320,238,057	(25,931,097)	2,294,306,960
Retained Earnings	(485,659,124)	27,104,274	(458,554,850)
Statutory reserve	(133,896,940)	3,011,585	(130,885,355)
Trade payables	(58,745,749)	(4,184,762)	(62,930,511)

31 March 2021	Previously Reported	Restatement (1)	Restated
Statement of profit or loss			
Cost of Sales	111,190,842	568,996	111,759,838

Restatement (1)

The impact of calculating the depreciation of investment properties as a result of incorrect estimate of the useful life of buildings when it capitalized in prior years, to comply with the requirements of IAS (8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Restatement (2)

The effect of a delay penalties imposed on a contractor and previously recorded as other income instead of decreasing the investment property cost when it capitalized in prior years and recalculating the depreciation expense for those years and recording the amount owed to the contractor.

19 THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS APPROVAL

These Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on behalf of the Shareholders on 15 Shawwal 1443 A.H. (16 May 2022).

Abdullah Al Othaim for Investment Company

(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021G

AND INDEPENADNT AUDITOR'S REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Independent auditor's report

To the shareholders of
Abdullah Al Othaim for Investment Company
(Closed Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia
Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Abdullah Al Othaim for Investment Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Auditors and Accountants (SOCPA).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. 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 professional code of conduct and ethics that are 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.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the Company's Articles of Association 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, in particular the Board of Directors are responsible for overseeing the Group's financial reporting process.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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.
- 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 a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the management and 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.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

27 Sha'ban 1443 (H)
30 March 2022 (G)

Abdullah Al Othaim for Investment Company

(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021G

(All amounts are presented in Saudi Riyals)

	Notes	As at 31 December 2021G	As at 31 December 2020G (Restated)	As at 01 January 2020G (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	398,429,973	427,692,296	474,579,448
Investment properties	7	2,890,096,148	2,294,306,960	2,313,947,691
Intangible assets	8	2,445,889	3,030,952	3,719,035
Right of use assets	9	345,647,244	379,372,147	516,646,446
Investments at fair value through OCI	12	-	-	11,725,454
Investments in associate	12	2,913,496	1,419,676	-
Advances to contractors	11	37,201,534	74,138,073	63,128,772
TOTAL NON-CURRENT ASSETS		3,676,734,284	3,179,960,104	3,383,746,846
CURRENT ASSETS				
Inventories	13	58,096,567	51,392,704	61,950,596
Lease receivables	14	139,271,291	186,708,209	128,652,742
Prepayments and other current assets	10	38,866,967	31,218,135	20,439,722
Amounts due from related parties	16	98,569,554	38,996,341	107,637,194
Cash and cash equivalents	17	82,697,585	103,274,241	86,295,134
TOTAL CURRENT ASSETS		417,501,964	411,589,630	404,975,388
TOTAL ASSETS		4,094,236,248	3,591,549,734	3,788,722,234
EQUITY AND LIABILITIES				
Shareholders' EQUITY				
Share capital	22	1,000,000,000	1,000,000,000	1,000,000,000
Statutory reserve	23	153,050,886	130,885,355	119,502,625
Retained earnings		659,137,654	458,554,850	455,255,626
Revaluation reserve for fair value though other comprehensive income		-	-	1,081,070
Foreign currency translation difference		(1,091,920)	(1,066,526)	(483,446)
TOTAL Shareholders' EQUITY		1,811,096,620	1,588,373,679	1,575,355,875
Non-controlling interest		-	-	-
TOTAL EQUITY		1,811,096,620	1,588,373,679	1,575,355,875

The attached notes form (1) to (39) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2021G
(All amounts are presented in Saudi Riyals)

	Notes	As at 31 December 2021G	As at 31 December 2020G (Restated)	As at 01 January 2020G (Restated)
NON-CURRENT LIABILITIES				
Loans	18	1,382,983,699	1,153,804,350	335,866,668
Lease liability	15	328,407,614	349,374,249	358,739,631
Deferred tax	21	2,389,939	2,013,004	1,705,667
Employees' defined benefit liability	19	21,252,384	22,526,090	22,421,356
TOTAL NON-CURRENT LIABILITIES		1,735,033,636	1,527,717,693	718,733,322
CURRENT LIABILITIES				
Current portion of loans	18	270,470,652	212,862,320	133,966,668
Sukuk loan		-	-	848,939,226
Trade payables		56,245,771	62,930,511	75,058,066
Contract liabilities		6,833,139	7,964,047	25,269,720
Accruals and other current liabilities	20	128,685,920	93,772,348	196,574,729
Current portion of lease liability	15	65,675,882	73,881,666	203,138,279
Amounts due to related parties	16	13,295,283	15,393,000	44,744
Zakat and tax provision	21	6,899,345	8,654,470	11,641,605
TOTAL CURRENT LIABILITIES		548,105,992	475,458,362	1,494,633,037
TOTAL LIABILITIES		2,283,139,628	2,003,176,055	2,213,366,359
TOTAL EQUITY AND LIABILITIES		4,094,236,248	3,591,549,734	3,788,722,234

The attached notes form (1) to (39) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021G
(All amounts are presented in Saudi Riyals)

		For the year ended	
	Notes	31 December 2021G SR	31 December 2020G SR (Restated)
Revenue	24	818,468,964	686,557,573
Cost of revenue	25	(441,654,180)	(377,893,321)
GROSS PROFIT		376,814,784	308,664,252
Selling and distribution expenses	26	(76,835,846)	(68,568,343)
General and administrative expenses	27	(62,750,596)	(50,283,345)
OPERATING PROFIT		237,228,342	189,812,564
Finance cost	28	(40,129,308)	(60,291,839)
Other income (Expenses)	29	27,499,196	(11,147,626)
Share of profit in associates	12	1,493,816	634,024
PROFIT BEFORE ZAKAT AND TAX		226,092,046	119,007,123
Zakat and Tax	21	(4,436,737)	(5,179,825)
PROFIT FOR THE YEAR		221,655,309	113,827,298
OTHER COMPREHENSIVE INCOME:			
Items that will be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations		(25,394)	(583,080)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period			
Re-measurement income on employees’ defined benefit		1,093,026	854,656
TOTAL OTHER COMPREHENSIVE INCOME		1,067,632	271,576
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		222,722,940	114,098,874
Basic and diluted earning per share	34	2.21	1.14

The attached notes form (1) to (39) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021G
(All amounts are presented in Saudi Riyals)

For the year ended 2020G	Other components of equity					
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation difference	Change in FVOCI revaluation reserve	Total
Balance as at 01 January 2020G (previously issued)	1,000,000,000	122,270,758	480,168,828	(483,446)	1,081,070	1,603,037,210
Adjustments (Note 35)	-	(2,768,133)	(24,913,202)			(27,681,335)
Balance as at 1 January 2020G (restated)	1,000,000,000	119,502,625	455,255,626	(483,446)	1,081,070	1,575,355,875
Net income for the year	-	-	113,827,298	-	-	113,827,298
Other comprehensive income for the year	-	-	854,656	(583,080)	-	271,576
Total comprehensive income	-	-	114,681,954	(583,080)	-	114,098,874
Financial assets designated at FVOCI disposed	-	-	-	-	(1,081,070)	(1,081,070)
Transfer to statutory reserve	-	11,382,730	(11,382,730)	-	-	-
Dividends (Note 32)	-	-	(100,000,000)	-	-	(100,000,000)
Balance for the year ended 31 December 2020G (restated)	1,000,000,000	130,885,355	458,554,850	(1,066,526)	-	1,588,373,679
For the year ended 2021G						
Balance as at 1 January 2021G (previously issued)	1,000,000,000	133,896,940	485,659,124	(1,066,526)	-	1,618,489,538
Adjustments (Note 35)		(3,011,585)	(27,104,274)	-	-	(30,115,859)
Balance as on 1 January 2021G (restated)	1,000,000,000	130,885,355	458,554,850	(1,066,526)	-	1,588,373,679
Net income for the year	-	-	221,655,309	-	-	221,655,309
Other comprehensive income for the year	-	-	1,093,026	(25,394)	-	1,067,632
Total comprehensive income	-	-	222,748,335	(25,394)		222,722,941
Transfer to statutory reserve	-	22,165,531	(22,165,531)	-	-	-
Balance at 31 December 2021G	1,000,000,000	153,050,886	659,137,654	(1,091,920)	-	1,811,096,620

