

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2023
with
INDEPENDENT AUDITOR'S REVIEW REPORT

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2023

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KPMG Professional Services

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Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب. ٥٥٠٧٨
جده ٢١٥٣٤
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

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

To the Shareholders of Al Obeikan Glass Company

Introduction

We have reviewed the accompanying 31 March 2023 condensed interim financial statements of Al Obeikan Glass Company ("the Company") which comprises:

- the condensed statement of financial position as at 31 March 2023;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with 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 31 March 2023 condensed interim financial statements of Al Obeikan Glass Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠٠) ريال سعودي منفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



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

To the Shareholders of Al Obeikan Glass Company (continued)

Other Matter relating to comparative information

The condensed interim financial statements of the Company as of and for the three-month period ended 31 March 2022 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 11 May 2023.

For KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454



Jeddah, 25 May 2023
Corresponding to 5 Dhul Qadah 1444H

AL OBEIKAN GLASS COMANY
(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	4	363,540,152	367,532,557
Right of use assets	5	22,131,701	22,408,565
Financial asset at fair value through other comprehensive Income		3,091,047	3,091,047
Total non-current assets		388,762,900	393,032,169
Current assets			
Inventories		75,638,447	94,768,801
Trade receivables	6	111,158,258	109,834,387
Prepayments and other receivables		22,824,741	10,540,077
Due from a related party	8	53,262,494	49,320,802
Cash and cash equivalents	7	79,445,259	26,552,006
Total current assets		342,329,199	291,016,073
TOTAL ASSETS		731,092,099	684,048,242
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY</u>			
Share capital	9	240,000,000	240,000,000
Statutory reserve		36,862,472	36,862,472
Fair value reserve		635,203	635,203
Retained earnings		288,178,338	258,366,991
Total equity		565,676,013	535,864,666
Non-current liabilities			
Lease liabilities	5	21,125,250	22,032,970
Employee end of service benefits		19,744,964	19,202,822
Total non-current liabilities		40,870,214	41,235,792
Current liabilities			
Loans and borrowings	10	82,073,825	62,311,954
Lease liabilities	5	3,676,266	2,451,430
Trade payable		8,902,597	14,233,303
Due to related parties	8	1,521,449	1,329,001
Accrued and other liabilities		22,269,557	21,269,918
Accrued zakat	12	6,102,178	5,352,178
Total current liabilities		124,545,872	106,947,784
Total liabilities		165,416,086	148,183,576
TOTAL EQUITY AND LIABILITIES		731,092,099	684,048,242

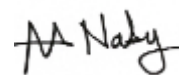
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Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of these condensed interim financial statements.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)**

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, otherwise stated)

	Notes	<u>2023</u>	<u>2022</u>
Revenue	15	113,476,087	126,568,321
Cost of revenue		(66,447,749)	(53,930,287)
Gross profit		47,028,338	72,638,034
Other operating income		2,184,177	546,431
Other operating expense		--	(5,258,087)
Selling and distribution expenses		(11,770,583)	(10,533,492)
General and administrative expenses		(6,292,240)	(5,812,957)
Impairment reversal / (loss) on trade receivable	6	1,257,187	(83,963)
Operating profit		32,406,879	51,495,966
Finance cost - net		(1,845,532)	(939,269)
Profit for the period before Zakat		30,561,347	50,556,697
Zakat expense	12	(750,000)	(1,500,000)
Net profit for the period		29,811,347	49,056,697
Other comprehensive income for the period		--	--
Total comprehensive income for the period		29,811,347	49,056,697
<u>Earnings per share</u>			
Basic and Diluted earnings per share (in SR)	13	1.24	2.04

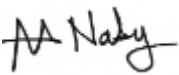
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Chairman



