

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

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

with

INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month and nine-month periods ended 30 September 2022

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022

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KPMG Professional Services

Zahran Business Center
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 55078
جدة 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 30 September 2022 condensed consolidated interim financial statements of BinDawood Holding Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 30 September 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, 9 November 2022
Corresponding to: 15 Rabi Al-Akhar 1444H

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 مغلقة، مسجلة في المملكة العربية السعودية، رأسماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية 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 30 September 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment		714,267,841	740,366,616
Intangible assets and goodwill	4	214,676,994	766,663
Right-of-use assets	5	2,034,551,198	2,082,507,784
Total non-current assets		2,963,496,033	2,823,641,063
Current assets			
Inventories		844,483,547	818,299,661
Trade and other receivables		309,175,913	377,299,337
Due from related parties	6	—	60,041,325
Prepayments and advances		95,378,437	67,982,562
Cash and cash equivalents	7	485,928,468	484,094,320
Total current assets		1,734,966,365	1,807,717,205
Total assets		4,698,462,398	4,631,358,268
EQUITY AND LIABILITIES			
Equity			
Share capital	8	1,143,000,000	1,143,000,000
Statutory reserve	9	111,315,577	111,315,577
Foreign currency translation reserve		(6,737,469)	—
Retained earnings		39,190,646	156,825,980
Equity attributable to shareholders of the Company		1,286,768,754	1,411,141,557
Non-controlling interests		11,056,897	—
Total equity		1,297,825,651	1,411,141,557
Non-current liabilities			
Employees' end of service benefits		130,824,847	114,910,169
Lease liabilities - non-current portion	5	2,002,928,793	2,076,716,538
Total non-current liabilities		2,133,753,640	2,191,626,707
Current liabilities			
Due to related parties	6	9,630,530	7,958,203
Trade payables, accruals and other liabilities		903,526,510	657,485,105
Unearned income and other payable		30,217,748	46,125,746
Lease liabilities - current portion	5	306,187,235	297,538,559
Zakat liabilities	11	17,321,084	19,482,391
Total current liabilities		1,266,883,107	1,028,590,004
Total liabilities		3,400,636,747	3,220,216,711
Total equity and liabilities		4,698,462,398	4,631,358,268


Chairman


Managing Director


Chief Financial Officer

The accompanying notes 1 to 22 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 and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2022	2021	2022	2021
Revenue		1,182,546,183	1,077,804,895	3,578,690,742	3,325,048,649
Cost of revenue		(875,379,389)	(680,506,720)	(2,509,704,048)	(2,154,994,016)
Gross profit		307,166,794	397,298,175	1,068,986,694	1,170,054,633
Selling and distribution expenses		(279,452,837)	(257,413,423)	(806,724,258)	(749,646,001)
General and administration expenses		(57,093,649)	(46,640,228)	(157,894,041)	(127,443,014)
Other operating income		2,873,977	2,212,883	6,698,307	6,438,314
Operating (loss) / profit		(26,505,715)	95,457,407	111,066,702	299,403,932
Other income	12	3,370,243	(1,846,500)	30,222,969	3,412,312
Finance cost		(20,948,747)	(18,794,174)	(63,201,072)	(62,796,901)
(Loss) / profit for the period before Zakat		(44,084,219)	74,816,733	78,088,599	240,019,343
Zakat	11	(3,924,648)	(4,572,514)	(18,304,040)	(12,670,708)
(Loss) / profit for the period		(48,008,867)	70,244,219	59,784,559	227,348,635
Other comprehensive loss <i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign operations – foreign currency translation differences		(6,333,764)	--	(6,333,764)	--
Total comprehensive (loss) / income for the period		(54,342,631)	70,244,219	53,450,795	227,348,635



Chairman



Managing Director



Chief Financial Officer

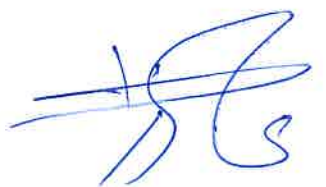
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BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals unless otherwise stated)