The attached notes form (1) to (39) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021G
(All amounts are presented in Saudi Riyals)

		For the year ended	
	Notes	31 December 2021G SR	31 December 2020G SR (Restated)
Operating activities			
Profit before zakat and tax		226,092,046	119,007,123
Adjustments:			
Depreciation and amortization	6,7,8	124,378,831	127,569,396
Amortization – right of use assets	9	62,068,584	59,709,086
Expected credit losses provision expense for lease receivables	14	-	26,000,000
Discount provision for tenant (no longer required) expense for lease receivables	14	(80,239,536)	96,418,780
Provision for employees' defined benefit liabilities	19	4,544,518	5,096,153
Provision expense for slow inventory		103,864	1,308,423
Provision no longer required for slow moving inventory	13	(1,411,881)	(6,837,514)
(Gain) loss from sale of investment property		(20,888,884)	3,674,296
(Gains) from adjustment in intangibles		(11,516)	
Other adjustments in equity		-	(1,081,070)
Share of result of associates	12	(1,493,816)	(644,676)
Losses from sale of property and equipment and intangible assets	29	2,959,444	-
Finance cost	28	40,129,308	60,291,839
Losses from disposals of projects under construction – investment properties	7	3,641,860	-
Property, plant, and equipment disposals and adjustments	6	357,654	-
		360,230,476	490,511,836
Working capital adjustment:			
Inventories		(5,395,846)	16,086,983
Lease receivables		127,676,453	(180,474,246)
Prepayments and other current assets		(7,648,832)	(10,778,413)
Advance to contractors		36,936,539	(11,009,301)
Trade payable		(6,684,740)	(12,127,555)
Contract Liabilities		(1,130,908)	(17,305,673)
Accruals and other current liabilities		37,323,905	(93,519,083)
Changes in related parties balances		(61,670,930)	75,967,862
		479,636,117	257,352,410

The attached notes form (1) to (39) as a part of these financial statements.

Abdullah Al Othaim for Investment Company
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2021G
(All amounts are presented in Saudi Riyals)

	Notes	For the year ended 31 December 2021G SR	31 December 2020G SR (Restated)
Zakat and taxes paid	21	(6,195,754)	(8,166,990)
Employees' defined benefit liability paid	19	(4,725,120)	(4,136,394)
Finance costs paid		(42,540,196)	(52,546,674)
Net cash flows generated from operating activities		426,175,047	192,502,352
Investing activities			
Purchase of property and equipment	6	(46,420,964)	(49,889,480)
Proceeds from disposal of investment property	29	25,825,786	18,075,264
Proceeds from sale of property and equipment		822,765	-
Purchase of investment property	7	(656,250,871)	(32,213,510)
Purchase of Investments in associates		-	(775,000)
Proceeds from disposal of financial assets at Fair Value through Other Comprehensive Income		-	11,725,454
Net cash flows used in investing activities		(676,023,284)	(53,077,272)
Financing activities			
Receipt of / Proceeds from loans, net		286,787,681	47,894,108
Dividends paid	32	-	(100,000,000)
Payment of lease liability	15	(57,516,100)	(70,340,081)
Net cash flows generated from (used in) financing activities		229,271,581	(122,445,973)
(Decrease) Increase in cash and cash equivalents		(20,576,656)	16,979,107
Cash and cash equivalents at the beginning of the year		103,274,241	86,295,134
Cash and cash equivalents at the end of the year	17	82,697,585	103,274,241
Significant non-cash transactions:			
Lease receivable written off		-	1,317,820
Lease Liability		12,673,059	9,977,227
Right-of-use asset		25,183,862	85,328,851
Re-measurement on employees' defined benefit		1,093,026	854,656

The attached notes form (1) to (39) as a part of these financial statements.

(All amounts are presented in Saudi Riyals)

1. INFORMATION ABOUT THE COMPANY AND ITS ACTIVITIES

Abdullah Al Othaim Investment Company (the "Company" or the "Parent Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010213454 and dated 19 Ramadan 1426H (corresponding to 22 October 2005). The registered office is located at Al Rabwah District, P.O. Box 85289, Riyadh 12821, KSA.

The Company and its subsidiaries (collectively referred to as the "Group") principal business activities include general constructions of residential and non-residential buildings, rental of investment properties, establishment and management of games and entertainment parks, wholesale retail trading in readymade garments, operate and manage restaurants and cafes.

The Company's offices address is 2351 Al Mashriqah, Ar Rawabi, Riyadh 14215, Riyadh - Kingdom of Saudi Arabia.

The company's fiscal year begins on the first of January and ends at the end of December of each year.

The consolidated financial statements include the assets, liabilities and result of operations of the Company and its subsidiaries (the "Group") set out below:

Subsidiary	Country of registration	2021G	2020G
		%	%
Abdullah Al Othaim for Entertainment Company (*)	Kingdom of Saudi Arabia	100%	100%
Abdullah Al Othaim Fashion Company	Kingdom of Saudi Arabia	100%	100%
Emtyiaz Al Riyadh for Trading	Kingdom of Saudi Arabia	100%	100%
Raeeda Complex Limited Company	Kingdom of Saudi Arabia	100%	100%
Nemar for Investment and Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%
Ethraa Al Hayat for Property Management	Kingdom of Saudi Arabia	100%	100%
Riyadh Al Waed for Property Management	Kingdom of Saudi Arabia	100%	100%
Elham Al mostaqbel for Property Management	Kingdom of Saudi Arabia	100%	100%
Takamul Al Aziziye for Property Management	Kingdom of Saudi Arabia	100%	100%
Othaim for Trading Malls Company	Kingdom of Saudi Arabia	100%	100%
Behar International for Investment Company	Kingdom of Saudi Arabia	100%	100%
Asasat Transportation for Operation and Maintenance Company	Kingdom of Saudi Arabia	100%	100%

(*) The following are the subsidiaries of Abdullah Al Othaim for Entertainment Company:

Subsidiary	Country of registration	2021G	2020G
		%	%
Fun World for Entertainment and Tourism	Egypt	100%	100%
Cairo For Operation and Maintenance	Egypt	100%	100%
Fun World Entertainment LLC – UAE	United Arab Emirates	100%	100%
International Leisure Company LLC	United Kingdom	100%	100%
Fun World Investments LLC – Qatar	Qatar	100%	100%
Fun World Entertainment LLC – Oman	Oman	100%	100%

(All amounts are presented in Saudi Riyals)

2. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO APPLYING IFRS AND NEW INTERPRETATIONS:

2.1 New standards, interpretations and amendments not yet effective

Following are the new standards and amendments to standards issued by the International Accounting Standards Board and which are effective for future accounting periods; however, the Group has not early adopted them in preparing these consolidated Financial Statements.

Standard	Description	Application Date
(IAS 37) Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 1st 2022G
(IAS 16) Property, Plant and Equipment	The amendment prohibits deducting proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of an item of PPE. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1st 2022G
(IFRS 1) First-time Adoption	Annual Improvements to IFRS Standards 2018G–2020G	January 1st 2022G
(IFRS 4) Insurance Contracts	Amendment related to the expiration date of the deferment	January 1st 2023G
(IFRS 16) Financial Statements Presentation	Amendments regarding Liabilities classification.	January 1st 2023G
(IFRS 9) Financial Instruments	Amendments relating to the linkage between IFRS 4 and IFRS 9	January 1st 2023G
(IFRS 17) Insurance Contracts	Amendments to address uncertainties and implementation challenges identified after IFRS 17	January 1st 2023G

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with the International Financial Reporting Standards" IFRS" that are applied in Kingdom of Saudi Arabia, according to requires the use of critical judgment and estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the notes besides the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities that might be affected in the future.

The key assumptions concerning the future and other key sources of uncertainty estimation at the consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below. In making its assumptions and estimates, the Company relies on standards available when preparing the consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are stated when they occur.

In view of the Corona pandemic outbreak (Covid-19), the management has reviewed the uncertainties about the main sources of the estimates that have been disclosed and taking into consideration the potential impact of the new Corona pandemic (Covid-19).

In preparing the consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

The implicit rate of return for lease contracts

The Group cannot easily determine the implicit rate of return for all lease contracts, and therefore it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the borrowing rate that the group must pay to borrow for a similar period, with similar guarantees to obtain an asset of value similar to the right of use leased asset in a similar environment.