Chief Executive Officer



Chief Financial Officer

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AL OBEIKAN GLASS COMPANY

(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Fair value reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 1 January 2022	240,000,000	19,097,698	14,243,666	144,471,766	417,813,130
<i>Total comprehensive income for the period</i>					
Net profit for the period	--	--	--	49,056,697	49,056,697
Other comprehensive income	--	--	--	--	--
Total comprehensive income for the period	--	--	--	49,056,697	49,056,697
Balance at 31 March 2022 (unaudited)	<u>240,000,000</u>	<u>19,097,698</u>	<u>14,243,666</u>	<u>193,528,463</u>	<u>466,869,827</u>
Balance at 1 January 2023	240,000,000	36,862,472	635,203	258,366,991	535,864,666
<i>Total comprehensive income for the period</i>					
Net profit for the period	--	--	--	29,811,347	29,811,347
Other comprehensive income	--	--	--	-	-
Total comprehensive income for the period	--	--	--	29,811,347	29,811,347
Balances at 31 March 2023 (unaudited)	<u>240,000,000</u>	<u>36,862,472</u>	<u>635,203</u>	<u>288,178,338</u>	<u>565,676,013</u>

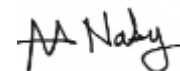
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Chairman



Chief Executive Officer



Chief Financial Officer

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AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flow from operating activities			
Profit before Zakat		30,561,347	50,556,697
Adjustments for:			
Depreciation on property, plant and equipment	4	9,514,823	9,361,090
Depreciation on right-of-use assets	5	276,864	318,635
(Reversal) / charge for impairment loss – net	6	(1,257,187)	83,963
Gain on disposal of property, plant and equipment		--	(17,810)
Finance cost – net		1,845,532	939,269
Provision for employee end of service benefits		596,938	300,250
		41,538,317	61,542,094
<i>Changes in:</i>			
Inventories		19,130,354	(3,930,375)
Trade receivables		(66,684)	6,405,021
Prepayments and other receivables		(12,284,664)	(29,144,473)
Due from related party		(3,941,692)	(3,264,578)
Due to related parties		192,448	(794,449)
Trade payables		(5,330,706)	5,603,370
Long term payable		--	4,729,432
Accrued and other liabilities		999,639	(1,262,665)
Cash generated from operating activities		40,237,012	39,883,377
Finance cost paid		(1,348,416)	(350,345)
Employee end of service benefits paid		(234,796)	--
Net cash generated from operating activities		38,653,800	39,533,032
Cash flow from investing activities			
Additions of property, plant and equipment	4	(5,522,418)	(6,126,443)
Proceeds from sale of property, plant and equipment		--	23,978
Net cash used in investing activities		(5,522,418)	(6,102,465)
Cash flow from financing activities			
Proceeds from loans and borrowings		23,573,826	7,486,028
Payment for loans and borrowings		(3,811,955)	(35,260,851)
Net cash generated from / (used in) financing activities		19,761,871	(27,774,823)
Net change in cash and cash equivalents		52,893,253	5,655,744
Cash and cash equivalents at beginning of the period		26,552,006	112,238,660
Cash and cash equivalents at end of the period	7	79,445,259	117,894,404

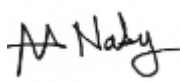
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Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of these condensed interim financial statements.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless stated otherwise)

1. REPORTING ENTITY

Al Obeikan Glass Company (the “Company”) is a Saudi joint stock company formed pursuant to the Ministerial Resolution No. 224/Q dated 27 Shaban 1428H (corresponding to 9 September 2007) and registered in Riyadh under commercial registration No 1010241520 dated 30 Dhul-Qadah 1428H (corresponding to 10 December 2007). The company started its commercial activity on 1 July 2011.

The registered address of the Company is P.O. Box 62807, Riyadh 11595, Kingdom of Saudi Arabia. The company's branch is located in Industrial Yanbu at Light Industrial Area.

The Company is engaged in the wholesale of chemicals and the wholesale and retail sale of glass panels. The Company also carries out its activities through the branch registered with Commercial Register No. 4700010945 dated 9 Jumada Al-Ula 1429H (corresponding to May 14, 2008) issued in Yanbu city. The branch's activity is represented in the operation of quarries, sand or gravel mines, including crushers, and the manufacturing of insulating glass used in construction.

