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BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022
with

INDEPENDENT AUDITOR'S REVIEW REPORT

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022

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KPMG Professional Services

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Prince Sultan Street
P.O. Box 55078
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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. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements To the Shareholders of BinDawood Holding Company

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of BinDawood Holding Company ("the Company") and its subsidiaries ("the Group") which comprise:

- the condensed consolidated statement of financial position as at 31 March 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated 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 consolidated 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 2022 condensed consolidated interim financial statements of BinDawood Holding Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services



Nasser Ahmed Al Shutairy
License No. 454



Jeddah, 22 May 2022
Corresponding to: 21 Shawwal 1443H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as 'KPMG Al Fozan & Partners Certified Public Accountants') 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 مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأسماله (25,000,000) ريال سعودي مدفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي الفزان وشركاه محاسبين ومراجعين قانونيين"، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المسجلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.

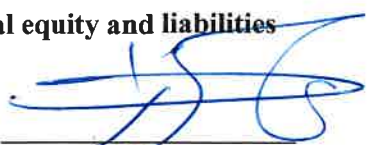
BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment		725,927,990	740,366,616
Intangible assets		1,174,224	766,663
Right-of-use assets	4	2,043,280,459	2,082,507,784
Total non-current assets		2,770,382,673	2,823,641,063
Current assets			
Inventories		951,491,088	818,299,661
Trade and other receivables		365,995,181	377,299,337
Due from related parties	5	20,711	60,041,325
Prepayments and advances		71,971,466	67,982,562
Cash and cash equivalents	6	778,591,522	484,094,320
Total current assets		2,168,069,968	1,807,717,205
Total assets		4,938,452,641	4,631,358,268
EQUITY AND LIABILITIES			
Equity			
Share capital	7	1,143,000,000	1,143,000,000
Statutory reserve	8	111,315,577	111,315,577
Retained earnings		147,989,485	156,825,980
Total equity		1,402,305,062	1,411,141,557
Non-current liabilities			
Employees' end of service benefits		120,082,623	114,910,169
Lease liabilities - non current portion	4	2,014,131,376	2,076,716,538
Total non-current liabilities		2,134,213,999	2,191,626,707
Current liabilities			
Due to related parties	5	15,006,029	7,958,203
Trade payables, accruals and other liabilities		987,967,709	657,485,105
Unearned income and other payables		5,193,882	46,125,746
Lease liabilities - current portion	4	293,803,269	297,538,559
Zakat liabilities	9	25,667,691	19,482,391
Dividend payable	7	74,295,000	--
Total current liabilities		1,401,933,580	1,028,590,004
Total liabilities		3,536,147,579	3,220,216,711
Total equity and liabilities		4,938,452,641	4,631,358,268


Chairman


Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 18 form an integral part
of these condensed consolidated interim financial statements.


BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	<u>2022</u>	<u>2021</u>
Revenue		1,175,234,981	1,124,423,383
Cost of revenue		<u>(791,564,799)</u>	<u>(751,067,169)</u>
Gross profit		383,670,182	373,356,214
Selling and distribution expenses		(262,212,212)	(248,115,110)
General and administration expenses		(50,565,529)	(40,532,029)
Other operating income		<u>1,924,987</u>	<u>2,072,782</u>
Operating profit		72,817,428	86,781,857
Other income		20,142,379	684,019
Finance cost		<u>(21,316,002)</u>	<u>(22,713,364)</u>
Profit for the period before Zakat		71,643,805	64,752,512
Zakat	9	<u>(6,185,300)</u>	<u>(2,637,985)</u>
Profit for the period		65,458,505	62,114,527
Other comprehensive income		<u>--</u>	<u>--</u>
Total comprehensive income for the period		<u>65,458,505</u>	<u>62,114,527</u>
Earnings Per Share ("EPS") attributable to the Shareholders of the Parent Company:			
Basic and diluted	10	<u>0.57</u>	<u>0.54</u>


Chairman


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Chief Financial Officer

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BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
31 March 2021				
Balance at 1 January 2021 (audited)	1,143,000,000	87,259,202	82,680,640	1,312,939,842
Profit for the period	--	--	62,114,527	62,114,527
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	--	--	62,114,527	62,114,527
Balance as at 31 March 2021 (unaudited)	<u>1,143,000,000</u>	<u>87,259,202</u>	<u>144,795,167</u>	<u>1,375,054,369</u>
31 March 2022				
Balance at 1 January 2022 (audited)	1,143,000,000	111,315,577	156,825,980	1,411,141,557
Profit for the period	--	--	65,458,505	65,458,505
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	--	--	65,458,505	65,458,505
Transactions with the owners of the Company				
Dividend (note 7)	--	--	(74,295,000)	(74,295,000)
Balance as at 31 March 2022 (unaudited)	<u>1,143,000,000</u>	<u>111,315,577</u>	<u>147,989,485</u>	<u>1,402,305,062</u>