The Group estimates the incremental borrowing rate using obtainable inputs (such as market rates of returns).

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgements (continued)

The implicit rate of return for lease contracts

Determining whether the Group is acting as an agent or principal

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified goods and services before they are transferred to its customers, as well as other indicators such as the party primarily responsible for fulfilment of the service and discretion in establishing price. The Group has concluded that it is a principal in all revenue arrangements.

Determination of performance obligation

In relation to the services provided to tenants of investment properties as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group.

Allocating the transaction price between performance obligations:

The Group has numerous schemes for customers under which on recharge of the specified card balances by the customers, customers get the bonus balance along with the recharged balance. The Group allocates the overall transaction price considering the overall balance that includes recharged amount plus the bonus balance and accordingly revenue is recognised when the performance obligation is satisfied that is the card balance is used.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgements (continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determination of control

Subsidiaries are all investees over which the Group has control. Management considers that it controls an entity when the Group us exposed to or has the rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

Going concern

The Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Components of investment properties and property and equipment

The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their estimated useful lives. When determining the useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group used its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow model ("DCF"). The cash flows are derived from the budget for the next five and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, considering legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits

Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type).

The provision matrix is initially based on the Groups' historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in specific sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive

to changes in circumstances and of forecast economic conditions. The Groups' historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Estimate of useful lives and residual values

The useful lives of property and equipment and investment properties are estimated based on the economic lives and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Employee defined benefit liability

The present value of the employees' defined benefits liabilities is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the Employees' terminal benefits liabilities.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary rate and future pension increase

Estimates of future salary increase, considers inflation, seniority, promotion and past history. Further details about employees' terminal benefits liabilities are provided in Note 19.

4. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Auditors and Accountants ("SOCPA") (referred to thereafter as "IFRS as endorsed in KSA").

Basis of measurement and functional currency

These consolidated financial statements have been prepared under the historical cost convention, except for investments classified as 'Fair value through other comprehensive income' and derivative financial instruments, which are measured at fair value, and defined benefit obligation, which is recognised at the present value of future obligations under the projected unit credit method.

The consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below:

Foreign currencies

Transactions and balances

Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income. Translation of non-monetary items depends on whether they are recognised at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Transactions and balances (continued)

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of comprehensive income).

Group companies

Assets and liabilities of foreign operations are translated into SR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights to the 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:

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

- The contractual arrangement (s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group 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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the shareholders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If a Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, and other component of equity, while any resultant gain or loss is recognized in income. Any investment retained is recognized at fair value.

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquire. For each business combination, the Group elects whether to measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9- "Financial Instruments: Recognition and Measurement", is measured at fair value with the changes in fair value recognized in the statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in statement of comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of assets and liabilities into current and non-current

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve month after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve month after the reporting period.

All other assets are classified as non-current.

A liability is current when It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve month after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve month after the reporting period.

The Group classifies all other liabilities as non-current.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of the assets is mentioned as below:

	Useful life
Lease hold improvements	10 years or lease term whichever is less
Machinery and equipment	10 years
Games	5-10 years
Vehicles	5-7 years
Computer and IT equipment	5-7 years
Furnitures and fixtures	3-8 years

Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property comprises completed property and property under construction or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. Investment property is stated at cost less accumulated depreciation and any impairment provision. Investment property (except for Land and investment property under construction) is depreciated using the straight–line method over the useful life of the properties as follow:

	Useful life
Buildings	50 years
Machinery and equipment	10 years
Furniture and fixtures	3-8 years
Leasehold improvements	10 years or lease term whichever is less

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, cost of replacing parts of the investment property and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in income in the period in which the expenditure is incurred.

Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

The estimated useful life for current and comparative periods is as follows:

	Number of years
Franchise fees	Agreement term
Computer software	3 years

Intangible assets are amortised on straight line basis.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of noncurrent-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market

transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations is recognised in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in income.

Financial instruments

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of noncurrent-financial assets (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs, lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Financial assets are classified at amortised cost

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through profit or loss ("FVOCI")

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at amortised cost ("AC")

This category is the most relevant to the Group. The Group measures financial assets at AC if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effectivxe interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes lease receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its investment in unquoted equity instruments under this category.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL.

For lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL, loans, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs. The Group's financial liabilities includes loans, trade payable, amounts due to related parties, accrual and other current liabilities, and Loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans

This is the category most relevant to the Group. After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gain and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities at FVTPL

Financial liabilities at FVTPL or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of investment properties for the purpose of disclosure. The involvement of external valuers is decided by the Group after discussion and approval by the Group’s management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of Interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 month or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method.

Net realisable value comprises estimated selling price less selling and distribution costs. Allowance is made, where necessary, for obsolete and slow-moving items.

Inventories are written down to net realisable value where the cost may not be recoverable owing to damage, obsolescence, or if the selling prices of the items of inventory have declined.

Cash and cash equivalents

For the purpose of the statement of cash flows, Cash and cash equivalents include cash, bank balances and short-term deposits with original maturities of three month, which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as financial charges.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' benefits

Employees' defined benefit liabilities

The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurements recognised in OCI are reflected immediately in retained earnings and will not be reclassified to income in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in income in relevant line items.

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve month after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Employees' defined contribution scheme

The Group has defined contribution plan with General Organisation for Social Insurance ("GOSI") where the Group contributes fixed percentage of the employees' salary towards the retirement of its employees, which qualify as defined contribution plan. Contribution payable to the defined contribution plan is recognised as an expense in the profit or loss.

Retirement benefits made to defined contribution plans are expensed when incurred.

Zakat and tax

Zakat

The Group is subject to the Regulations of The Zakat, Tax, and Customs Authority ("ZATCA") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the ZATCA.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and tax (continued)

Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in other comprehensive income is also recognised in OCI and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets are reviewed at reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. Deferred tax assets are disclosed under non-current assets as deferred tax assets.

Current and deferred tax is recognised as an expense or benefit in the statement of profit or loss and other comprehensive income except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in the statement of changes in shareholders' equity

Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Accrued revenue is recognised to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of comprehensive income when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of comprehensive income, since the management considers that the Group acts as an agent in this respect.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of game cards

Group sells rechargeable magnetic game cards to the customers for cash. The magnetic cards entitle the card holders gaming and riding services. Cash received at the time of sale of the cards is recorded as an unearned games revenue (contract liability) and revenue is recognised once the customer starts utilising the card. So, revenue is recorded on the basis of when service is passed to the customers.

The Group usually awards customers additional "Bonus Points", which are utilised in the same manner as regular purchased points. These Bonus Points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to Bonus Points awarded to customers based on relative stand-alone selling price and is recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer or upon expiry.

Sale of garments and other accessories

Revenue from sale of garments and other accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on completion and delivery of the orders. All sales are made on cash only or via electronic payments channel which are deposited into Group's bank account subsequently by the respective banks.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of meals, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. As the Group's sales of garments and other accessories are on cash basis only, the effects of variable considerations (for example, discounts, buy one get one free, etc.) are reduced from gross sales and revenue is recorded net of variable considerations. Some contracts for the sale of products provide customers with a right of return.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Determining the method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of garments and related accessories include a right of return that give rise to variable consideration.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of game cards (continued)

Sale of garments and other accessories (continued)

Determining the method to estimate variable consideration and assessing the constraint (continued)

In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of its products with rights of return, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Other income

All other income is recognised on an accrual basis when the Group's right to earn the income is established.

Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the capital. This reserve is not available for distribution.

Value added tax "VAT"

Revenue Expenses and assets are recognised net of the amount of VAT, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable and
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group's contract liability mainly represents the unutilised portion of magnetic cards balances or unused loyalty coupons.