On 2 Shaban 1442H (corresponding to March 15, 2021), the Board of Directors of Obeikan Glass company decided to recommend to the General Assembly of the Company's shareholders the registration and direct listing of the Company's shares in the Parallel Market “Nomu”, after obtaining the necessary approvals from the Saudi Capital Market Authority and the Saudi Exchange Company “Tadawul”. Based on the Extraordinary General Assembly meeting held on Shaaban 19, 1442H (corresponding to April 1, 2021), the General Assembly voted unanimously and with 100% attendance on the registration and direct listing of the Company's shares in Nomu. The Company obtained the approval of the Saudi Capital Market Authority on request of direct listing of the Company's shares in the Nomu on 26 Dhu al-Qa'dah 1442H (corresponding to July 6, 2021), and obtained the Authority's approval of the request to register the Company's shares in Nomu on 26 Rabi' al-Akhir 1443H (corresponding to 1 December 2021).

On Jumada Al-Akhir 1443H (corresponding to January 17, 2022), the Registration Document was published and announced by the financial advisor on the Tadawul to make it available to qualified investors during the specified period in accordance with The Rules on the Offer of Securities and Continuing Obligations. Tadawul has announced that the shares of the Company have been listed ready for trading in the Nomu starting on Rajab 6, 1443H (corresponding to February 7, 2022) as a direct listing with Tadawul ISIN 9531.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless stated otherwise)

2. BASIS OF PREPARATION (continued)

2.1 Statement of Compliance (continued)

These condensed interim financial statements do not include all the information and disclosures required in the full set of annual financial statements. They should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements. In addition, results for the interim period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2 Basis of measurement

The condensed interim financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern concept, unless otherwise stated

2.3 Functional and presentation currency

The condensed interim financial statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency and presentation currency. All financial information presented in SR has been rounded off, unless otherwise stated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's condensed interim financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities.

The significant judgements made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2022. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of amendments and interpretations effective as of 1 January 2023, as mentioned in note 18. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless stated otherwise)

4. PROPERTY, PLANT AND EQUIPMENT

a) Reconciliation of carrying amounts:

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Carrying amount at beginning of the period / year	367,532,557	385,884,601
Additions during the period / year	5,522,418	19,373,038
Disposals during the period / year	--	(14,524)
Depreciation charge for the period / year	<u>(9,514,823)</u>	<u>(37,710,558)</u>
Carrying amount at the end of the period / year	<u>363,540,152</u>	<u>367,532,557</u>

b) The above property, machinery and equipment are built on land leased from the Royal Commission for Jubail and Yanbu under a contract with the Royal Commission from August 30, 2008 until August 30, 2042, and the contract can be renewed for an additional period or periods of years under the terms and conditions that may be agreed upon between the two parties.

c) All property, plant and equipment are pledged for the benefit of the SIDF (Note 11).

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts (lease as a lessee) for leasehold land. Leasehold land has lease term of 36 years.

The Company also has certain leases of apartments and sales offices with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a) **Right-of-use assets:**

Reconciliation of carrying amounts:

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Carrying amount at beginning of the period / year	22,408,565	28,039,847
Reassessment during the period / year	--	(4,391,725)
Depreciation charge for the period / year	<u>(276,864)</u>	<u>(1,239,557)</u>
Carrying amount at the end of the period / year	<u>22,131,701</u>	<u>22,408,565</u>

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless stated otherwise)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

b) Lease Liabilities:

Reconciliation of lease liabilities:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Carrying amount at the beginning of the period / year	24,484,400	29,740,019
Reassessment during the period / year	--	(4,391,725)
Accretion of interest for the period / year	317,116	1,558,870
Payments during the period / year	--	(2,422,764)
Carrying amount at the end of the period / year	<u>24,801,516</u>	<u>24,484,400</u>

Lease liabilities are presented in the condensed statement of financial position as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Non-current portion of lease liabilities	21,125,250	22,032,970
Current portion of lease liabilities	3,676,266	2,451,430
Carrying amount at the end of the period / year	<u>24,801,516</u>	<u>24,484,400</u>

6. TRADE RECEIVABLES

Trade receivables comprise of the following:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivable from related parties (note 8)	72,855,289	77,157,944
Other trade receivables	43,870,503	39,654,453
	116,725,792	116,812,397
Allowance for impairment loss (see below)	(5,567,534)	(6,978,010)
	<u>111,158,258</u>	<u>109,834,387</u>

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless stated otherwise)