		Three-month period ended 30 September		Nine-month period ended 30 September	
	Notes	2022	2021	2022	2021
(Loss) / profit for the period attributable to:					
Shareholders of the Company		(48,263,760)	70,244,219	59,529,666	227,348,635
Non-controlling interests		254,893	--	254,893	--
(Loss) / profit for the period		(48,008,867)	70,244,219	59,784,559	227,348,635
Total comprehensive (loss) / income for the period attributable to:					
Shareholders of the Company		(54,449,710)	70,244,219	53,343,716	227,348,635
Non-controlling interests		107,079	--	107,079	--
Total comprehensive (loss) / income for the period		(54,342,631)	70,244,219	53,450,795	227,348,635
(Loss) / earnings per share attributable to the Shareholders of the Ultimate Parent Company:					
Basic and diluted	13	(0.42)	0.61	0.52	1.99



Chairman



Managing Director



Chief Financial Officer

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BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
30 September 2021							
Balance at 1 January 2021 (audited)	1,143,000,000	87,259,202	--	82,680,640	1,312,939,842	--	1,312,939,842
Profit for the period	--	--	--	227,348,635	227,348,635	--	227,348,635
Other comprehensive income	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	227,348,635	227,348,635	--	227,348,635
Transactions with shareholders of the Company							
Dividend (refer note 10)	--	--	--	(142,875,000)	(142,875,000)	--	(142,875,000)
Balance as at 30 September 2021 (unaudited)	1,143,000,000	87,259,202	--	167,154,275	1,397,413,477	--	1,397,413,477



Chairman



Managing Director



Chief Financial Officer

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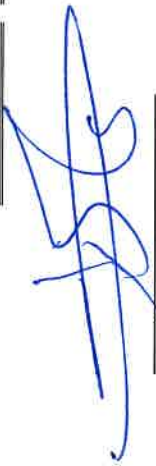
BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine-month period ended 30 September 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
30 September 2022							
Balance at 1 January 2022 (audited)	1,143,000,000	111,315,577	--	156,825,980	1,411,141,557	--	1,411,141,557
Acquisition of subsidiaries (refer note 21)	--	--	(551,519)	--	(551,519)	10,949,818	10,398,299
Profit for the period	--	--	--	59,529,666	59,529,666	254,893	59,784,559
Other comprehensive (loss) / income	--	--	(6,185,950)	--	(6,185,950)	(147,814)	(6,333,764)
Total comprehensive (loss) / income for the period	--	--	(6,185,950)	59,529,666	53,343,716	107,079	53,450,795
Transactions with shareholders of the Company							
Dividend (refer note 10)	--	--	--	(177,165,000)	(177,165,000)	--	(177,165,000)
Balance as at 30 September 2022 (unaudited)	1,143,000,000	111,315,577	(6,737,469)	39,190,646	1,286,768,754	11,056,897	1,297,825,651


Chairman


Managing Director


Chief Financial Officer

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BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2022

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the period		59,784,559	227,348,635
Adjustments for:			
Depreciation on property and equipment		120,543,924	122,215,380
Depreciation on right-of-use assets	5	205,075,005	191,776,968
Amortization of intangible assets		894,456	136,701
Finance cost on lease liabilities	5	63,229,270	66,401,339
Impairment loss on trade receivables, net		1,413,111	--
COVID-19 related rent concessions	5	(17,147,322)	(3,568,310)
Gain on disposal of property and equipment		(469,481)	(271,671)
Provision for employees' end of service benefits		16,766,060	13,293,664
Gain on modification and termination of lease liability, net	5	--	(337,835)
Zakat for the period	11	18,304,040	12,670,708
		<u>468,393,622</u>	<u>629,665,579</u>
Changes in working capital:			
Inventories		(26,183,886)	137,314,102
Trade and other receivables		152,128,722	(105,497,513)
Prepayments and advances		(19,069,084)	13,837,653
Due from related parties		60,041,325	(271,038)
Due to related parties		616,895	(9,590,106)
Trade payables, accruals and other liabilities		173,719,336	(150,271,643)
Unearned income and other payable		(23,774,603)	(19,595,213)
Cash generated from operating activities		<u>785,872,327</u>	<u>495,591,821</u>
Zakat paid		(20,469,981)	(15,430,099)
Employees' benefits paid		(3,461,395)	(6,380,229)
Net cash from operating activities		<u>761,940,951</u>	<u>473,781,493</u>
Cash flows from investing activities			
Purchase of property and equipment		(92,510,920)	(50,371,011)
Purchase of intangible assets		(1,489,112)	(748,703)
Proceeds from disposal of property and equipment		2,096,322	1,547,130
Investment in subsidiaries	21	(236,979,198)	--
Net cash used in investing activities		<u>(328,882,908)</u>	<u>(49,572,584)</u>
Cash flows from financing activities			
Dividend paid	10	(177,165,000)	(142,875,000)
Payment of lease liabilities	5	(268,527,481)	(222,889,042)
Net cash used in financing activities		<u>(445,692,481)</u>	<u>(365,764,042)</u>
Net increase in cash and cash equivalents		(12,634,438)	58,444,867
Addition in cash and cash equivalents due to acquisition and establishment of subsidiaries	21	11,959,660	--
Effect of movement in exchange rates on cash and cash equivalents		2,508,926	--
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	7	<u>485,928,468</u>	<u>290,642,591</u>
Supplementary non-cash information:			
Additions to right-of-use assets	5	151,857,112	101,103,454
Additions to lease liabilities	5	151,857,112	101,103,454
Depreciation on right-of-use assets capitalized		6,947,548	4,784,548
Foreign currency translation reserve		(208,183)	--