(All amounts are presented in Saudi Riyals)

6. PROPERTY AND EQUIPMENT

	Leasehold improve-ments	Machinery and equipment	Games	Vehicles	Computer and IT equipment	Furniture's and fixtures	Capital work in progress	Total
Cost:								
Balance as at 31 December 2020G	258,350,833	95,736,641	333,228,225	8,229,414	41,164,750	69,927,187	8,242,230	814,879,280
Adjustments	-	46,054	-	-	-	-	-	46,054
Additions	19,035,577	3,279,452	9,329,833	-	2,224,101	574,312	11,977,689	46,420,964
Reclassification	(10,524,758)	-	-	-	-	10,524,758	-	-
Disposal	(3,731,778)	(1,264,504)	(10,398,568)	(706,930)	(1,084,567)	(3,294,493)	(308,674)	(20,815,514)
Balance as at 31 December 2021G	263,129,874	97,797,643	332,159,490	7,496,484	42,304,284	77,731,764	19,911,245	840,530,784
Accumulated depreciation:								
Balance as at 31 December 2020G	93,507,979	43,409,175	171,520,990	6,653,849	28,855,553	43,239,438	-	387,186,984
Adjustments	-	(42,395)	-	-	(7,914)	47,383	-	(2,926)
Charge for the year	22,251,412	8,899,629	29,141,463	653,743	4,893,292	6,110,520	-	71,950,059
Reclassification	(10,524,758)	-	-	-	-	10,524,758	-	-
Disposal	(3,612,124)	(1,336,364)	(7,486,650)	(628,060)	(934,838)	(3,035,270)	-	(17,033,306)
Balance as at 31 December 2021G	101,622,509	50,930,045	193,175,803	6,679,532	32,806,093	56,886,829	-	442,100,811
Net book value								
As at 31 December 2021G	161,507,365	46,867,598	138,983,687	816,952	9,498,191	20,844,935	19,911,245	398,429,973
As at 31 December 2020G	164,842,854	52,327,466	161,707,235	1,575,565	12,309,197	26,687,749	8,242,230	427,692,296

Depreciation is allocated as follow:	31 December 2021G	31 December 2020G
	SR	SR
Cost of revenue (Note 25)	59,961,334	60,739,563
General and administrative expenses (Note 27)	4,422,896	5,237,193
Selling and distribution expenses (Note 26)	7,565,829	9,050,316
	71,950,059	75,027,072

(All amounts are presented in Saudi Riyals)

6. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements	Machinery and equipment	Games	Vehicles	Computer and IT equipment	Furnitures and fixtures	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 31 December 2019G	247,152,957	93,985,482	326,519,016	8,099,314	40,221,377	75,433,296	11,651,660	803,063,102
Additions	13,007,834	2,385,164	16,069,176	508,300	1,065,070	1,211,090	15,642,846	49,889,480
Disposal	(1,809,958)	(634,006)	(850,641)	(378,200)	(121,696)	(6,717,199)	(19,052,277)	(29,563,977)
Balance as at 31 December 2020G	258,350,833	95,736,640	341,737,551	8,229,414	41,164,751	69,927,187	8,242,229	823,388,605
Accumulated depreciation:								
Balance as at 31 December 2019G	76,852,792	33,072,323	150,571,072	5,688,718	22,154,011	40,144,738	-	328,483,654
Charge for the year	18,218,135	10,803,649	30,240,014	1,091,306	6,799,590	7,874,378	-	75,027,072
Disposal	-	(385,616)	(780,770)	(297,675)	(98,049)	(6,252,307)	-	(7,814,417)
Balance as at 31 December 2020G	95,070,927	43,490,356	180,030,316	6,482,349	28,855,552	41,766,809	-	395,696,309
Net book value								
As at 31 December 2020G	163,279,906	52,246,284	161,707,235	1,747,065	12,309,199	28,160,378	8,242,229	427,692,296
As at 31 December 2019G	170,300,165	60,913,159	175,947,944	2,410,596	18,067,366	35,288,558	11,651,660	474,579,448

(All amounts are presented in Saudi Riyals)

7. INVESTMENT PROPERTIES

	Lands	Buildings	Machinery and equipment	Furniture and Fixtures	Lease hold improvement	Construction work in progress	Total
	SR	SR	SR	SR	SR	SR	SR
Cost :							
Balance as at 1 January 2020G - as previously issued	**747,236,395**	**1,515,361,656**	**242,886,678**	**9,627,439**	**14,239,664**	**382,750,415**	**2,912,102,247**
Adjustments (note 35)	-	(3,862,881)	-	-	-	-	(3,862,881)
Balance as at 1 January 2020G - Restated	**747,236,395**	**1,511,498,775**	**242,886,678**	**9,627,439**	14,239,664	382,750,415	2,908,239,366
Additions	5,207,062	8,505,397	-	-	575,427	38,314,703	52,602,589
Disposal	-	-	-	-	-	(20,389,079)	(20,389,079)
Balance as at 31 December 2020G (restated)	752,443,457	1,520,004,172	242,886,678	9,627,439	14,815,091	400,676,039	**2,940,452,876**
Adjustment	-	(175,878)	-	-	(1,204,539)	-	(1,380,417)
Additions	598,030,000	120,952	525,955	-	1,585,140	55,988,824	656,250,871
Transferred from construction work in progress	-	779,358	-	-	4,966,831	(9,388,049)	(3,641,860)
Disposal	(4,922,336)	(10,353)	(47,932)	(1,996)	-	-	(4,982,617)
Balance as at 31 December 2021G	1,345,551,121	1,520,718,251	243,364,701	9,625,443	20,162,523	447,276,814	3,586,698,853
Accumulated depreciation:							
Balance as at 1 January 2020G – as previously issued	-	376,376,706	185,260,514	8,911,030	4,109,733	-	574,657,983
Adjustments (note 35)		19,633,692	-	-	-	-	19,633,692
Balance as at 1 January 2020G – Restated		396,010,398	185,260,514	8,911,030	4,109,733	-	594,291,675
Charge for the year	-	41,414,225	8,605,137	359,049	1,475,830	-	51,854,241
Balance as at 31 December 2020G (Restated)	-	437,424,623	193,865,651	9,270,079	5,585,563	-	646,145,916
Adjustments	-	(1,283,171)	47,884	(113,224)	-	-	(1,348,511)
Charge for the year	-	41,060,724	8,445,001	217,948	2,131,552	-	51,855,225
Disposal	-	-	(47,931)	(1,994)	-	-	(49,925)
Balance as at 31 December 2021G	-	**477,202,176**	**202,310,605**	**9,372,809**	**7,717,115**	-	**696,602,705**

(All amounts are presented in Saudi Riyals)

7. INVESTMENT PROPERTIES (continued)

	Lands	Buildings	Machinery and equipment	Furniture and Fixtures	Lease hold improvement	Construction work in progress	Total
	SR	SR	SR	SR	SR	SR	SR
Net book value							
As at 31 December 2021G	1,345,551,121	1,043,516,075	41,054,096	252,634	12,445,408	447,276,814	2,890,096,148
As at 31 December 2020G	752,443,457	1,082,579,549	49,021,027	357,360	9,229,528	400,676,039	2,294,306,960
As at 1 January 2020G	747,236,395	1,115,488,377	57,626,164	716,409	10,129,931	382,750,415	2,313,947,691

Fair value of the investment properties as at 31 December 2021G amounted to SR 5,721,137,234 (31 December 2020G: SR 4,876,400,000). An independent third party, Colliers International ("Valuer") license number 1220001784 has performed the valuation of the investment properties using the discounted cash flow approach (31 December 2020G: discounted cash flow approach). The Valuer has appropriate qualifications and experience in the valuation of properties.

The fair value hierarchy for the investment properties for disclosure purpose is grouped in level 3, with significant inputs being directly or indirectly observable

Certain lands and buildings with an aggregate book value of SR 1,260 million (31 December 2020G: SR 849.2 million) are pledged with local banks

Following is a description of valuation technique used and key inputs to valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		31 December 2021G	31 December 2020G
DCF method	Estimated rental value per sqm per month	SR 99.73	SR 97
	Rent growth per annum	2.25%	2.25%
	Long-term vacancy rate	13.50%	13.50%
	Discount rate	13%	13%

	31 December 2021G	31 December 2020G
	SR	SR
Rental income derived from investment properties (Note 24)	436,819,518	364,980,959
Direct costs generating rental income	(196,767,014)	(135,226,953)
	240,052,504	229,754,006

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct, and develop or sale investment properties or for repairs, maintenance and enhancements except for construction work in progress.

(All amounts are presented in Saudi Riyals)

8. INTANGIBLE ASSETS

Intangibles assets represent mainly software and franchise fees.