6. TRADE RECEIVABLES (continued)

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	6,978,010	1,589,844
Charge for the period / year	--	5,388,166
Write off during the period / year	(153,289)	--
Reversal during the period / year	(1,257,187)	--
Balance at end of the period / year	<u>5,567,534</u>	<u>6,978,010</u>

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash at bank	<u>79,455,259</u>	<u>26,552,006</u>
	<u>79,455,259</u>	<u>26,552,006</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions (A3 to BAA1) and there has been no history of default with any of the Company's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible

8. RELATED PARTIES TRANSACTIONS AND BALANCES

- a) Related parties include the Company's shareholders, associates and affiliates companies (entities controlled and jointly controlled, or significantly influenced by shareholders) and management personnel of the company. Terms and conditions of these transactions are approved by the Company's Board of Directors. All outstanding balances with these related parties are priced on mutually agreed terms. Significant related party transactions for the period / year and balance arising there from are described as under:

<u>Name of party</u>	<u>Relationship</u>
Al Obeikan Group for Investment Company	Parent Company
Saudi Company for Advanced Industries	Major Shareholder
Al Obeikan AGC Glass	Associate of the Parent Company
Al Obeikan Flexible Plastic Factory	Affiliate
Al Obeikan Digital Solutions Company	Affiliate
Al Obeikan Technical Fabrics Company	Affiliate
Al Obeikan for Education	Affiliate
Madar Digital Logistics Solution Company	Affiliate
Saned Al Marafiq Company	Affiliate

AL OBEIKAN GLASS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless stated otherwise)

8. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

b) Significant key management personnel transactions are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>31 March 2023</u> (Unaudited)	<u>31 March 2022</u>	<u>31 March 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Key management personnel	Employees	Short term benefits	879,518	852,279	879,518	1,392,251
		Long term benefits	239,771	142,047	3,448,010	3,350,286
Board of Directors	Board of Directors	Board of Directors' remuneration – (short term benefits)	1,620,919	1,366,750	--	1,620,919

c) Significant related party transactions and balances arising are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>31 March 2023</u> (Unaudited)	<u>31 March 2022</u>	<u>31 March 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<u>Due from related parties – Trade receivables</u>						
Al Obeikan AGC Glass	Associate of the Parent Company	Sales	<u>19,680,721</u>	<u>17,811,541</u>	<u>72,855,290</u>	<u>77,157,944</u>
<u>Due from related party</u>						
Al Obeikan AGC Glass	Associate of the Parent Company	Support services	<u>3,976,137</u>	<u>3,296,884</u>	<u>53,262,494</u>	<u>49,320,802</u>
<u>Prepayment and other receivables</u>						
Saned Al-Marafiq Information Technologies	Affiliate	Consulting and other services	<u>42,249</u>	<u>--</u>	<u>49,634</u>	<u>91,822</u>

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

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8. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>31 March 2023</u> (Unaudited)	<u>31 March 2022</u>	<u>31 March 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<i><u>Due to related parties</u></i>						
Al Obeikan Group for Investment Company	Parent	Consulting and other services	204,619	363,101	290,094	85,475
Al Obeikan Digital Solutions Company	Affiliate	Consulting and other services	263,361	234,649	363,446	313,454
Al Obeikan for Education	Affiliate	Consulting and other services	103,500	34,752	--	11,251
Al Obeikan AGC Glass	Affiliate	Purchase of glass	--	--	--	84,468
Madar Digital Logistics Solution	Affiliate	Consulting and other services	2,911,038	--	867,909	834,353
					<u>1,521,449</u>	<u>1,329,001</u>

9. SHARE CAPITAL

At 31 March 2023, the Company's authorized, issued, and paid-up share capital is SR 240 million (31 December 2022: SR 240 million) consisting of 24 million (31 December 2022: 24 million shares) fully paid and issued shares of SR 10 each.