Chairman



Chief Executive Officer



Chief Financial Officer

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BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the period		65,458,505	62,114,527
Adjustments for:			
Depreciation on property and equipment		40,244,290	41,989,285
Depreciation on right-of-use assets	4	67,280,822	68,040,945
Amortization of intangible assets		126,915	27,142
Finance cost on lease liabilities	4	21,325,776	22,725,758
Impairment loss on trade receivables		2,969,111	--
COVID-19 related rent concession	4	(17,147,322)	--
Gain on disposal of property and equipment		(467,428)	(869)
Provision for employees' end of service benefits		6,334,407	4,776,535
Zakat for the period	9	6,185,300	2,637,985
		<u>192,310,376</u>	<u>202,311,308</u>
Changes in working capital:			
Inventories		(133,191,427)	69,586,493
Trade and other receivables		8,335,045	(22,507,644)
Prepayments and advances		(3,988,904)	17,506,201
Due from related parties		60,020,614	(274,193)
Due to related parties		7,047,826	(4,285,070)
Trade payables, accruals and other liabilities		330,482,604	41,636,979
Unearned income and other payables		(40,931,864)	(31,706,316)
Cash generated from operating activities		<u>420,084,270</u>	<u>272,267,758</u>
Employees' benefits paid		(1,161,953)	(1,687,607)
Net cash from operating activities		<u>418,922,317</u>	<u>270,580,151</u>
Cash flows from investing activities			
Purchase of property and equipment		(27,418,906)	(18,435,068)
Purchase of intangible assets		(534,476)	--
Proceeds from disposal of property and equipment		2,080,670	869
Net cash used in investing activities		<u>(25,872,712)</u>	<u>(18,434,199)</u>
Cash flows from financing activities			
Payment of lease liabilities	4	(98,552,403)	(87,758,829)
Net increase in cash and cash equivalents		294,497,202	164,387,123
Cash and cash equivalents at the beginning of the period		484,094,320	232,197,724
Cash and cash equivalents at the end of the period	6	<u>778,591,522</u>	<u>396,584,847</u>
Supplementary non-cash information:			
Additions to right-of-use assets	4	28,053,497	64,833,555
Additions to lease liabilities	4	28,053,497	64,121,305

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 18 form an integral part
of these condensed consolidated interim financial statements.

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

1. CORPORATE INFORMATION

BinDawood Holding Company (the "Company" or the "Parent Company") is a Saudi Joint Stock Company. The Company was initially registered as a Limited Liability Company in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration number 4031063470 dated 16 Shaban 1432H (corresponding to 17 July 2011).

The shareholders of the Company resolved to change the legal status of the Company from "Limited Liability Company" to "Closed Joint Stock Company". The Ministry of Commerce announced the conversion into a Closed Joint Stock company on 16 Ramadan 1438H (corresponding to 11 June 2017). The Parent Company was fully owned by majority Saudi shareholders and minority GCC nationals, as at period end. During the year 2020, the Company's shares were listed on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The initial public offering consisted of the sale of twenty-two million eight hundred and sixty thousand (22,860,000) shares representing twenty percent (20%) of the issued share capital of the Company. The legal formalities of updating the Company By-laws and Commercial Registration Certificate were completed on 24 March 2021.

The registered office of the Company is located in the following address;

BinDawood Holding Company
Masjid Al Haram Road
Al Azizia District
P.O. Box 5510, Makkah 21955
Kingdom of Saudi Arabia

The Parent Company's objective is to manage its subsidiaries and provide required support to them. It also includes acquiring the required properties and movable assets for its activities, acquire, lease and utilize industrial and commercial equity rights, patents and brand names, franchise and other abstract rights for its subsidiaries or others.

These accompanying condensed consolidated interim financial statements include the financial statements of the Parent Company and its subsidiaries (refer note 1), collectively referred as the 'Group'. The Group is principally engaged in retail trading of foodstuff and household items, operating bakeries and restaurants.