	31 December 2021G	31 December 2020G	01 January 2020G
Cost:			
At the beginning of the year	8,827,506	8,827,506	8,377,130
Addition	-	-	584,895
Disposal	(17,785)	-	(134,519)
At end of the year	8,809,721	8,827,506	8,827,506
Accumulated amortisation:			
At the beginning of the year	5,796,554	5,108,471	4,392,710
Charge for the year	573,547	688,083	817,872
Disposal	(6,269)	-	(102,111)
At end of the year	6,363,832	5,796,554	5,108,471
Net Book Value	2,445,889	3,030,952	3,719,035

During prior years, the Group entered into franchise agreements with franchisors. Under these agreements, the Group obtained the right to operate retail shops under the respective obtained brand name. Useful life of the obtained franchises is determined to be 4 to 5 years. Management amortise franchise fees on a straight-line basis based on the terms of the agreement.

9. RIGHT OF USE ASSETS

	31 December 2021G	31 December 2020G	01 January 2020G
Cost:			
At the beginning of the year	650,230,515	735,559,367	659,240,813
Additions	25,183,862	3,979,941	77,158,718
Disposals	(124,606,200)	(89,308,793)	(840,165)
At end of the year	550,808,177	650,230,515	735,559,366
Accumulated depreciation:			
At the beginning of the year	270,858,368	218,912,920	163,590,736
Charge for the year	62,068,584	59,709,086	55,322,184
Disposals	(127,766,019)	(7,763,638)	-
At end of the year	205,160,933	270,858,368	218,912,920
Net book value			
At end of the year	345,647,244	379,372,147	516,646,446

(All amounts are presented in Saudi Riyals)

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021G	31 December 2020G	01 January 2020G
Refundable deposits	10,253,838	10,197,062	8,007,848
Prepayments	7,882,178	6,433,337	4,288,524
Prepaid rent	2,162,400	3,101,261	428,747
Employees' receivables	1,232,143	805,711	1,609,986
Prepaid expenses	10,819,469	5,485,591	5,497,926
Other	6,516,939	5,195,174	606,691
	38,866,967	31,218,135	20,439,722

11. ADVANCES TO CONTRACTORS

	31 December 2021G	31 December 2020G	01 January 2020G
	SR	SR	SR
Advance payment to contractors and suppliers *	37,217,355	50,978,594	64,073,674
Advance payment to owner	-	25,160,235	-
Less: Provision against advances to contractors and suppliers	(15,821)	(2,000,756)	(944,902)
	37,201,534	74,138,073	63,128,772

(*) This amount represents the advance payment related to construction work for ongoing projects: Hafr Al-Batin Mall, Al-Khafji Mall, Khurais Mall and few others. The works are expected to be completed in full during 2023G

12. INVESTMENTS IN ASSOCIATES

	31 December 2021G	31 December 2020G	01 January 2020G
Investment in Associate	2,913,496	1,419,676	-
	2,913,496	1,419,676	-

Company	% Shareholding	At 31 December 2020G	Share in results	At 31 December 2021G
Wamdah for cinema-Closed Joint Stock *	55%	610,260	144,350	754,610
Saudi Pillar Contracting Company **	70%	809,416	1,349,470	2,158,886
	-	1,419,676	1,493,820	2,913,496

(*) Wamdah for cinema company is managed and controlled by bright mind for education who has 45% of equity and the company did not start operation yet.

(**) Saudi Pillar contracting company is managed and controlled by Youssef Al-Hassoun who has 20% of equity.

(All amounts are presented in Saudi Riyals)

13. INVENTORIES

	31 December 2021G	31 December 2020G	01 January 2020G
Goods ready for resale	48,865,428	42,658,686	44,028,032
Consumables and other materials	4,265,948	6,695,207	19,879,577
Spare parts	7,950,139	6,331,776	7,865,043
	61,081,515	55,685,669	71,772,652
Less: provision for slow moving items	(2,984,948)	(4,292,965)	(9,822,056)
	58,096,567	51,392,704	61,950,596

Following is the movement for provision in slow moving items

	At 31 December 2021G	At 31 December 2020G	1 January 2020G
At the beginning of the year	4,292,965	9,822,056	4,453,197
Provided during the year	103,864	1,308,423	5,368,859
Provision no longer required	(1,411,881)	(6,837,514)	-
At the end of the year	2,984,948	4,292,965	9,822,056

14. LEASE RECEIVABLES

	31 December 2021G	31 December 2020G	01 January 2020G
Lease receivables	270,189,168	397,865,621	217,391,374
Less: Provision for expected credit losses	(50,761,550)	(50,761,550)	(24,761,550)
Less: Discount provision for tenant	(80,156,327)	(160,395,862)	(63,977,082)
	139,271,291	186,708,209	128,652,742

Following is the movement for provision of expected credit losses:

At beginning of the year	50,761,550	24,761,550	-
Provided during the year	-	26,000,000	24,761,550
At end of the year	50,761,550	50,761,550	24,761,550

(All amounts are presented in Saudi Riyals)

15. LEASE LIABILITY

	31 December 2021G	31 December 2020G	01 January 2020G
At the beginning of the year	423,255,915	561,877,910	540,091,396
Additions	25,183,862	3,979,941	77,156,728
Finance cost (Note 28)	12,673,059	14,030,409	16,102,981
Termination of lease contracts	3,159,819	(86,292,264)	-
Lease payment	(70,189,159)	(70,340,081)	(71,473,195)
At end of the year	394,083,496	423,255,915	561,877,910
Current portion lease liabilities	65,675,882	73,881,666	203,138,279
Non-current lease liabilities	328,407,614	349,374,249	358,739,631
	394,083,496	423,255,915	561,877,910

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Group's management.

Following is a list of related parties of the Group:

Related party	Nature of relationship
Othaim Market Company	Shareholder
Al Othaim Holding Company	Shareholder
Qyol for Real Estate Investment	Affiliate
Promissing Riyadh Real Estate Company	Subsidiary
International Leisure Company Ltd.	Subsidiary
Fun World For Amusement Parks	Subsidiary
Premium Retail Company	Affiliate
Global Enterprise Team Limited Company	Affiliate
Euro Enterprise Team Limited Company	Affiliate
World of Adventure Limited Company	Affiliate
Ledar for Real Estate Investment	Affiliate
Lilyan Company	Affiliate
Orion Holding Limited Company	Affiliate
FunWorld International Investment Company	Subsidiary

(All amounts are presented in Saudi Riyals)

16. RELATED PARTY TRANSACTIONS AND BALANCES

16.1 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	31 December 2021G	31 December 2020G
Salaries and short-term benefits	7,656,006	2,111,793
End-of-service benefits	289,863	1,286,830
Total key management compensation	7,945,869	3,398,623

16.2 Related party transactions

During the year, the Group transacted with its related parties. The terms of those transactions are approved by management in the ordinary course of business. The significant transactions and the related amounts are as follows :

Name of related parties	Nature of transaction	31 December 2021G	31 December 2020G
		SR	SR
Othaim Holding Company	Expenses paid on behalf	164,657	676,161
Othaim Market Company	Rental revenue	17,248,051	14,149,063
	Rental expense	35,674,500	26,391,201
	Payments on behalf of the company	264,216	824,301
	Intercompany charges	231,215	424,465
Wamdah For Cinemas (closed Joined Company)	Net rental revenue	598,885	-
	Expenses paid on behalf	19,810	58,156
	Payment to an associate	53,233,918	34,774,222
Saudi Pillar For Construction Company	Construction service received	5,021,477	16,239,749
Faw International	Adjustment on behalf	2,096,100	15,000,000
Al Rajhi Investment Banking	Rental revenue	1,029,265	-

(All amounts are presented in Saudi Riyals)

16. LEASE LIABILITY (continued)

16.3 Related party balances

The following table summarizes related parties' balances:

i) Amounts due from related parties

	31 December 2021G	31 December 2020G	01 January 2020G
Othaim Holding	-	-	75,876,880
Wamdah for Cinema (Closed Joined Company)	88,086,106	34,832,378	-
Othaim Market Company	5,125,576	3,495,538	19,301,705
Premium Retail Company	-	-	11,137,719
Qyol for Real Estate Investment	668,425	668,425	668,425
International Leisure Company Ltd	-	-	624,464
Saudi Pillar	1,684,606	-	-
Fun World for Amusement Parks	-	-	28,001
Fun world – Bahrain	2,987,987	-	-
Liliane for Trade Establishment	16,854	-	-
	98,569,554	38,996,341	107,637,194

Management conducted an impairment review as required under IFRS 9 for amounts due from related parties, based on such assessment, management believe that there is no significant impairment against the carrying value the outstanding balances of amounts due from related parties.

ii) Amounts due to related parties:

	31 December 2021G	31 December 2020G	01 January 2020G
	SR	SR	SR
Orion Holding Limited Company	391,383	393,000	44,744
FAW International Company	12,903,900	15,000,000	-
	13,295,283	15,393,000	44,744

(All amounts are presented in Saudi Riyals)

17. CASH AND CASH EQUIVALENTS

	31 December 2021G	31 December 2020G	01 January 2020G
	SR	SR	SR
Bank balances	24,043,056	17,685,135	62,777,241
Time deposits (*)	56,500,001	84,028,701	20,102,802
Cash at hand	2,154,532	1,560,405	3,415,091
	82,697,585	103,274,241	86,295,134

(*) The maturity of the deposits is three month or less and earns interest according to the relevant short-term deposit rates.