10. LOANS AND BORROWINGS

Loans and borrowings comprise of the following:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Long-term loan – SIDF Loan	58,500,000	58,500,000
Short term borrowings	23,573,825	3,811,954
Loan and borrowings as at	<u>82,073,825</u>	<u>62,311,954</u>

SIDF loans – long-term loan

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
SIDF loans – long term loans	58,500,000	58,500,000
Less: Current portion of long-term borrowings	(58,500,000)	(58,500,000)
Long term borrowings	<u>--</u>	<u>--</u>

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10. LOANS AND BORROWINGS (continued)

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Opening balance	62,311,954	204,402,327
Drawdown during the year	23,573,826	7,486,028
Repayment during the year	(3,811,955)	(149,576,401)
Closing balance	<u>82,073,825</u>	<u>62,311,954</u>
Current portion of long-term borrowings	58,500,000	58,500,000
Short term borrowings	23,573,825	3,811,954
Closing balance	<u>82,073,825</u>	<u>62,311,954</u>

The agreement with SIDF is guaranteed by the shareholders of the Company. The loan is secured by a mortgage over the property, plant and equipment of the Company.

The Company's interest-bearing loans and borrowings, which are measured at amortized cost are as follows:

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Long-term bank loans	58,500,000	58,500,000
Current portion of long-term bank loans	(58,500,000)	(58,500,000)
Non-current portion of long-term bank loans	<u>--</u>	<u>--</u>

SIDF loans – long-term loan

On January 4, 2009, the Company obtained a loan from the Saudi Industrial Development Fund (the "SIDF") for the purpose of financing the construction of Al Obeikan Glass Company factory. The ceiling of this loan amounted to a total of SR 229 million. On June 3, 2012, the loan ceiling was raised to cover the additional costs of the factory, so that the total loan value became SR 309.5 million. On October 8, 2020, the loan was restructured so that the last instalment to be repaid on August 2, 2023. An amount of SR 161 million was repaid as of the statement of financial position date. This loan is secured by pledging the entire factory, its buildings, machinery, equipment and all of its accessories, which is located on the plot of land leased from the Royal Commission for Jubail and Yanbu for the benefit of the SIDF.

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11. LOANS AND BORROWINGS (continued)

Short term borrowings

The short-term loans represent Murabaha facilities for the purpose of purchasing raw materials used in the production of float glass that the Company obtained from Saudi EXIM Bank with total revolving facilities of SR 34 million, i.e. that the amount of the facilities becomes available again after payment, and with a repayment period of 6 months from the date of withdrawal. These facilities are available until August 31, 2023. These facilities are secured by a joint pledge with the same long-term loan mortgage given by the Saudi Industrial Development Fund.

11. CONTINGENCIES AND COMMITMENTS

The Company has outstanding letters of credit amounting to SR Nil (31 December 2022: SR 27.6 million) issued by the local banks on behalf of the Company in the ordinary course of business.

12. ZAKAT

a) Charge for the period

Zakat for the period ended comprise the following:

	31 March <u>2023</u> (Unaudited)	31 March <u>2022</u>
Charge for the period	<u>750,000</u>	<u>1,500,000</u>

Zakat is payable at the rate of 2.5% of higher of Zakat base and adjusted net income / (losses) for the period.

b) Zakat

The movement in the accrued Zakat during the period / year is analyzed as under:

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Balance at the beginning of the period / year	5,352,178	4,615,245
Charge for the period / year	750,000	6,719,127
Payments during the period / year	<u>--</u>	<u>(5,982,194)</u>
Balance at the end of the period / year	<u>6,102,178</u>	<u>5,352,178</u>

c) Status of Zakat

The Company has filed Zakat declaration up to the financial year ended 31 December 2022 with the Zakat, Tax and Customs Authority (ZATCA). The Company has also obtained Zakat certificate valid until April 2024.

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13. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Company.

	31 March 2023	31 March <u>2022</u>
	(Unaudited)	
Net profit attributable to equity holders of the Company	<u>29,811,347</u>	<u>49,056,697</u>
Weighted average number of shares for basic and diluted EPS	<u>24,000,000</u>	<u>24,000,000</u>
Earnings per share – Basic and diluted (in Saudi Riyals)	<u>1.24</u>	<u>2.04</u>

14. CAPITAL RISK MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, statutory reserve, and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure by monitoring return on net assets and makes required adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Company also monitors capital using gearing ratio, which is net debt, interest bearing loans including finance cost thereon, trade and other payable less cash and bank balances.