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

1. CORPORATE INFORMATION (continued)

These condensed consolidated interim financial statements include the financial information of the Parent Company and the following subsidiaries:

<u>Name</u>	<u>Place of incorporation</u>	<u>Principle field of activity</u>	<u>Effective shareholding %</u>	
			<u>31 March 2022</u>	<u>31 December 2021</u>
Bin Dawood Superstores Trading Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	100%	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	100%	100%
Danube Star for Bakeries and Marketing Company (A Limited Liability Company)	Jeddah, Saudi Arabia	Wholesale of bakery and related products to commercial supermarkets.	100%	100%
Future Retail for Information Technology Company (A Limited Liability Company)	Jeddah, Saudi Arabia	Acquiring and managing investments in subsidiaries.	100%	--

During the three-month period ended 31 March 2021, the Group has completed the legal formalities of acquisition of Future Retail for Information Technology Company, a Limited Liability Company (Future Retail), with a share capital of SR 5 million. Future Retail has its head office in Jeddah and will specialize in providing solutions and services that will help the Parent Company to enter into partnerships to achieve its long-term goals and strategy, which will have a positive financial impact on the Parent Company in the long term.

Future Retail has entered into a Sale and Purchase Agreement (SPA) with Amwaj Real Estate Company Limited and First Commercial Applications Company (related parties and collectively referred here as "the parties") to purchase 62% shares in International Application Trading Company on 27 March 2022 corresponding to 24 Shaban 1443H. The initial purchase price of SR 107.5 million (subject to net debt adjustment at closing) for the acquired shares will be paid to the sellers in cash, in accordance with the Agreement.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS 34"), "Interim Financial Reporting" 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").

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Standards as endorsed in the KSA and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021 ("last annual consolidated financial statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results for the interim period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2 Accounting convention / Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting and going concern concept, except for employees' end of service benefits which are recognised at the present value of future obligation using the Projected Unit Credit Method.

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

2.3 Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as at and for the three-month period ended 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- 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 returns

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.3 Basis of consolidation (continued)

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting right

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 period are included in the condensed consolidated interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the condensed consolidated statement of profit or loss and other comprehensive income. Any investment retained is recognised at fair value.

2.4 Significant accounting judgements, estimates and assumptions

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expense and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared. 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 reflected in the assumptions when they occur (refer note 17).

The significant judgments exercised in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2021. The Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended 31 December 2021.

The below accounting policies are in addition to those already disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021.

Loyalty programme

The Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative sales amount of the goods. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities.

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

4.1 Right-of-use assets

The reconciliation and carrying amount of the right-of-use asset is as follows:

	For the three- month period ended 31 March 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at beginning of the period/year	2,082,507,784	2,306,480,633
Additions	28,053,497	101,103,454
Lease modifications	--	(65,241,728)
Termination	--	(1,328,889)
Depreciation for the period/year	(67,280,822)	(258,505,686)
Balance at end of the period/year	<u>2,043,280,459</u>	<u>2,082,507,784</u>

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

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

4.2 Lease liabilities

Movement in lease liability over the period is as follows:

	For the three- month period ended 31 March 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Lease liability at beginning of the period/year	2,374,255,097	2,525,267,264
Additions to lease liability	28,053,497	101,103,454
Increase in lease liability due to finance cost	21,325,776	88,113,119
Lease modifications	--	(65,639,724)
Termination	--	(1,268,728)
Covid-19 related rent concessions	(17,147,322)	(64,723,385)
Lease payments made during the period/year	(98,552,403)	(208,596,903)
Lease liability at end of the period/year	2,307,934,645	2,374,255,097
Less: Current portion of lease liability	(293,803,269)	(297,538,559)
Non-current portion of lease liability	2,014,131,376	2,076,716,538

The Group continued to negotiate rent concessions with landlords of certain retail stores as a result of the severe impact of the COVID-19 pandemic during the period. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its retail stores and recognized in profit or loss for the period ended 31 March 2022 amounting to SR 17.1 million (2021: SR nil). The change of lease payment was accounted for as a negative variable lease expense and included in 'Other income' presented in the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022. The contractual maturities of future cash outflows relating to leases are disclosed in note 14.

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. Management defines affiliates as the entities that are related through common shareholding. The Group enters various transactions with its related parties. Terms and conditions of these transactions are approved by the Board of Directors.