18. LOANS

The loans outstanding balance is sub-divided into current and Non-Current as follows:

	31 December 2021G	31 December 2020G	01 January 2020G
Current portion of loans	272,320,652	212,862,320	133,966,668
Non-current portion of loans	1,382,983,699	1,153,804,350	335,866,668
	1,653,454,351	1,366,666,670	469,833,336

And we can summarize the following

- Loans bears financing charges at market rates, which are generally based on Saudi Inter Bank Offer Rate ("SIBOR") plus 1.00% - 1.75% and that changed according to the new deals to be (SIBOR +0.85%)
- The Company added 2 additional loans from commercial Bank with the same rate as a part of deal.
- The company added a short-Term loan from local commercial bank to cover shortfall in working capital requirements.
- These facilities are secured by corporate guarantees and promissory notes issued by the shareholders, acknowledgement of assignment of project proceeds, mortgage over lands and building, with carrying value of SR 1,260 million (2020G: SR 849.2 million)
- These loans are repayable on installments according to the terms of the agreements up to year 2028G.
- The total installments paid to loans during the year 2021G is amounted to SR 210,987,319/-

(All amounts are presented in Saudi Riyals)

19. EMPLOYEES' DEFINED BENEFITS LIABILITY

	31 December 2021G	31 December 2020G
	SR	SR
Current service cost	4,118,113	4,470,618
Finance cost on benefit liabilities	426,327	625,166
	4,544,440	5,095,784

Movement of present value of employees' terminal benefits liabilities

	31 December 2021G	31 December 2020G	01 January 2020G
	SR	SR	SR
At beginning of the year	22,526,090	22,421,356	17,323,623
Total benefit expense	4,544,440	5,095,784	5,982,601
Remeasurement gain on employees' benefit liabilities	(1,093.026)	(854,656)	669,994
Benefits paid	(4,725,120)	(4,136,394)	(1,554,862)
At the end of the year	21,252,384	22,526,090	22,421,356

The significant actuarial assumptions used in benefits liabilities computation:

	31 December 2021G	31 December 2020G
Discount rate	2.5% - 3.00%	2.5% - 2.75%
Salary growth rate	3%	3%
Retirement age	60 years	60 years

(All amounts are presented in Saudi Riyals)

19. EMPLOYEES' DEFINED BENEFITS LIABILITY (continued)

Employees' terminal benefits liabilities sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2020G and 31 December 2021G is shown below:

31 December 2021G	Change in Assumption	Base value	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
		SR	SR	SR
Discount rate	+/-1%	21,250,084	20,176,774	23,533,104
Salary growth rate	+/-1%	21,250,084	23,520,938	20,173,683

31 December 2020G			Impact on defined benefit obligation	
	Change in	Base value	Increase in assumption	Decrease in assumption
	Assumption	SR	SR	SR
Discount rate	+/-1%	22,526,090	20,918,043	24,294,143
Salary growth rate	+/-1%	22,526,090	24,355,351	20,919,087

20. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2021G	31 December 2020G	01 January 2020G
Retention payable	44,687,574	54,596,782	56,263,009
Accrued expenses	19,765,426	6,766,934	29,236,999
Unearned rental income	43,711,755	4,418,133	42,054,400
Employees' accruals	6,458,649	5,869,654	3,160,572
Advance from customers	624,642	5,699,847	4,400,125
Accrued finance cost	703,947	3,114,834	16,923,019
Accrued construction work	192,621	192,620	23,575,461
Value-added tax payable	2,743,423	2,685,154	-
Other accruals	9,797,883	10,428,387	20,961,144
	128,685,920	93,772,348	196,574,729

(All amounts are presented in Saudi Riyals)

21. ZAKAT AND TAX

(1) Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 December was as follows:

	31 December 2021G	31 December 2020G	01 January 2020G
	SR	SR	SR
At the beginning of the year	8,654,470	11,641,605	19,242,524
Zakat provision for the year	4,063,694	4,907,999	11,939,245
Tax provision for the year	-	271,826	763,235
Paid during the year	(5,818,819)	(8,166,960)	(20,303,399)
At the end of the year	6,899,345	8,654,470	11,641,605

(2) Deferred tax

	31 December 2021G	31 December 2020G	01 January 2020G
Tax value of property and equipment and intangible assets	19,524,062	22,664,129	25,003,008
Less:			
Accounting value of property and equipment and intangible assets	(9,128,496)	(13,717,446)	(17,422,264)
Taxable (deductible) temporary difference	10,395,566	8,946,683	7,580,744
Deferred tax at rate of 22.5%	2,389,939	2,013,004	1,705,667

The charge during the year can be shown on the income statement as follows:

	31 December 2021G	31 December 2020G	01 January 2020G
Deferred tax on 1 January	2,013,003	1,705,666	-
Deferred tax at 22.5%	373,043	271,826	763,236
Differences and adjustments resulting from the translation and consolidation of the financial statements	3,893	35,512	942,431
Deferred tax at the end of the year	2,389,939	2,013,004	1,705,667

(All amounts are presented in Saudi Riyals)

Status of assessments

Abdullah Al Othaim for Investments Company

The company has submitted its zakat returns to the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2020G. Zakat assessments have been raised by the GAZT from 2013 to 2015. The company did not receive any zakat assessments from 2016 to 2020G.

Subsidiaries located in the Kingdom of Saudi Arabia

The subsidiaries have submitted their zakat returns to the GAZT for the years up to 31 December 2020G. No zakat assessments have been performed by GAZT from the establishment of those subsidiaries

Subsidiaries located in Gulf Cooperation Council countries

Subsidiary companies located in United Arab Emirates and Qatar are not subject to income tax. In Oman the first return of income for the year 2019G will be filed with the respective tax authority.

Other subsidiaries

Other subsidiary companies have submitted their tax returns. No assessments have been raised by relevant authorities.

22. SHARE CAPITAL

The Company's share capital at 31 December- 2021G and 31-December-2020G amounted to SR 1,000,000,000 consisting of 100,000,000 fully paid and issued shares of SR 10 each.

23. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the share capital. This reserve is not available for dividend distribution.

24. REVENUE

We can divide the revenue as per its segments as per follow

Segment	31 December 2021G	31 December 2020G
	SR	SR
Rent revenue (*)	429,596,745	479,602,070
Entertainment revenue	249,199,952	163,804,598
Retail revenue	148,686,453	154,982,378
Services revenue	49,079,242	50,371,400
Restaurants revenue	15,852,604	14,558,726
Advertisement revenue	7,667,868	6,724,240
Discount	(70,569,584)	(122,563,538)
COVID-19 discount	(11,044,316)	(60,922,301)
	818,468,964	686,557,573

(*) The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms of between 1 to 2 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

(All amounts are presented in Saudi Riyals)

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	31 December 2021G	31 December 2020G
	SR	SR
Within 1 year	327,031,102	333,149,341
After 1 year but not more than five years	340,485,671	318,444,847
More than five years	101,897,390	124,523,850
	769,414,163	776,118,038

In the following table, revenue is disaggregated by type of sector, customer, and duration of contracts and timing of revenue recognition as shown below:

	December 2021G	31 December 2020G
Type of sector		
Private sector	818,468,964	686,557,573

Duration of contracts	December 2021G	31 December 2020G
	SR	SR
More than one year	359,027,161	296,116,231
Less than one year	459,441,803	390,441,342
	818,468,964	686,557,573