The gearing ratio as at 31 March 2023 and 31 December 2022 is as follows:

	31 March 2023	31 December <u>2022</u>
	(Unaudited)	(Audited)
Total liabilities	165,416,086	148,183,576
Cash and cash equivalents	<u>(79,445,259)</u>	<u>(26,552,006)</u>
Net debt	85,970,827	121,631,570
Share capital	240,000,000	240,000,000
Statutory reserve	36,862,472	36,862,472
Retained earnings	<u>288,178,338</u>	<u>258,366,991</u>
Equity	<u>565,040,810</u>	<u>535,229,463</u>
Net debt to equity ratio	<u>15.21%</u>	<u>22.73%</u>

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15. SEGMENTAL INFORMATION

The Company has one reportable segment, as described below, which is the Company's strategic business unit. The strategic business unit offers one product i.e Glass. The Company's Board of Directors and CEO monitor the results of the Company's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Company.

The operating segment described below have been prepared in accordance with IFRS 8. The Company operates in one main business segments, which is the manufacturing and sale of glass panels.

Geographical distribution of sales

Revenue	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Kingdom of Saudi Arabia	75,954,975	83,889,691
Other countries	37,521,112	42,678,630
Total revenue	<u>113,476,087</u>	<u>126,568,321</u>

Revenue from two major customers represented approximately 21% (31 March 2022: 25%) of the Company's total revenue.

Revenue	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Sales to related party	19,680,721	17,811,541
Sales to other than related party	93,795,366	108,756,780
Total revenue	<u>113,476,087</u>	<u>126,568,321</u>

16. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise due to related parties, trade and other payables and bank borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include due from related party, trade and other receivables and cash and cash equivalents.

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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16. FINANCIAL RISK MANAGEMENT (continued)

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit committee oversees compliance by management with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Company.

Financial instruments carried on the statement of financial position include cash and cash equivalents, account receivables, other receivables, accrued and other current liabilities, lease liabilities, trade payables and bank borrowings.

Financial asset and liability is offset and net amount reported in the condensed interim financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk:

- Foreign currency exchange risk,
- Commission (interest) rate risk

The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from Term loan which is at a floating rate of interest and is subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

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17. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Variable rate instruments		
<u>Financial liabilities</u>		
Loan and borrowings	<u>82,073,825</u>	<u>62,311,954</u>

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before Zakat for the period by SR 0.82 million (31 December 2022: SR 0.62 million).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is in Saudi Arabian Riyals. The Company's transactions are principally in Saudi Arabian Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Arabian Riyal is pegged at SAR 3.75: USD 1, therefore, the Company is not exposed to any significant foreign currency risk from Saudi Arabian Riyals and US Dollars denominated financial instruments. The Company's management monitors such fluctuations and manages its effect on the condensed interim financial statements accordingly.

Other price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not affected by price risk as there are no investment of the Company in equity shares or commodities.

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16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to risk on its trade and other receivables and cash at banks.

Concentration risk

Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Financial assets		
Trade receivables	111,158,258	109,834,387
Due from related parties	53,262,494	49,320,802
Cash and cash equivalents	79,445,259	26,552,006
Total	<u>243,866,011</u>	<u>185,707,195</u>

With respect to credit risk arising from the financial assets of the Company, including bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

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16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account for 76% of outstanding accounts receivable at 31 March 2023 (31 December 2022: 77%).

The receivables are shown net of allowance for impairment of trade receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped into age brackets based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables. 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.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u>	<u>Impairment loss allowance</u>
<u>31 March 2023 (unaudited)</u>			
Not due balances	0.8%	67,862,750	542,783
0 -180 days	4%	19,958,151	746,380
181 – 360 days	14%	28,423,814	3,797,294
Over 360 days	100%	481,077	481,077
		<u>116,725,792</u>	<u>5,567,534</u>
	<u>Loss rate</u>	<u>Gross carrying amount</u>	<u>Impairment loss allowance</u>
<u>31 December 2022 (audited)</u>			
Not due balances	2%	54,349,505	853,851
0 -180 days	7%	38,381,826	2,589,964
181 – 360 days	14%	23,299,254	3,178,591
Over 360 days	45%	781,812	355,604
		<u>116,812,397</u>	<u>6,978,010</u>