Chairman

Managing Director

Chief Financial Officer

The accompanying notes 1 to 22 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 and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals)

1. CORPORATE INFORMATION

BinDawood Holding Company (the "Company" or the "Ultimate 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). During the year 2020, the Company's shares were listed on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. 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 at the following address:

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

The Ultimate 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 Ultimate Parent Company and its local and foreign subsidiaries (refer note 1), collectively referred as the "Group". The Group is collectively involved in retail trading of foodstuff and household items, operating bakeries and restaurants, providing market influencer and digital marketing services and providing services to facilitate online sales from the retail stores.

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals)

1. CORPORATE INFORMATION (continued)

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

<u>Name</u>	<u>Place of incorporation</u>	<u>Principle field of activity</u>	<i>Effective shareholding of the Ultimate Parent Company %</i>	
			30 September 2022	31 December 2021
BinDawood 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%	--

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals)

1. CORPORATE INFORMATION (continued)

During the nine-month period ended 30 September 2022, the Company established and acquired subsidiaries indirectly through Future Retail for Information and Technology Company (refer note 21). The details of other subsidiaries are mentioned as below.

<u>Name</u>	<u>Place of incorporation</u>	<u>Principle field of activity</u>	<i>Effective shareholding of the Ultimate Parent Company %</i>	
			<u>30 September 2022</u>	<u>31 December 2021</u>
International Applications Trading Company (A Limited Liability Company)	Jeddah, Saudi Arabia	Providing information technology and communication services to the Group	62%	--
Future Tech Retail – France	Paris, France	Acquiring and managing investments in subsidiaries	100%	--

International Applications Trading Company acquired the following subsidiaries during the nine-month period ended 30 September 2022.

<u>Name</u>	<u>Place of incorporation</u>	<u>Principle field of activity</u>	<i>Effective shareholding of the Ultimate Parent Company %</i>	
			<u>30 September 2022</u>	<u>31 December 2021</u>
Amjad United Investment and Development Company	Jeddah, Saudi Arabia	Providing delivery services including transportation and storage of goods	62%	--
First Commercial Applications Company	Jeddah, Saudi Arabia	Providing information technology and communication services to the Group	62%	--
Future Flower Trading Company	Jeddah, Saudi Arabia	Engaged in wholesale and retail of other merchandise	62%	--

BINDAWOOD HOLDING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals)

1. CORPORATE INFORMATION (continued)

During the nine-month period ended 30 September 2022, Future Tech Retail – France acquired Ykone S.A.S and its following subsidiaries:

<u>Name</u>	<u>Place of incorporation</u>	<u>Principle field of activity</u>	<u>Effective shareholding of the Ultimate Parent Company %</u>	
			<u>30 September 2022</u>	<u>31 December 2021</u>
Ykone S.A.S (Limited Liability Company)	Paris, France	Engaged in providing market influencer and digital marketing services	80.46%	--
Oddly Enough	Paris, France	Engaged in providing market influencer and digital marketing services	80.46%	--
Ykone Limited	AbuDhabi, United Arab Emirates	Engaged in providing market influencer and digital marketing services	80.46%	--
Ykone USA	New York, United States of America	Engaged in providing market influencer and digital marketing services	80.46%	--
Ykone SARL	Geneva, Switzerland	Engaged in providing market influencer and digital marketing services	80.46%	--
Ykone Saudi for Advertisement	Riyadh, Saudi Arabia	Engaged in providing market influencer and digital marketing services	80.46%	--
New Media Agency	Milan, Italy	Engaged in providing market influencer and digital marketing services	41.03%	--
Cover Communications GmBH	Munich, Germany	Engaged in providing market influencer and digital marketing services	53.9%	--

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

For the three-month and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals)

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, "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").

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 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 consolidated financial statements. In addition, results for the interim period ended 30 September 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 obligations using the Projected Unit Credit Method.

The consolidated financial statements are presented in Saudi Riyals, which is Group's functional and presentation currency. These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (SR), which is also the Ultimate 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 Ultimate Parent Company and its subsidiaries as at and for the nine-month period ended 30 September 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 and nine-month periods ended 30 September 2022
(Expressed in Saudi Arabian Riyals)

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 actual and potential voting rights

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

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. The management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

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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 last annual consolidated financial statements.

The following accounting policies introduced during the nine month period ended 30 September 2022 are in addition to those already disclosed in the last annual consolidated financial statements.

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.

Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. A gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group has engaged an external consultant for the purpose of Purchase Price Allocation ("PPA") in respect of the acquisitions made during the period. However, the PPAs have not yet been completed and as a result, the Group has considered the carrying amounts at the date of acquisition as the provisional fair values of the net assets acquired and calculated a provisional value of goodwill on acquisition. These amounts might change on the finalization of PPA.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into SR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into SR at the average exchange rate for the period in consideration.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

4. INTANGIBLE ASSETS AND GOODWILL

During the current period, the Group has indirectly acquired 62% shareholding in International Applications Trading Company ("IATC") and 80.46% shareholding in Ykone S.A.S ("Ykone") which has been accounted for under acquisition method resulting in goodwill in the current period (refer note 21).

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Intangible assets (refer note 4.1)	11,379,178	766,663
Goodwill on acquisition of IATC (refer note 4.2)	104,462,217	--
Goodwill on acquisition of Ykone (refer note 4.2)	98,835,599	--
	214,676,994	766,663

- 4.1** The intangible assets mainly include web development and license cost amounting to SR 9.4 million.
- 4.2** The goodwill amount mentioned above is based on provisional numbers which have been consolidated in the condensed consolidated interim financial statements of the Ultimate Parent for the nine-month period ended 30 September 2022 (refer note 21).
- 4.3** The Company tests whether goodwill has suffered any impairment on an annual basis. Determining whether goodwill is impaired requires an estimation of the recoverable amount based on a value in use calculation using discounted cash flows ("DCF") projections from financial budgets prepared by the management for next five years. Cash flows beyond five years' period are extrapolated using the estimated long-term growth rate.

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5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

5.1 Right-of-use assets

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

	For the nine- month period ended 30 September 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 during the year	151,857,112	101,103,454
Additions related to leased assets of a subsidiary	734,734	--
Lease modifications	4,526,573	(65,241,728)
Derecognition of right-of-use assets	--	(1,328,889)
Depreciation for the period/year	(205,075,005)	(258,505,686)
Balance at end of the period/year	<u>2,034,551,198</u>	<u>2,082,507,784</u>

5.2 Lease liabilities

Movement in lease liability over the period is as follows:

	For the nine- month period ended 30 September 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	151,857,112	101,103,454
Additions related to leased assets of a subsidiary	922,779	--
Increase in lease liability due to finance cost	63,229,270	88,113,119
Lease modifications	4,526,573	(65,639,724)
Termination of lease liability	--	(1,268,728)
Covid-19 related rent concessions	(17,147,322)	(64,723,385)
Lease payments made during the period/year	(268,527,481)	(208,596,903)
Lease liability at end of the period/year	<u>2,309,116,028</u>	<u>2,374,255,097</u>
Less: Current portion of lease liability	<u>(306,187,235)</u>	<u>(297,538,559)</u>
Non-current portion of lease liability	<u>2,002,928,793</u>	<u>2,076,716,538</u>

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

5.2 Lease liabilities (continued)

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 a rental concession amounting to SR 17.1 million pertaining to the rental periods before 30 June 2022 in its condensed consolidated interim statement of profit or loss. The change of lease payment was accounted for as a negative variable lease expense and included in 'Other income' presented in the condensed consolidated interim statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2022. The contractual maturities of future cash outflows relating to leases are disclosed in note 17.