25. COST OF REVENUE

	31 December 2021G	31 December 2020G
Cost of goods sold	93,464,160	70,206,077
Depreciation of property, plant, and equipment	112,287,400	113,518,918
Employees' salaries and other benefits	80,650,868	65,945,877
Utilities	64,646,063	49,403,472
Amortization – intangible assets (Note 8)	263,678	263,678
Depreciation – right of use assets (Note 9)	49,970,399	46,016,877
Outsource services	15,898,863	12,176,147
Maintenance	14,158,057	11,446,121
Rent	10,314,692	8,916,154
	441,654,180	377,893,321

(All amounts are presented in Saudi Riyals)

26. SELLING AND DISTRIBUTION EXPENSES

	31 December 2021G	31 December 2020G
Employees' salaries and other benefits	27,189,537	28,076,468
Advertisement	11,990,284	9,452,825
Depreciation – right of use assets (Note 9)	11,754,172	12,717,874
Depreciation of property, plant, and equipment	7,614,073	9,050,316
Franchisee fees	8,295,634	5,588,782
Utilities	1,961,344	1,350,101
Amortization - intangible assets (Note 8)	107,279	110,377
Others	7,923,523	2,221,600
	76,835,846	68,568,343

27. GENERAL AND ADMINISTRATION EXPENSES

	31 December 2021G	31 December 2020G
Employees' salaries and other benefits	37,829,083	32,554,231
Depreciation of property, plant, and equipment	3,902,421	5,237,193
Insurance	66,450	67,276
Amortization - intangible assets (Note 8)	1,087,827	10,710
Depreciation – right of use assets (Note 9)	202,590	974,335
License	1,705,161	891,142
Rent	303,767	886,660
Professional fees	6,146,203	1,030,446
Maintenance	613,130	942,501
Others	10,893,964	7,688,851
	62,750,596	50,283,345

28. FINANCE COST

	December 2021G	31 December 2020G
Finance charges	27,029,922	45,636,264
Finance cost – leases (Note 15)	12,673,059	14,030,409
Interest cost on benefit liabilities (Note 19)	426,327	625,166
	40,129,308	60,291,839

(All amounts are presented in Saudi Riyals)

29. OTHER INCOME (EXPENSES)

	31 December 2021G	31 December 2020G
Gain from sale of investment property *	20,888,884	-
Loss on sale of property and equipment (Note 7)	(2,959,444)	(3,624,932)
Liability no longer required written back	-	19,154,441
Provision for expected credit losses and discount provision for tenant (Note 14)	-	(26,000,000)
Gain (loss) on foreign currency translation	1,768,167	(677,135)
Reversal of provision for claims	2,088,635	-
Other	5,712,949	-
	27,499,196	(11,147,626)

30. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments by category

Financial instruments for the year ending 31 December 2021G have been categorised as follows:

	Carrying value			Fair value		
	Financial assets at Fair Value through Other Comprehensive Income	Amortized cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	82,697,585	82,697,585	-	82,697,585	-
Amounts due from related parties	-	98,569,554	98,569,554	-	98,569,554	-
Lease receivables	-	139,271,291	139,271,291	-	139,271,291	-
	-	320,538,430	320,538,430	-	320,538,430	-
Financial liabilities						
Lease liabilities	-	394,083,496	394,083,496	-	394,083,496	-
Trade payables	-	56,245,771	56,245,771	-	56,245,771	-
Retentions Payable	-	44,687,574	44,687,574	-	44,687,574	-
Accrued finance Cost	-	703,947	703,947	-	703,947	-
Amounts due to related parties	-	13,295,283	13,295,283	-	13,295,283	-
Loans	-	1,653,454,351	1,653,454,351	-	1,653,454,351	-
	-	2,162,470,422	2,162,470,422	-	2,162,470,422	-

(All amounts are presented in Saudi Riyals)

30. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Financial instruments for the year 31 December 2020G have been categorised as follows:

	Carrying value			Fair value		
	Financial assets at Fair Value through Other Comprehensive Income	Amortized cost	Total	Level 1	Level 2	Level 3
	SR	SR	SR	SR	SR	SR
Financial assets						
Cash and cash equivalents	-	103,274,241	103,274,241	-	103,274,241	-
Amounts due from related parties	-	38,996,341	38,996,341	-	38,996,341	-
Lease receivables	-	186,708,209	186,708,209	-	186,708,209	-
	-	**328,978,791**	**328,978,791**	-	**328,978,791**	-
Financial liabilities						
Lease liabilities	-	423,255,915	423,255,915	-	423,255,915	-
Trade payables	-	62,930,511	62,930,511	-	62,930,511	-
Retentions Payable	-	54,596,782	54,596,782	-	54,596,782	-
Accrued finance Cost	-	3,114,834	3,114,834	-	3,114,834	-
Amounts due to related parties	-	15,393,000	15,393,000	-	15,393,000	-
Loans	-	1,366,666,670	1,366,666,670	-	1,366,666,670	-
	-	**1,925,957,712**	**1,925,957,712**	-	**1,925,957,712**	-

(All amounts are presented in Saudi Riyals)

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Group's activities expose it to a variety of financial risks, market risk, credit risk, and liquidity risk.

Financial instruments in the Company's statement of financial position include investments at fair value through profit or loss and other comprehensive income, cash and cash equivalents, other assets, account receivable, and other liabilities.

a) Market risk

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

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD").

The fluctuation in exchange rates against USD is monitored on a continuous basis.

Commission rate risk

Commission rate Risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily leasing receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

	31 December 2021G	31December 2020G
	SR	SR
Cash and cash equivalents	80,543,053	101,713,836
Amounts due from related parties	98,569,554	38,996,341
Lease receivable	139,271,291	186,708,209
	318,383,898	327,418,386

(All amounts are presented in Saudi Riyals)

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Credit risk (continued)

b) Lease receivable (continued)

Set out below is the information about the credit risk exposure on the Group's lease receivables using a provision matrix:

31 December 2021G	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	3%	51,927,873	1,666,068
93 to 185 days	4%	30,133,847	1,360,478
186 to 277days	6%	23,327,987	1,4251,67
278 to 366 days	12%	33,511,336	3,937,326
367 to 459 days	17%	36,510,673	6,307,455
460 to 551 days	26%	22,177,456	5,809,453
More than 552 days	41%	72,599,995	30,255,604
		270,189,168	50,761,550

31 December 2020G	Expected credit loss rate %	Estimated total gross carrying amount at default SR	Estimated credit loss SR
Less than 92 days	1%	62,186,577	1,360,478
93 to 185 days	2%	129,806,385	1,425,167
186 to 277days	3%	61,738,012	1,666,068
278 to 366 days	9%	44,455,036	3,937,326
367 to 459 days	26%	24,407,694	6,307,455
460 to 551 days	36%	15,983,095	5,809,453
More than 552 days	51%	59,288,822	30,255,604
		397,865,621	50,761,550

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

(All amounts are presented in Saudi Riyals)

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2021G	Less than 6 month	Between 6 and 12 month	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR
Lease liabilities	20,816,967	44,858,915	42,025,056	226,855,673	59,526,885	394,083,496
Loans	138,889,493	131,581,159	266,862,319	868,413,044	247,708,336	1,653,454,351
Retentions payable	-	44,687,574	-	-	-	44,687,574
Accrued finance Cost	-	703,947	-	-	-	703,947
Trade payables	-	56,245,771	-	-	-	56,245,771
Amounts due to related parties	-	13,295,283	-	-	-	13,295,283
Total	159,706,460	291,372,649	308,887,375	1,095,268,717	307,235,221	2,162,470,422

31 December 2020G	Less than 6 month	Between 6 and 12 month	Between 1 and 2 years	Between 1 and 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR	SR
Lease liabilities	-	73,881,666	-	349,374,249	-	423,255,915
Loans	106,431,159	106,431,159	212,862,319	425,724,638	515,217,395	1,366,666,670
Retentions payable	-	54,596,782	-	-	-	54,596,785
Accrued finance Cost	-	3,114,834	-	-	-	3,114,834
Trade payables	-	62,930,511	-	-	-	62,930,511
Amounts due to related parties	-	15,393,000	-	-	-	15,393,000
Total	106,431,159	316,347,952	212,862,319	775,098,887	515,217,395	1,925,957,715

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. The Company's terms of sales require amounts to be paid either on a cash on delivery or on a term's basis.

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Market risk

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

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: Commission rate risk, foreign currency risk, and equity price risk.