BINDAWOOD HOLDING COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**5.1 Related party transactions and balances**

In addition to the disclosures set out in note 1 and 4, the aggregate value of related party transactions and outstanding balances are as follows:

Name	Relationship	Nature of transaction	Transactions for the three-month period ended 31 March		Closing Balance	
			2022	2021	31 March	31 December
			(Unaudited)	(Unaudited)	2022 (Unaudited)	2021 (Audited)
Due from related parties:						
Abdul Khaliq BinDawood Establishment	Affiliate	Shared service fee	277,007	271,577	--	--
BinDawood Trading Company	Affiliate	Shared service fee	243,193	238,427	--	--
Amwaj Real Estate Company	Affiliate	Lease rental payments	16,588,475	16,278,050	--	24,792,075
National Leader for Real Estate Company Limited	Affiliate	Lease rental payments	23,546,250	23,499,500	--	35,249,250
Etre Trading Establishment, a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods	1,084	--		
		Transfer out of goods	23,960	--	20,711	--
					20,711	60,041,325

BINDAWOOD HOLDING COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**5.2 Related party transactions and balances (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Transactions for the three-month period ended 31 March</u>		<u>Closing Balance</u>	
			<u>2022</u>	<u>2021</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<i>Due to related parties:</i>						
Safa Company Limited for Household Ware	Affiliate	Purchases of goods	1,534,136	1,796,188	5,991,206	4,226,950
Jumairah Marketing Establishment (Delsey), a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods	8,109,553	2,653,892		
		Lease rental income	275,000	275,000	6,345,308	2,214,268
International Application Company Limited	Affiliate	Online sales commission & advertisements	1,630,605	1,568,445	801,860	600,048
Jumairah Marketing Establishment (Toys), a Branch of Abdul Khaliq Bin Dawood Establishment	Affiliate	Purchases of goods	1,289,630	1,570,982		
		Lease rental income	432,400	456,965	1,026,092	454,224
Happy Time for Kids Toys Establishment	Affiliate	Purchase of goods	1,179,435	551,329	841,563	265,705
Etre Trading Establishment, a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods	--	805,462	--	197,008
					15,006,029	7,958,203

As at 31 March 2022, the lease liabilities as disclosed in note 4 include an amount of SR 293.8 million (31 December 2021: SR 331.2 million) which relates to lease arrangements entered by the Group with its related parties.

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5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

5.3 Key management personnel compensation

The remuneration of directors and other key management personnel are as follows:

<u>Nature of transaction</u>	Transactions for the three- month period ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Board of Directors remuneration	415,500	388,000
Salaries and other short-term benefits	12,930,922	12,550,987
Post-employment benefits	490,884	501,528

As at 31 March 2022, the outstanding amount due to key management personnel was SR 4.22 million (31 December 2021: SR 6.6 million).

6. CASH AND CASH EQUIVALENTS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Cash in hand	22,455,077	8,885,000
Cash at banks - current accounts	356,136,445	245,209,320
Short-term deposits	400,000,000	230,000,000
	778,591,522	484,094,320

7. SHARE CAPITAL

As at 31 March 2022, the share capital of the Parent Company of SR 1.14 billion consists of 114.3 million shares of SR 10 each (31 December 2021: SR 1.14 billion consists of 114.3 million shares of SR 10 each).

On 29 March 2022 (corresponding to 26 Shaban 1443H), the Board of Directors of the Company approved an interim dividend of SR 74.3 million (SR 0.65 per share for the total number of 114,300,000 shares) with respect to the financial results for the year ended 31 December 2021 (31 March 2021: nil).

8. STATUTORY RESERVE

In accordance with the Company's bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital.

The statutory reserve in the condensed consolidated interim financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

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9. ZAKAT

The Parent Company has obtained an approval from Zakat, Tax and Customs Authority (“ZATCA”), formerly referred as General Authority of Zakat and Tax (“GAZT”), for the consolidated filing of Zakat return from the year ended 2016 onwards. Accordingly, Zakat is assessed on consolidated basis effective 2016.

The movement in the Zakat provision during the period / year is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	19,482,391	17,373,033
Charge for the period / year	6,185,300	17,539,457
Payments during the period / year	<u>—</u>	<u>(15,430,099)</u>
At the end of the period / year	<u>25,667,691</u>	<u>19,482,391</u>

The subsidiaries along with the Parent Company have filed its Zakat declaration on a standalone basis until the year ended 31 December 2015. From 2016 onwards, the Parent Company started filing the consolidated Zakat declarations for all wholly owned subsidiaries. Consolidated Zakat declaration together with the information declarations for wholly owned subsidiaries for the years ended 31 December 2016 through 2021 has already been submitted. The Parent Company has filed the Zakat return and has made payment subsequent to the quarter ended 31 March 2021. The Parent Company has also obtained the Zakat certificate valid until 30 April 2023.