6. 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.

6.1 Related party transactions and balances

The aggregate value of related party transactions and outstanding balances are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Transactions for the nine-month period ended 30 September</u>		<u>Closing Balance</u>	
			<u>2022</u>	<u>2021</u>	<u>30 September</u>	<u>31 December</u>
			<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>2022</u>	<u>2021</u>
					<u>(Unaudited)</u>	<u>(Audited)</u>
<i>Due from related parties:</i>						
Abdul Khaliq BinDawood Establishment	Affiliate	Shared service fee	831,020	814,728	--	--
BinDawood Trading Company	Affiliate	Shared service fee	729,580	715,280	--	--
Amwaj Real Estate Company	Affiliate	Lease rentals	33,401,950	32,556,100	--	24,792,075
National Leader for Real Estate Company Limited	Affiliate	Lease rentals	47,092,500	46,841,500	--	35,249,250
					--	60,041,325

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6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

6.1 Related party transactions and balances (continued)

The aggregate value of related party transactions and outstanding balances are as follows:

Name	Relationship	Nature of transaction	Transactions for the nine-month period ended 30 September		Closing Balance	
			2022	2021	30 September 2022	31 December 2021
			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Due to related parties:						
Safa Company Limited for Household Ware	Affiliate	Purchases of goods	2,985,170	2,784,113	277,821	4,226,950
Jumairah Marketing Establishment (Delsey), a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods Lease rentals Purchase of fixtures	28,805,053 550,000	11,346,811 550,000		
			–	2,628,556	6,816,859	2,214,268
International Applications Company Limited	Affiliate	Online sales commission & advertisements	–	4,718,423	–	600,048
Jumairah Marketing Establishment (Toys), a Branch of Abdul Khaliq Bin Dawood Establishment	Affiliate	Purchases of goods Lease rentals	5,112,683 864,800	4,129,407 670,365	1,112,011	454,224
Happy Time for Kids Toys Establishment	Affiliate	Purchases of goods	3,340,791	2,150,666	1,027,974	265,705
Etre Trading Establishment, a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods Transfer out of goods	267 60,982	4,079,954 648,305	–	197,008
Branch AYM Marketing Management LLC	Affiliate	Loyalty program commission	652,936	–	395,865	–
					9,630,530	7,958,203

As at 30 September 2022, the lease liabilities as disclosed in note 5 include an amount of SR 259.6 million (31 December 2021: SR 331.2 million) relating to lease arrangements entered by the Group with its related parties.

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6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**6.2 Key management personnel compensation**

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

<u>Nature of transaction</u>	Transactions for the nine- month period ended	
	30 September	
	<u>2022</u>	<u>2021</u>
	(Unaudited)	(Unaudited)
Board of Director's remuneration	1,190,917	1,525,037
Salaries and other short-term benefits	36,733,776	40,255,245
Post-employment benefits	1,460,498	1,480,129

As at 30 September 2022, the amount due to key management personnel was SR 7.9 million (31 December 2021: SR 6.6 million).

7. CASH AND CASH EQUIVALENTS

	30 September	31 December
	<u>2022</u>	<u>2021</u>
	(Unaudited)	(Audited)
Cash in hand	19,111,942	8,885,000
Cash at banks - current accounts	296,816,526	245,209,320
Short term deposits (refer note 7.1)	170,000,000	230,000,000
	<u>485,928,468</u>	<u>484,094,320</u>

- 7.1** The short term deposits under cash and cash equivalents are deposits held for maturity period of three months or less. The profit rates on these short term deposits is 3.30% per annum (2021: 0.9% to 1.25% per annum).

8. SHARE CAPITAL

As at 30 September 2022, the share capital of the Ultimate Parent Company amounts to SR 1.14 billion consisting 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).

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9. 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 is not available for distribution to the shareholders of the Company.