Commission rate risk

Commission risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate due to changes in the market commission rates. The Group to the risk of changes in market commission rates relates primarily to the Group's term loans obligations with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Commission rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans affected. With all other variables held constant, as follows:

Profit (loss) through OCI	31 December 2021G	31December 2020G
	SR	SR
Floating rate debt:		
SIBOR +/- 100 basis points	16,924,783	13,666,667

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Management monitors the fluctuations in currency exchange rates and believes that effect of the currency fluctuation will not be material.

Equity price risk

The Group's quoted and unquoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For unquoted equity instruments the maximum risk is equal to the carrying amount of those investments.

(All amounts are presented in Saudi Riyals)

31. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, commission bearing loans, accounts and other payables, less cash and cash equivalent balances.

	31 December 2021G	31December 2020G
	SR	SR
Total liabilities	2,283,139,628	2,003,176,055
Less: Cash and cash equivalents	(82,697,585)	(103,274,241)
Net debt	2,200,442,043	1,899,901,814
Total equity	1,811,096,620	1,588,373,679
Debt to adjusted capital ratio	1.21	1.19

32. DIVIDENDS

	31 December 2021G	31December 2020G
As at 1 January	-	-
Dividends declared	-	100,000,000
Dividends paid	-	(100,000,000)
	-	-

Shareholders of the Company, in their annual general assembly meeting held on 30 June 2020G, approved dividends distribution for the year ended 31 December 2019G amounted to SR 100 million (SR 10 per share).

33. COMMITMENTS AND CONTINGENCIES

Commitments	31 December 2021G	31December 2020G
	SR	SR
Capital commitments *	118,640,388	635,300,000
Letter of credit and guarantee	54,467,113	40,099,519

(All amounts are presented in Saudi Riyals)

- Contingent claims

The company is being sued by one of its customers with total claim of SR 36 million and the management believes that no liability will be resulted from this legal suite based on the opinion of the legal advisor and the case was dismissed in favour of the Company in the first-degree court resolution.

34. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share for the ordinary shareholder's for the year ended 31 December 2021G, 2020G are calculated based on the weighted average number of shares outstanding during the year.

	31 December 2021G	31December 2020G
	SR	SR
Profit	221,655,308	113,827,298
Average number of shares	100,000,000	100,000,000
	2.21	1.14

35. RESTATEMENT

The Company restated certain amounts and balances included in the prior years as the transactions to which these balances relate, had not been accounted for correctly, and accordingly adjusted in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The details of each of such restatements have been summarized below:

31 December 2020G	Previously Reported	Restatement (1,2)	Re-classification (3,4,5,6)	Restated
Statement of financial position				
Investment Properties	2,320,238,057	(25,931,097)	-	2,294,306,960
Advances to contractors	72,138,009	-	2,000,064	74,138,073
Lease Receivables	206,511,204	-	(19,802,995)	186,708,209
Prepayments and other current assets	33,218,199	-	(2,000,064)	31,218,135
Retained Earnings	(485,659,124)	27,104,274	-	(458,554,850)
Statutory reserve	(133,896,940)	3,011,585		(130,885,355)
Lease Liability	(340,090,950)	-	(9,283,299)	(349,374,249)
Trade payables	(58,745,749)	(4,184,762)	-	(62,930,511)
Accruals and other current liabilities	(122,858,642)	-	29,086,294	(93,772,348)
Statement of profit or loss				
Cost of sales	(375,458,797)	(2,434,524)	-	(377,893,321)
General & Administrative Expense	(151,581,310)	-	101,297,965	(50,283,345)
Other revenues (expenses)	14,852,374	-	(101,297,965)	(86,445,591)

1 January 2020G	Previously Reported	Restatement (1,2)	Re-classification	Restated
Statement of financial position				
Investment Properties	2,337,444,264	(23,496,573)	-	2,313,947,691
Retained Earnings	(480,168,828)	24,913,202	-	(455,255,626)
Statutory Reserve	(122,270,758)	2,768,133	-	(119,502,625)
Trade payables	(70,873,304)	(4,184,762)	-	(75,058,066)

35. RESTATEMENT (continued

Restatement (1)

The impact of calculating the depreciation of investment properties as a result of incorrect estimate of the useful life of buildings when it capitalized in prior years, to comply with the requirements of IAS (8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Restatement (2)

The effect of a delay penalties imposed on a contractor and previously recorded as other income instead of decreasing the investment property cost when it capitalized in prior years and recalculating the depreciation expense for those years and recording the amount owed to the contractor.

Restatement (3)

Reclassification of advances to vendors from "Prepayments and other current assets" to "Advances to contractors".

Restatement (4)

Reclassification of provision for expected credit losses amounted to 19,802,995 from "Accruals and other current liabilities" to be presented as a deduction from "Lease Receivables".

Restatement (5)

Reclassification an amount of 9,283,299 related to liability of lease contracts incorrectly classified in Accruals and other current liabilities.

Restatement (6)

Reclassification of Expected credit losses expenses amounted to 101,297,965 from general and administrative expenses to other (expenses) revenues.

36. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year

37. SUBSEQUENT EVENT

On March 16, 2022G (corresponding to Shaaban 12 1443 H), the Capital Market Authority (CMA) board issued a resolution approving Abdullah Al Othaim Investment Co.'s application for the offering of 30 million shares, representing 30% of its share capital.

38. THE CONSOLIDATED FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the board of directors of the Company on 02 March 2022G.

(All amounts are presented in Saudi Riyals)

39. COMMERCIAL REGISTER AND SUB-REGISTERY

The Company operates through the main register and the following sub-registers;

Location	Expiry Date (H)	Branch commercial registration number	Location	Expiry Date (H)	Branch commercial registration number
Riyadh	1446-09-16	1010213454	Arar - Othaim Mall	1445-06-01	3450174729
Riyadh - Al-Rabwah District	1443-03-19	1010218374	Hail - Al-Nugra District	1444-03-10	3350146276
Riyadh - Khurais Commercial Complex	1445-03-03	1010263310	Riyadh	1443-02-06	1010228886
Riyadh - Eastern Ring Road, Exit 16	1446-06-23	1010289509	Onaizah	1444-12-25	1128181067
Buraydah - Al-Iskan district	1444-05-21	1131026422	Buraydah	1444-06-19	1131048409
Hail - King Saud Road	1443-06-10	3350044573	Dammam - Abdullah Fuad District - Prince Muhammad Street	1444-03-03	2050088399
Riyadh - Al-Rabwah District	1445-02-28	1010263061	Dhahran - Dhahran Complex - Prince Muhammad Road	1445-01-20	2052002328
Dammam	1443-04-11	2050075153	Al-Ahsa - Mubarraz - Othaim Mall	1445-01-17	2252055036
Rabwah District - Eastern Ring	1444-10-18	1010452601	Hail - Grand Mall	1442-10-29	3350044265
Arar - Jawhara District - Prince Majed Road	1446-02-23	3450174266	Jeddah - Al-Andalus Mall Complex	1444-06-19	4030245640
Riyadh	1444-06-07	1010371062	Mecca	1444-12-25	4031216746
Riyadh - Al-Rabwah District - Eastern Ring	1442-09-22	1010435711	Asir - Abha	1444-11-05	5850068872
Al-Qassim - Buraydah - Housing District - Ali Road	1445-09-04	1131299797	Jizan	1444-11-05	5900032818
Dammam - Abdullah Fuad District - Prince Muhammad Road	1444-05-07	2050104905	Riyadh	1444-11-18	1010212789
Hail Al Othaim Mall	1443-03-24	3350141554	Riyadh	1444-06-07	1010371064
Arar Othaim Mall	1443-03-24	3450172387	Riyadh	1443-04-03	1010929505
Tabuk - Morouj Al Amir District - Street 6	1444-02-29	3550130886	Riyadh	1443-04-03	1010929500
Abha - King Fahd Road - Al Murooj District, Al Rashid Mall	1444-02-29	5850125638	Riyadh	1443-04-03	1010929502
Riyadh	1443-02-06	1010228837	Riyadh	1443-03-08	1010491120
Buraydah	1443-08-29	1131299650	Riyadh	1443-01-03	1010327710
Dammam - Othaim Mall	1443-07-01	2050112197	Riyadh	1442-09-07	1010634889
Dammam	1443-08-29	2050125378	Riyadh	1443-02-14	1010657593

 OthaimMalls www.othaimmalls.com