The assessments of the Parent Company have been finalized until 31 December 2018 with the Zakat, Tax and Custom Authority (“ZATCA”) through fast-track initiative. However, ZATCA has issued an assessment for the year ended 31 December 2016 with additional Zakat liabilities of SR 8.6 million. The Company is reviewing the assessment and considering to file objections against the ZATCA’s assessment within statutory timeline i.e. before 26 June 2022. The Company is expecting a favorable outcome since the assessment of 2016 was finalized under fast-track initiative.

All assessment of parent as well as subsidiaries are finalized with the ZATCA until 31 December 2015.

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10. EARNINGS PER SHARE**Basic and diluted earnings per share**

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

	<u>2022</u> (Unaudited)	<u>2021</u> (Unaudited)
Profit for the period	<u>65,458,505</u>	<u>62,114,527</u>
Number of ordinary shares	<u>114,300,000</u>	<u>114,300,000</u>
Weighted average number of ordinary shares for basic and diluted EPS	<u>114,300,000</u>	<u>114,300,000</u>
Earnings per share – basic and diluted	<u>0.57</u>	<u>0.54</u>

There has been no item of dilution affecting the weighted average number of ordinary shares.

11. COMMITMENTS AND CONTINGENT LIABILITIES

- a) The Group has outstanding letters of credit to import goods amounting to SR 33.8 million as at 31 March 2022 (31 December 2021: SR 24.1 million) and outstanding letters of guarantee amounting to SR 9.7 million as at 31 March 2022 (31 December 2021: SR 7.18 million).
- b) As at 31 March 2022, the Group has future capital commitments amounting to SR 25.2 million (31 December 2021: SR 27.4 million). Further the Group has annual lease commitments totaling SR 6.96 million as at 31 March 2022 (31 December 2021: SR 4.1 million) relating to branch rentals.
- c) The Parent Company and its subsidiaries namely Bin Dawood Superstores Company Limited (A Limited Liability Company), Danube Company for Foodstuffs and Commodities (A Limited Liability Company) and Danube Star for Bakeries and Marketing Company (A Limited Liability Company) have provided corporate guarantees amounting to SR 253.1 million as at 31 March 2022 (31 December 2021: SR 253.1 million) to local banks in respect of banking facilities obtained within the Group.
- d) During the year 2021, a Plaintiff filed a legal case against one of subsidiaries of the Group claiming compensation pertaining to infringement of a Patent which was dismissed by the Court of First Instance in the first hearing. The Plaintiff filed an appeal with the Court of Appeals, which reversed the initial verdict of the Court of First Instance and requested for reopening the case. First session after the reversal of initial verdict took place before the Court of First Instance on 9 November 2021. On 24 January 2022, Jeddah Commercial Appeals Court ruled the case brought by Plaintiff pertaining to its claim of compensation as inadmissible.

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12. SEGMENT INFORMATION

The Group is solely engaged in retail trading of consumer goods and operates completely within the Kingdom of Saudi Arabia.

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors, as this makes the key operating decisions of the Group and is responsible for allocating resources and assessing performance.

Key internal reports received by the CODM, primarily the management accounts, focus on the performance of the Group as a whole. The operations of all elements of the business are driven by the retail sales environment and hence have fundamentally the same economic characteristics. All operational decisions made are focused on the performance and growth of the retail outlets and the ability of the business to meet the supply demands of the stores.

The Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The Directors' conclusion is that the Group has only one operating segment, which is that of retailing.

Performance is measured by the CODM based on profit before Zakat as reported in the management accounts. Management believes that this measure is the most relevant in evaluating the results of the Group. In addition, segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the management.

13. FINANCIAL INSTRUMENTS – FAIR VALUES

Accounting classification and fair values

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

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13. FINANCIAL INSTRUMENTS – FAIR VALUES (continued)

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

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

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.

As at 31 March 2022 and 31 December 2021, the fair values of the Group's financial instruments approximate their carrying values.

14. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including market risk credit risk and liquidity risk. The Group's overall risk management program focuses on the robust liquidity management as well as monitoring of various relevant markets variables, thereby consistently seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has delegated the risk management responsibilities to Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

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

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14. FINANCIAL RISK MANAGEMENT (continued)**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other part to incur a financial loss. The Group's exposure to credit risk on its bank balances, trade and other receivables and due from related parties is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Cash at bank	356,136,445	245,209,320
Short-term deposits	400,000,000	230,000,000
Due from related parties	20,711	60,041,325
Trade and other receivables	365,995,181	377,299,337
	<u>1,122,152,337</u>	<u>912,549,982</u>

At 31 March 2022, trade receivables are stated at their estimated realizable values. There is one major customer that accounts for 65% (2021: 65%) of the total receivable balance.

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

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 objective when 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 Group's reputation. The Group aims to maintain the level of its cash and cash equivalents an amount in excess of expected cash outflows related to trade and other payables. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through funds of cash and cash equivalents and/or committed credit facilities to meet any future commitments

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

31 March 2022	Carrying Amount	Contractual cash flows			Total
		Less than one year	Within one to five years	More than five years	
Trade payables, accruals and other liabilities	987,967,709	987,967,709	--	--	987,967,709
Lease liabilities	2,307,934,645	376,886,911	1,023,409,653	1,467,186,375	2,867,482,939
Due to related parties	15,006,029	15,006,029	--	--	15,006,029
Dividend payable	74,295,000	74,295,000	--	--	74,295,000
	<u>3,385,203,383</u>	<u>1,454,155,649</u>	<u>1,023,409,653</u>	<u>1,467,186,375</u>	<u>3,944,751,677</u>

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14. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

<u>31 December 2021</u>	<u>Carrying Amount</u>	<u>Contractual cash flows</u>			<u>Total</u>
		<u>Less than one year</u>	<u>Within one to five years</u>	<u>More than five years</u>	
Trade payables, accruals and other liabilities	657,485,105	657,485,105	--	--	657,485,105
Lease liabilities	2,374,255,097	324,287,705	1,071,991,430	1,491,313,462	2,887,592,597
Due to related parties	7,958,203	7,958,203	--	--	7,958,203
	<u>3,039,698,405</u>	<u>989,731,013</u>	<u>1,071,991,430</u>	<u>1,491,313,462</u>	<u>3,553,035,905</u>

Market risk

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

Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Group is not exposed to other price risks.

Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group manages the commission rate risk by regularly monitoring the commission rate profiles of its commission bearing financial instruments. There are no commission bearing financial assets and liabilities at the reporting date and therefore there is no commission rate sensitivity at the reporting date.

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 is subject to fluctuation in foreign exchange rates in normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyal, Euros and US Dollar. Trade payables and accruals include an amount of SR 22.05 million (31 December 2021: SR 17.4 million) due in Euros. As the Saudi Riyal is pegged to the US Dollar, the balances in foreign currency are not considered to represent significant foreign currency risk.

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15. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using gearing ratio, which is adjusted net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables less cash and cash equivalents over total equity.

The gearing ratio as at 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Total liabilities	3,536,147,579	3,220,216,711
Less: cash and cash equivalents	(778,591,522)	(484,094,320)
Adjusted net debt	2,757,556,057	2,736,122,391
Total equity	1,402,305,062	1,411,141,557
Adjusted net debt to equity ratio	1.97	1.94

16. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to Standards

There are no new standards issued, however the adoption of the following amendments to the existing standards have no significant impact on the condensed consolidated interim financial statements of the Group in the current period or prior periods and is expected to have no significant effect in the future periods.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to 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 recognise such sales proceeds and related cost in statement of income.

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16. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to Standards (continued)

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'

Standards and Pronouncements issued

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2022. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2023	Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
1 January 2023	Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
1 January 2023	IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
1 January 2024	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.

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17. IMPACT OF COVID-19

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies including the Kingdom of Saudi Arabia, causing disruption to businesses and slowdown of economic activities in general as a result of travel restrictions and social distancing requirements. The extent to which coronavirus pandemic impacts the Group's business, operations, and financial results depend on many factors and future developments, that the Group may not be able to estimate reliably during the current year.

During 2020 and 2021, the Group's management continued to carry out an impact assessment on the overall Group's operations, estimated its liquidity requirements and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, supplier incentives etc. Accordingly, the management has taken several steps to mitigate the effects of the pandemic, including costs reduction measures.

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 test have been lifted.

Based on these factors, management believes that the COVID-19 pandemic has had no material effect on Bindawood Holding'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.

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved by the Board of Directors on 22 May 2022, corresponding to 21 Shawwal 1443H.