10. DIVIDEND

During the period ended 30 September 2022, the Board of Directors of the Company approved and paid an interim dividend of SR 74.3 million (SR 0.65 per share for a total number of 114,300,000 shares) in respect of the financial results for the year ended 31 December 2021

Furthermore, on 31 July 2022 (corresponding to 2 Muharram 1444H), the Board of Directors approved and paid an interim dividend of SR 102.9 million (SR 0.9 per share for a total number of 114,300,000 shares) (30 September 2021: 142.87 million equivalent to SR 1.25 per share with a total number of 114,300,000 shares).

11. ZAKAT

The Ultimate 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:

	30 September <u>2022</u> (Unaudited)	31 December <u>2021</u> (Audited)
Balance at beginning of the period / year	19,482,391	17,373,033
Charge for the period / year	18,304,040	17,539,457
Zakat liability for subsidiaries	4,634	--
Payments during the period / year	<u>(20,469,981)</u>	<u>(15,430,099)</u>
At end of the period / year	<u>17,321,084</u>	<u>19,482,391</u>

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11. ZAKAT (continued)

The subsidiaries along with the Ultimate Parent Company have filed its Zakat declaration on a standalone basis until the year ended 31 December 2015. From 2016 onwards, the Ultimate 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 have already been submitted. The Ultimate Parent Company has filed the Zakat return and has made payment during the period ended 30 September 2022. The Ultimate Parent Company has also obtained the Zakat certificate valid until 30 April 2023.

The assessments of the Ultimate Parent Company have been finalized until 31 December 2018 with 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 has filed an objection against the ZATCA's assessment within the statutory timeline. The Company is expecting a favorable outcome and accordingly no provision has been made in the condensed consolidated interim financial statements.

All assessments of the Ultimate Parent Company as well as subsidiaries are finalized with ZATCA until 31 December 2015.

12. OTHER INCOME

	30 September <u>2022</u> (Unaudited)	30 September <u>2021</u> (Unaudited)
Rent concession (refer note 5)	17,147,322	--
Profit on short term deposits	5,765,053	516,834
Other miscellaneous income	7,310,594	2,895,478
	<u>30,222,969</u>	<u>3,412,312</u>

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13. (LOSS) / EARNINGS PER SHARE

Basic and diluted (loss) / earnings per share

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) / profit for the period	(48,263,760)	70,244,219	59,529,666	227,348,635
Weighted average number of ordinary shares for basic and diluted EPS	114,300,000	114,300,000	114,300,000	114,300,000
(Loss) / earnings per share – basic and diluted	(0.42)	0.61	0.52	1.99

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

14. COMMITMENTS AND CONTINGENT LIABILITIES

- The Group has outstanding letters of credit to import goods amounting to SR 30.9 million as at 30 September 2022 (31 December 2021: SR 24.1 million) and outstanding letters of guarantee amounting to SR 9.8 million as at 30 September 2022 (31 December 2021: SR 7.18 million).
- As at 30 September 2022, the Group has future capital commitments amounting to SR 17.3 million (31 December 2021: SR 27.4 million). Further the Group has annual lease commitments totaling SR 6.8 million as at 30 September 2022 (31 December 2021: SR 4.1 million) relating to branch rentals.
- The Ultimate Parent Company and its subsidiaries namely BinDawood 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 at 30 September 2022 (31 December 2021: SR 253.1 million) to local banks in respect of banking facilities obtained within the Group.
- 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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14. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

- e) Future Retail for Information and Technology (“Future Retail”) entered into a Shareholders’ Agreement with Amjad United Investment and Development Company dated 15 June 2022 whereby Future Retail agreed to provide a shareholders loan to International Applications Trading Company (“IATC”) upto an amount of SR 160 million in single or multiple tranches. As per the Shareholders’ Agreement, Future Retail has an option to convert the loan into share capital of IATC (refer note 21).

15. SEGMENT INFORMATION

Upto 30 June 2022, the Group was solely engaged in retail trading of consumer goods and operates completely within the Kingdom of Saudi Arabia. The Group has acquired subsidiaries during the nine-month period ended 30 September 2022 which are engaged in business activities related to digital marketing and media services and these subsidiaries generate revenue and incur expenses for carrying out these operations. However, the management has assessed that the information regarding this operating segment is not required to be disclosed separately because it does not meet the quantitative threshold as per the requirements of IFRS 8 “Operating Segments”.