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16. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company also monitors the levels of expected cash inflows on trade and other receivables together with the expected cash outflows on trade and other payables.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

<u>31 March 2023 (Unaudited)</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>2 years but less than 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Trade payables	8,902,597	8,902,597	--	--	8,902,597
Accrued and other liabilities	22,269,557	22,269,557	--	--	22,269,557
Due to related parties	1,521,449	1,521,449	--	--	1,521,449
Lease liabilities	23,215,945	4,221,390	8,933,733	43,288,200	56,443,323
Loans and borrowings	82,073,825	82,352,349	--	--	82,352,349
	<u>123,628,576</u>	<u>119,267,342</u>	<u>8,933,733</u>	<u>43,288,200</u>	<u>171,489,275</u>
<u>31 December 2022 (Audited)</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>2 years but less than 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Trade payables	14,233,303	14,233,303	--	--	14,233,303
Accrued and other liabilities	21,269,918	21,269,918	--	--	21,269,918
Due to related parties	1,329,001	1,329,001	--	--	1,329,001
Lease liabilities	24,484,400	2,023,182	8,092,728	30,347,952	40,463,862
Loans and borrowings	62,311,954	62,918,660	--	--	62,918,660
	<u>123,628,576</u>	<u>101,774,064</u>	<u>8,092,728</u>	<u>30,347,952</u>	<u>140,214,744</u>

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17. FAIR VALUE OF ASSETS AND LIABILITIES

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 Company.

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. 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.

All assets and liabilities for which fair value is measured or disclosed in the 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.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair value of the equity instrument at the end of the current interim period is not material different from the Fair value measurement determined in the previous reporting period.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>31 March 2023 (unaudited)</u>				
Investments at FVOCI				
- Investment	--	--	3,091,047	3,091,047
<u>31 December 2022 (audited)</u>				
Investments at FVOCI				
- Investment	--	--	3,091,047	3,091,047

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17. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

There were no transfers between levels of the fair value hierarchy during the period ended 31 March 2023 and for the year ended 31 December 2022. Additionally, there were no changes in the valuation techniques.

The following methods and assumptions were used to estimate the fair values:

The fair value of the 'Investment at fair value through other comprehensive income has been estimated using a Discounted Cash Flow model (DCF). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 March 2023 are shown below:

31 March 2023 (unaudited):

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Input used</u>	<u>Sensitivity of the input to fair value</u>
Investment at fair value through other comprehensive income	DCF method	Terminal growth rate	2%	1% increase in the growth rate would result in an increase in fair value by SR 1.6 million.
				1% decrease in the growth rate would result in a decrease in fair value by SR 1.3 million.
		Weighted average cost of capital	11.16%	1% increase in WACC would result in a decrease in fair value by SR 1.2 million.
				1% decrease in WACC would result in an increase in fair value by SR 1.5 million.

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17. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

<u>31 December 2022 (audited):</u>				
<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Input used</u>	<u>Sensitivity of the input to fair value</u>
Investment at fair value through other comprehensive income	DCF method	Terminal growth rate	2%	1% increase in the growth rate would result in an increase in fair value by SR 1.6 million.
				1% decrease in the growth rate would result in a decrease in fair value by SR 1.3 million.
		Weighted average cost of capital	11.16%	1% increase in WACC would result in a decrease in fair value by SR 1.2 million.
				1% decrease in WACC would result in an increase in fair value by SR 1.5 million.

18. NEW STANDARDS, INTERPRETATION AND AMENDMENTS

a) Standards, interpretations and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023

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18. NEW STANDARDS, INTERPRETATION AND AMENDMENTS (continued)

b) Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non-current liabilities with covenants (amendments to IAS 1)	1 January 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 1 January 2023 do not have any material impact on the Company's condensed interim financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Company's condensed interim financial statements on adoption.

19. SUBSEQUENT EVENTS

There have been no significant events since the period end, that would require disclosures or adjustments in these condensed interim financial statements except for on 18 May 2023 the Extraordinary General Assembly Meeting of the Company was held in which the shareholders have disapproved the recommendation of Company's Board of Directors' decision to increase the share capital.

20. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements have been approved by the Board of Directors on 21 May 2023, corresponding to 1 Dhul Qadah 1444H.