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 one operating segment, 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.

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16. 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.

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 30 September 2022 and 31 December 2021, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

17. 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 robust liquidity management as well as monitoring of various relevant markets variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

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17. FINANCIAL RISK MANAGEMENT (continued)**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 established the Risk Management 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 risks 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.

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:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Cash at banks – current accounts	296,816,526	245,209,320
Short-term deposits	170,000,000	230,000,000
Due from related parties	--	60,041,325
Trade and other receivables	309,175,913	377,299,337
	775,992,439	912,549,982

At 30 September 2022, trade receivables are stated at their estimated realizable values. There are two major customers that accounts for 43% (31 December 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 rated institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward looking factors and any loss given default is considered to be negligible.

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17. FINANCIAL RISK MANAGEMENT (continued)**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's 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 at 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 by way of cash and cash equivalents and/or committed credit facilities to meet any future commitments.

Exposure to Liquidity risk

The following is the contractual maturity profile of financial liabilities at the reporting date.

<u>30 September 2022</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	903,526,510	903,526,510	--	--	903,526,510
Lease liabilities	2,309,116,028	339,070,657	986,286,609	1,510,437,827	2,835,795,093
Due to related parties	9,630,530	9,630,530	--	--	9,630,530
	<u>3,222,273,068</u>	<u>1,252,227,697</u>	<u>986,286,609</u>	<u>1,510,437,827</u>	<u>3,748,952,133</u>

<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 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.

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17. FINANCIAL RISK MANAGEMENT (continued)**Market risk (continued)*****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 as at the period end.

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 the normal course of its business. The Group did not undertake significant transactions in currencies other than SR, Euros and US Dollars. Trade payables and accruals relating to BinDawood entities in KSA include an amount of SR 28.33 million (31 December 2021: SR 17.4 million) pertaining due in Euros. As the Saudi Riyal is pegged to the US Dollar, the currency exposure in US Dollar is not considered to represent a significant foreign currency risk.

18. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for its shareholders and benefits for other stakeholder; and at the same time 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 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 manages capital by using gearing ratio, which is total liabilities less cash and cash equivalents over equity.

The gearing ratio as at 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Total liabilities	3,400,636,747	3,220,216,711
Less: cash and cash equivalents	(485,928,468)	(484,094,320)
Adjusted net debt	2,914,708,279	2,736,122,391
Total equity	1,297,825,651	1,411,141,557
Adjusted net debt to equity ratio	2.25	1.94

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**19. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS TO STANDARDS
AND STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Amendments to Standards

There are no new standards issued effective 1 January 2022 and the adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

Standards and Amendments Issued but Not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IFRS 17	Insurance contracts and amendments	1 January 2023
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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20. 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 COVID-19 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 apart from the COVID-19 related rent concession, the COVID-19 pandemic has had no material effect on the Group's reported financial results for the period ended 30 September 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.

21. ESTABLISHMENT AND ACQUISITION OF SUBSIDIARIES

Future Retail for Information and Technology

Further to information disclosed in note 1, the Group had acquired Future Retail for Information Technology Company, a Limited Liability Company (Future Retail), with a share capital of SR 5 million during the period ended 30 September 2022. Future Retail has its head office in Jeddah and specializes in providing solutions and services that will help the Ultimate Parent Company to enter into partnerships to achieve its long-term goals and strategy.

Future Tech Retail France

Future Retail for Information and Technology ("FRIT") has established a 100% effectively owned foreign subsidiary i.e. Future Tech Retail France ("FTR France") with a share capital amounting to EUR 5,000. The registered office of FTR France is located at 12 Dauphine, 75001 Paris. The main purpose of FTR France is the acquisition and management of companies. The legal formalities related to the establishment were completed on 21 July 2022.

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21. ESTABLISHMENT AND ACQUISITION OF SUBSIDIARIES (continued)

International Applications Trading Company

Future Retail 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 Applications Trading Company ("IATC"), a Limited Liability Company registered in the Kingdom of Saudi Arabia, on 24 March 2022 corresponding to 21 Shaban 1443H. The initial purchase consideration for the acquisition amounts to SR 107.24 million adjusted by the amount of net debt at the closing date, as per the SPA. In addition, there are further contingent variable considerations which might have to be paid as per the terms and conditions set out in the SPA.

IATC also acquired 100% of shares in Amjad United Investment and Development Company ("Amjad United"), a Limited Liability Company registered in the Kingdom of Saudi Arabia. The legal formalities related to the acquisition of IATC and its subsidiary were completed on 31 July 2022.

The fair values of assets and liabilities disclosed below have been determined provisionally using the carrying values appearing in the books of the acquiree. Management in the process of appointing an independent firm to carry out fair valuation of identifiable assets and liabilities that is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. Accounting for the business combination, including valuation of goodwill, is therefore provisional and will be adjusted in the annual financial statements for the year ending 31 December 2022 to reflect the results of the valuation.

The following table summarizes the consolidated carrying values of assets acquired, and liabilities of IATC and its subsidiary assumed at the date of acquisition:

<u>Net Assets</u>	<u>31 July 2022</u> <u>(Unaudited)</u>
Property and equipment	1,300,057
Intangible assets	9,037,491
Right to use asset	734,734
Trade receivables	753,639
Due from a related party	4,733,281
Advances and prepayments	108,407
Cash and cash equivalents	1,029,806
Accrued expenses and other liabilities	(3,146,608)
Trade payables	(272,885)
Lease liabilities	(922,779)
Employee benefits liabilities	(1,509,350)
	<u>11,845,793</u>

Adjustments to the carrying values will be finalized within one year of the date of acquisition as allowed by IFRS 3 'Business Combinations'.

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21. ESTABLISHMENT AND ACQUISITION OF SUBSIDIARIES (continued)

International Applications Trading Company (continued)

IATC has further acquired 100% shareholding in two subsidiaries which includes First Commercial Applications Company and Future Flower Trading Company, limited liability companies registered in the Kingdom of Saudi Arabia, against nil consideration as per the terms and conditions of Share Purchase Agreement. The management of IATC is in the process of completing legal formalities related to acquisitions.

The Company incurred acquisition-related costs amounting to SR 3.2 million on legal fees and due diligence costs and the management has included these costs under 'General and Administration expenses' in the period in which these costs were incurred.

Ykone S.A.S

During the nine-month period ended 30 September 2022, FTR France entered into a Share Purchase Agreement with TF1 Marketing Services, a company registered in France and Mr. Olivier Billion, a French national, to acquire 80.46% shares in Ykone S.A.S ("Acquiree"), a French *société par actions simplifiée* having its registered office at 4 rue Marivaux, 75002 Paris, registered with the Trade and Companies Register of Paris, under number 508 497 294, for an agreed consideration of SR 129.75 million. The related legal formalities were completed on 27 July 2022.

The fair values of assets and liabilities disclosed below have been determined provisionally using the carrying values appearing in the books of the Acquiree. Management is in the process of appointing an independent firm to carry out fair valuation of identifiable assets and liabilities that is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. Accounting for the business combination, including valuation of goodwill, is therefore provisional and will be adjusted in the annual financial statements for the year ended 31 December 2022 to reflect the results of the valuation.

The following table summarizes the carrying values of assets acquired, and liabilities assumed at the date of acquisition:

<u>Net Assets</u>	<u>27 July 2022</u> <u>(Unaudited)</u>
Property and equipment	2,153,611
Intangible assets	1,486,305
Other fixed assets	10,512,063
Trade receivables	92,986,830
Prepayments and other receivables	17,673,805
Investments and other assets	360,949
Cash and cash equivalents	10,929,854
Accrued expenses and other liabilities	(57,225,392)
Trade payables	(40,676,297)
	<u>38,201,728</u>

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21. ESTABLISHMENT AND ACQUISITION OF SUBSIDIARIES (continued)

Ykone S.A.S (continued)

Adjustments to the carrying values will be finalized within one year of the date of acquisition as allowed by IFRS 3 'Business Combinations'.

The Company incurred acquisition-related costs amounting to SR 4.4 million on legal fees and due diligence costs and the management has included these costs under 'General and Administration expenses' in the period in which these costs were incurred.

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved by the Board of Directors on 7 November 2022, corresponding to 13 Rabi Al-Akhar 1444H.